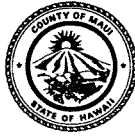


Council Chair
Alice L. Lee

Vice-Chair
Keani N.W. Rawlins-Fernandez

Presiding Officer Pro Tempore
Tasha Kama

Councilmembers
Riki Hokama
Kelly Takaya King
Michael J. Molina
Tamara Paltin
Shane M. Sinenci
Yuki Lei K. Sugimura



Director of Council Services
Traci N. T. Fujita, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 25, 2020

Mr. Scott Teruya, Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Teruya:

SUBJECT: **FISCAL YEAR ("FY") 2021 BUDGET** (FN-1) (EDB-1)

May I please request the following:

1. A copy of the Fringe Benefit rates used in preparing the FY 2021 Budget.
2. A breakdown of actual costs of employee fringe benefits for FY 2016 to FY 2020, to date, by category and by fund. The categories include: Employees' Retirement System, Federal Insurance Contributions Act, Hawaii Employer-Union Health Benefits Trust Fund, and Other Post-Employment Benefits.
3. Explain any cost increases to each fringe benefit category and identify whether the increase is based on collective bargaining agreements, including the request for FY 2021.

May I further request you transmit your response no later than **March 27, 2020**, to enable the Committee to comprehensively review the FY 2021 Budget.

To ensure efficient processing, please duplicate the coding in the subject line above for easy reference. Should you have any questions, please contact me

✓

Mr. Scott Teruya
March 25, 2020
Page 2

or the Committee staff (Shelly Espeleta at ext. 7134, Chester Carson at ext. 7659, Richard Mitchell at ext. 7662, or Yvette Bouthillier at ext. 7758).

Sincerely,

A handwritten signature in black ink, appearing to read "Keani Rawlins-Fernandez".

KEANI RAWLINS-FERNANDEZ, Chair
Economic Development and Budget
Committee

edb:2021budget:200325afn01:cdc

cc: Mayor Michael P. Victorino
Budget Director

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director




DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 SOUTH HIGH STREET
WAILUKU, MAUI, HAWAII 96793

RECEIVED

2020 MAR 30 AM 9:59

OFFICE OF THE MAYOR

March 30, 2020

Ms. Michele M. Yoshimura 
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

 3/30/20
Mayor Date

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

For Transmittal to:

Honorable Keani N.W. Rawlins-Fernandez, Chair
Economic Development and Budget Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2021 BUDGET (FN-1) (EDB-1)

This transmittal is in response to your letter dated March 25, 2020, requesting the following information:

1. A copy of the Fringe Benefit rates used in preparing the FY 2021 Budget.

Response: A copy of the Fringe Benefit Rates memo for calendar year 2020 is attached for your reference.

2. A breakdown of actual costs of employee fringe benefits for FY 2016 to FY 2020, to date, by category and by fund. The categories include: Employees' Retirement

System, Federal Insurance Contributions Act, Hawaii Employer-Union Health Benefits Trust Fund, and Other Post-Employment Benefits.

Response: The table below provides a breakdown of actual costs of employee fringe benefits for FY 2016 to FY 2020, to-date, by category:

| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 as of 3/26/2020 |
|---|----------------|----------------|----------------|----------------|--|
| Social Security - FICA | \$7,173,369 | \$7,669,506 | \$7,980,505 | \$8,365,599 | \$5,973,587 |
| Retirement System – ERS | \$32,406,680 | \$33,566,620 | \$44,080,184 | \$43,236,521 | \$34,307,087 |
| Hawaii Employer-Union Trust Fund - EUTF | \$29,281,004 | \$31,844,309 | \$33,400,009 | \$36,865,784 | \$26,466,406 |
| Other Post-Employment Benefit – OPEB | \$14,930,000 | \$16,172,000 | \$17,000,000 | \$18,126,930 | \$22,249,711 |

3. Explain any cost increases to each fringe benefit category and identify whether the increase is based on collective bargaining agreements, including the request for FY 2021

Response: Cost increases to each fringe benefit category are primarily because of the following factors: (1) Historical expenditures; 2) Anticipated increase due to collective bargaining agreements; 3) Actuarial Reports from the State of Hawaii; 4) Changes in the Employee Fringe Benefit rates, and; 5) Adjustments relating to the changes in budgeted salaries (i.e. expansion positions, reallocation of positions, or terminal vacation pay). Below is a table showing the comparison between the current and ensuing fiscal years by category:

| Countywide Costs for Fringe Benefits | FY 2020 Adopted | FY 2021 Proposed | Change | Reason |
|---|------------------------|-------------------------|---------------|--|
| Social Security - FICA | \$ 9,205,659 | \$ 10,818,364 | \$ 1,612,705 | Based on historical data and Calendar Year Employee Fringe Benefit Rates issued by the Department of Finance |
| Retire System - ERS | \$ 53,999,841 | \$ 62,927,271 | \$ 8,927,430 | Adjustments based on assessment from ERS and anticipated collective bargaining increases |
| Hawaii Employer-Union Trust Fund -EUTF | \$ 39,372,551 | \$ 41,421,555 | \$ 2,049,004 | Based on historical data and anticipated increase in EUTF premiums |

| Countywide Costs for Fringe Benefits | FY 2020 Adopted | FY 2021 Proposed | Change | Reason |
|--------------------------------------|-----------------|------------------|--------------|--|
| Terminal Pay, Salary Adjustments | \$ 6,443,459 | \$ 8,000,000 | \$ 1,556,541 | Based on anticipated collective bargaining pay increases and vacation payout |

Should you have any questions, please feel free to contact me at extension 7474 or Deputy Director May-Anne Alibin at extension 7475.

