



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation26 Federal Plaza, Room 41-122
New York, New York 10278
Phone: (212) 264-2069
Fax: (212) 264-5478

June 28, 2010

Mr. Martin Benison
Comptroller
The Commonwealth of Massachusetts
Office of the Comptroller
One Ashburton Place, Room 901
Boston, MA 02108

Dear Mr. Benison:

By letter dated January 13, 2010, your office transmitted proposed Fringe Benefit rates to cover the fiscal year ending June 30, 2011. The proposal, based on actual costs for the year ended June 30, 2009, provided for three rates, i.e., 33.12% applicable to all regular employees except "uniformed" employees (justices, police, corrections, and parole officers), and 42.06% applicable to uniformed employees. These rates include the costs for Group Insurance, Retirement, and Terminal Leave. The third rate of 1.91% is applicable to all regular, uniformed and contractual employees for the costs of Unemployment Insurance, Universal Health Insurance and Medicare Tax.

Based on our review of your proposal, fixed rates of 31.82% (Group Insurance – 25.36%, Retirement – 5.28%, Terminal Leave – 1.18%), and 38.96% (Group Insurance – 25.38%, Retirement – 12.71%, Terminal Leave - .87%) for regular and uniformed employees, respectively, and the additional rate of 1.91% (Unemployment Insurance - .37%, Universal Health Insurance - .07%, Medicare Tax – 1.47%) are approved covering the period July 1, 2010 through June 30, 2011.

Fixed rates for FYE 06/30/2011 for regular employees includes final carry forward of over-recovery amounting to Retirement: \$71,959,435, Unemployment Insurance: \$1,560,468, Universal Health Insurance: \$27,876 and under-recovery amounting to Group Insurance: \$52,357,404, Terminal Leave: \$10,883,295 and Medicare Tax: \$9,264,261.

Fixed rates for FYE 06/30/2011 for uniformed employees includes final carry forward of over-recovery amounting to Retirement: \$15,320,460, Terminal Leave: \$25,557, Unemployment Insurance: \$219,731, Universal Health Insurance: \$3,170 and under-recovery amounting to Group Insurance: \$7,759,340 and Medicare Tax: \$1,359,971.

This approval is based on information provided by the State and is void if the information is later found to be materially incomplete or inaccurate. In addition, this approval is subject to the following conditions with respect to the submission of your next proposal based on actual costs for the fiscal year ending June 30, 2010, which must be submitted by December 31, 2010:

Mr. Martin Benison

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1. The Salary and Wage (S&W) base will include a reconciliation of the amounts per the payroll systems with the amounts reflected in MMARS, which is the basis of the submission.
2. With respect to the Retirement component, the Commonwealth will submit all actuarial and financial reports prepared, whether they relate to payments to the pension system or actuarially determined amounts.
3. With respect to the Group Insurance component:
 - a. Provide copies of Financial Statements, including expense details, covering the:
 - (1) Rate Stabilization Reserve
 - (2) State Employees' Trust Fund
 - (3) Employee Withholding Trust Fund
 - (4) State Retiree Benefits Trust Fund
 - b. If expenditures noted above are included in the FB proposal, provide a justification.

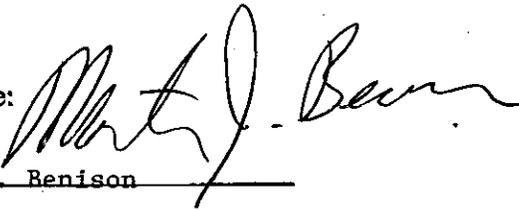
In addition, please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and **FAX** (212-264-5478) it back to this office. If you have any questions, please contact my office at (212) 264-2069.

Sincerely,



Robert L. Aaronson
Director, Division of
Cost Allocation

Concurrence:



Martin J. Benison
Name

Comptroller
Title

June 28, 2010
Date