

## **Department of Administration**

### **Notice of Hearing on Proposed Administrative Regulations**

A public hearing will be conducted at 10 a.m. Wednesday, December 9, 2015 in Room 450, Auditorium A of the Eisenhower State Office Building, 700 SW Harrison, Topeka, to consider the adoption of proposed changes to existing rules and regulations of the Department of Administration.

This 60-day notice of the public hearing shall constitute a public comment period for the purpose of receiving written public comments on the proposed rules and regulations. All interested parties may submit written comments prior to the hearing to the Office of the Chief Financial Officer, Attn: Janette Martin, 700 S.W. Harrison, Suite 300, Topeka, KS 66603, or by email to [Janette.Martin@da.ks.gov](mailto:Janette.Martin@da.ks.gov). All interested parties will be given a reasonable opportunity to present their views orally regarding the adoption of the proposed changes during the public hearing. In order to provide all parties an opportunity to present their views, it may be necessary to request that each participant limit any oral presentation to five minutes.

Any individual with a disability may request an accommodation in order to participate in the public hearing and may request the proposed regulations and economic impact statement in an accessible format. Requests for accommodation should be made at least five working days in advance of the hearing by contacting Janette Martin at (785) 296-2708 or TTY (800) 766-3777. The north entrance to the Eisenhower State Office Building is accessible. Handicapped parking is located across the street from the north entrance to the building.

The state of Kansas proposes to adopt federal subsistence rates effective January 1, 2016. The current methodology establishes rates set by Department of Administration policy based on geographic areas or categories of travel. In addition, the current methodology reimburses travelers based on a meals allowance also set by Department of Administration policy. Federal subsistence rates (including meals and lodging) are established based on a standard rate and “non-standard areas”. The adoption of these rates will result in subsistence reimbursement which aligns closely with actual travel locations and costs. With the adoption of federal rates, meal reimbursement will be calculated on a set schedule with a day divided into quarters and the daily meal reimbursement amount divided equally between quarters. This change will utilize delivered SMART functionality, eliminating modifications in place to support current meals allowance policy. The proposed changes will allow the agency head, or the agency head’s designee, to approve paying reduced subsistence rates, allowing flexibility to manage travel costs within the approved agency travel budget. Currently, subsistence reductions must be approved by the Secretary of Administration. The current rate setting methodology is not mandated in federal law. The changes are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program.

Copies of the proposed regulations and the economic impact statement for the proposed changes to the regulations can be obtained at the following Web site: [http://www.admin.ks.gov/offices/chief-financial-officer/other-useful-links/Regulation Changes](http://www.admin.ks.gov/offices/chief-financial-officer/other-useful-links/Regulation%20Changes). Summaries of the proposed regulations and their economic impact follow:

**K.A.R. 1-16-4. Date and hour of departure and return.** This regulation addresses the completion of a travel voucher for a period of official state business travel to reflect a leave of absence for proper determination of allowable subsistence expenses. Minor changes are proposed to this regulation to update the wording to current standardized language as well as remove the reference to the DA-121 form and replace it with a broader reference to a subsistence allowance claim. We do not anticipate any economic impact resulting from these changes. These changes will be effective January 1, 2016.

**K.A.R. 1-16-8. Use of privately owned or operated conveyance, limitations; reimbursement for transportation and subsistence expenses.** This regulation addresses the calculations that agencies use to reimburse state employees who are traveling on state business either in-state or out-of-state. Minor changes are proposed to this regulation to update the wording to current standardized language and grammar usage as well as to incorporate the change in reimbursement methodology from meal allowances to quarter days. The actual economic impact is a function of the frequency and locations traveled by agencies. Under the proposed regulation changes, the agency head has the direct ability to approve reduced subsistence for travel, giving flexibility to manage the approved agency travel budget. These changes will be effective January 1, 2016.

**K.A.R. 1-16-15. Reduced allowances.** This regulation addresses an agency's ability to reimburse its employees at a rate that is less than the standard rates set by the Department of Administration. Minor changes are proposed to this regulation to update the wording to current standardized language and grammar usage as well as to incorporate the change in reimbursement methodology from a meals allowance to quarter days. Change is also proposed to allow the agency head, or the agency head's designee to approve paying reduced subsistence rates, which currently requires approval by the Secretary of Administration. The actual economic impact is a function of the frequency and locations traveled by agencies. Under the proposed regulation changes, the agency head has the direct ability to approve reduced subsistence for travel, giving flexibility to manage the approved agency travel budget. These changes will be effective January 1, 2016.

