

Grassroot Institute of Hawaii analysis of county ARC increase from deferral of 5 years of pre-funding

Fiscal year	Total ARC pre-funding	Deferred State Payments	Difference	Maui County estimated payments	Estimated deferred county payments	Estimated county ARC increase *
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f) = (d) - (e)	(g)
FY2021	\$548,443 [1]	\$408,230 [2]	\$140,213	\$13,000 [3]	\$127,213	
FY2022	\$555,201	\$413,105	\$142,096	\$13,000	\$129,096	
FY2023	\$448,343	\$335,068	\$113,275	\$13,000	\$100,275	
FY2024	\$428,775	\$322,519	\$106,256	\$13,000	\$93,256	
FY2025	\$411,638	\$310,862	\$100,776	\$13,000	\$87,776	
FY2026						\$35,841
FY2027						\$37,096
FY2028						\$38,394
FY2029						\$39,738
FY2030						\$41,128
FY2031						\$42,568
FY2032						\$44,058
FY2033						\$45,600
FY2034						\$47,196
FY2035						\$48,848
FY2036						\$50,557
FY2037						\$52,327
FY2038						\$54,158
FY2039						\$56,054
FY2040						\$58,016
FY2041						\$60,046
FY2042						\$62,148
FY2043						\$64,323
FY2044						\$66,574
FY2045						\$68,904
FY2046						\$71,316
FY2047						\$73,812
FY2048						\$76,396
FY2049						\$79,069
FY2050						\$81,837
FY2051						\$84,701
FY2052						\$87,666
FY2053						\$90,734
FY2054						\$93,910
FY2055						\$97,197
Total						\$1,850,212
Total deferred payments						\$537,616
Interest and payroll increased costs						\$1,312,596

* Estimated county ARC found by averaging the total deferred payments across 30 years x 2 (for interest costs), and adding 3.5% each year as a payroll growth assumption.

Source for equation in column (g) can be found on page 233 of the following report:

"Notice of meeting of the board of trustees" Hawaii Employer-Union Health Benefits Trust Fund, Jan. 5, 2021, p. 233 which demonstrated an equation for calculating the state ARC if deferring for one year:

<https://eulf.hawaii.gov/wp-content/uploads/2021/01/01.11.21-PUBLIC-BOT-Packet-secured.pdf>

"The non-payment of the \$388 million will result in an actuarial loss and must be paid over 30 years. Without interest, about \$13 million per year with interest \$26 million for FY24 increasing 3.5% each year."

[1] "Draft Hawaii Employer-Union Health Benefits Trust Fund Retiree Health Care Plan, Actuarial Valuation Report as of July 1, 2020," Gabriel, Roeder, Smith & Company, Jan. 11, 2021, Section C, p. 19, column k. <https://eutf.hawaii.gov/wp-content/uploads/2021/01/01.11.21-PUBLIC-BOT-Packet-secured.pdf>

[2] Joseph Newton and Mehdi Riazzi, "Hawaii EUTF" Gabriel, Roeder, Smith & Company, January 11, 2021, p. 8, column e. <https://eutf.hawaii.gov/wp-content/uploads/2021/01/01.11.21-PUBLIC-BOT-Packet-secured.pdf>

[3] Joe Kent, "Ige's EUTF Funding Dodge Will Come Back To Haunt Us," Honolulu Civil Beat, Sept. 21, 2020.