Sincerely,


 SCOTT K. TERUYA
Director of Finance

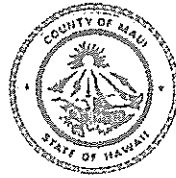
Attachment

SKT:maa

MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director



DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.maui-county.gov

November 26, 2019

MEMORANDUM

TO: ALL DEPARTMENTS AND AGENCIES

SUBJECT: EMPLOYEE FRINGE BENEFIT RATES- CALENDAR YEAR 2020

The County of Maui has reviewed and revised the employee fringe benefit rates utilizing the actual cost data and salary base for the prior fiscal year which ended on June 30, 2019 (Fiscal Year 2019). These rates are to be used from January 1, 2020 through December 31, 2020 (Calendar Year 2020).

| EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION | Personnel (b) (except Police & Fire) | | Police & Fire (a)(c) | |
|---|---|------------------------|---------------------------------|------------------------|
| | <u>1/1/2020</u> | <u>7/1/2020</u> | <u>1/1/2020</u> | <u>7/1/2020</u> |
| Employee's Retirement System (ERS) | 22.00% | 24.00% | 36.00% | 41.00% |
| Social Security/Medicare | 7.65% | 7.65% | 1.45% | 1.45% |
| Subtotal | 29.65% | 31.65% | 37.45% | 42.45% |
| Unemployment | 0.14% | 0.14% | 0.14% | 0.14% |
| Workers' Compensation (c) | 2.08% | 2.08% | 2.08% | 2.08% |
| Medical, Drug, Dental, Vision, Life | 21.13% | 21.13% | 21.13% | 21.13% |
| Other Post-Employment Benefits (OPEB) | 10.39% | 10.39% | 10.39% | 10.39% |
| Total Employer's Contribution (Use for internal reimbursement) | <u>63.39%</u> | <u>65.39%</u> | <u>71.19%</u> | <u>76.19%</u> |

| EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION | Personnel (b) (except Police & Fire) | | Police & Fire (a)(c) | |
|---|--|----------------------|----------------------|----------------------|
| | <u>1/1/2020</u> | <u>7/1/2020</u> | <u>1/1/2020</u> | <u>7/1/2020</u> |
| <u>LEAVE BENEFITS</u> | | | | |
| Vacation | 8.08% | 8.08% | 8.08% | 8.08% |
| Sick | 5.04% | 5.04% | 5.04% | 5.04% |
| Holiday | 5.38% | 5.38% | 5.38% | 5.38% |
| Others (Admin Leave, Union) | 0.77% | 0.77% | 0.77% | 0.77% |
| Total Leave Benefits | 19.27% | 19.27% | 19.27% | 19.27% |
| Total Fringe Benefit Rate (Straight Time Rate) (Use for grant reimbursement) | <u>82.66%</u> | <u>84.66%</u> | <u>90.46%</u> | <u>95.46%</u> |
| Total Fringe Benefit Rate (Overtime Rate) (Use for internal transfer and grant reimbursement including FEMA reimbursements) | <u>31.87%</u> | <u>33.87%</u> | <u>39.67%</u> | <u>44.67%</u> |

(a) For Police & Fire personnel only: ERS rate = 36.00% + 1.45% (for Medicare) = 37.45%.
From July 1, 2019, the Police & Fire ERS rate increases from 36.00% to 41.00%.

(b) For NON-"Police & Fire" personnel, from July 1, 2020 the ERS rate increases from
22.00% to 24.00%.

If you have any questions on the above employee fringe benefit rates, please call Marci Sato at ext. no. 7503.

Respectfully Submitted,


SCOTT K. TERUYA
Director of Finance

EDB Committee

From: Shirley Blackburn <Shirley.Blackburn@co.maui.hi.us>
Sent: Tuesday, March 31, 2020 9:09 AM
To: EDB Committee
Cc: May-Anne Alibin; Michele Yoshimura; Scott Teruya
Subject: FY 2021 Budget (FN-1) (EDB-1)
Attachments: Shirley Blackburn.vcf; FY 2021 Budget (FN-1) (EDB-1) 033120.pdf

Goodmorning Committee Chair Rawlins- Fernandez,

Attached please find a response from the Department of Finance relating to the FY 2021 budget (FN-1) (EDB-1).

Mahalo,

Shirley L. Blackburn

Budget Specialist

County of Maui

Office of the Mayor

shirley.blackburn@co.maui.hi.us

(808) 270-7516