**K.A.R. 1-16-18. Subsistence allowance.** This regulation addresses all subsistence allowances, including meals and lodging, and the limits to those allowances. Minor changes are proposed to this regulation to update the wording to current standardized language and grammar usage as well as to incorporate the change in reimbursement methodology from meal allowances to quarter days. Change is also proposed to delete the use of "out-of-state, designated high cost geographic areas" and "out-of-state, special designated high cost geographic areas" as well as "border city". With the adoption of federal subsistence rates, out-of-state travel will no longer include these designated areas. Additionally, Department of Administration policy will no longer include allowances for border city travel. Another proposed change deletes the exception to allow actual meal expenses for international travel claims. In addition, change is proposed for meal and lodging rates to be issued through, rather than published in, informational circulars. The actual economic impact is a function of the frequency and locations traveled by agencies. Under the proposed regulation changes, the agency head has the direct ability to approve reduced subsistence for travel, giving flexibility to manage the approved agency travel budget. These changes will be effective January 1, 2016.

**K.A.R. 1-16-18a. Designated high-cost geographic areas.** This regulation defines high-cost geographic areas and addresses how state travelers would be reimbursed if traveling to a high-cost geographic area. Minor changes are proposed to this regulation to update the wording to current standardized language and grammar usage as well as to incorporate the change in reimbursement methodology from a meals allowance to quarter days. Change is proposed to delete the use of “out-of-state, designated high cost geographic areas” and “out-of-state, special designated high cost geographic areas”. Current locations with these designations, as well as the option for new locations to be added as designated high cost geographic areas are deleted as well. With the adoption of federal subsistence rates, which includes meals and lodging, effective with the upgrade to version 9.2 of SMART, out-of-state travel will no longer include these designated areas. In addition, an exception for conference lodging will be added to the K.A.R. title. The actual economic impact is a function of the frequency and locations traveled by agencies. Under the proposed regulation changes, the agency head has the direct ability to approve reduced subsistence for travel, giving flexibility to manage the approved agency travel budget. These changes will be effective January 1, 2016.

**1-16-4. Date and hour of departure and return.** ~~When~~ If an employee is granted leave of absence while on official travel, (including Saturdays, Sundays, and holidays), the employee's subsistence allowance claim shall be adjusted accordingly for the date and hour of departure from, and the return to, the field duty station or to the official station shall be shown on the travel voucher-general expense (DA-121) for proper determination of allowable expenses.

This regulation shall be effective on and after January 1, 2016. (Authorized by and implementing K.S.A. 1965 2014 Supp. 75-3207; effective Jan. 1, 1966; amended P-\_\_\_\_\_.)

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SEP 09 2015

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AUG 28 2015

DEPT. OF ADMINISTRATION

**1-16-8. Use of privately owned or operated conveyance, limitations; reimbursement for transportation and subsistence expenses.** (a) In-state travel. If the use of a privately owned or operated conveyance on official state business is authorized by the ~~administrative head of the agency~~ head or the agency head's designee, reimbursement shall be on a mileage basis at the rate specified and under the limitations prescribed by K.A.R. 1-18-1a. Mileage shall be calculated in accordance with K.A.R. 1-17-11, except that storage or parking charges for a privately owned conveyance at any commercial transportation terminal, while the traveler is on an extended trip, and turnpike tolls, may be allowed in addition to this mileage allowance.

(b) Out-of-state travel.

(1) If the use of a privately owned or operated conveyance on official state business, instead of common carrier, is authorized by the ~~administrative head of the agency~~ head or the agency head's designee, the traveler shall be allowed private conveyance mileage as prescribed by K.A.R. 1-18-1a to the destination, turnpike tolls, and parking charges, or an amount equal to economy class air fare to the air terminal nearest the destination, whichever is lesser. Out-of-state subsistence allowance shall be allowed only for the ~~amount of time~~ number of quarter days that would have been necessary had the traveler used the fastest public transportation available to the destination instead of a private conveyance. No taxi or air terminal expenses shall be allowed at the destination. Air terminal shall be defined as mean the principal air terminal in that general geographic area.

(2) If two or more travelers on official business travel in one privately owned conveyance instead of common carrier, the use of one conveyance may be authorized on a mileage basis. In such cases, the subsistence allowed shall be for the number of days the trip would take by car using the usually traveled route to the point of destination as provided in K.A.R. 1-17-11.

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SEP 09 2015

DEPT. OF ADMINISTRATION

(3) Upon written, prior approval of the agency head, exceptions to this subsection may be granted in unusual circumstances if deemed to be in the best interest of the state.

(c) Exception. Nothing in this regulation shall apply to any person to whom K.S.A. 75-3212 and K.S.A. 75-3216, and amendments thereto, apply.

This regulation shall be effective on and after ~~July 1, 2010~~ January 1, 2016. (Authorized by and implementing K.S.A. ~~2008~~ 2014 Supp. 75-3207; effective, E-74-4, Nov. 2, 1973; effective May 1, 1975; amended May 1, 1979; amended May 1, 1981; amended April 30, 1990; amended July 1, 2010; amended P-\_\_\_\_\_.)

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DEPT. OF ADMINISTRATION

~~1-16-15. Reduced allowances. (a) Except as provided in subsection (d) of K.A.R. 1-16-18, each the agency that desires to pay head, or the agency head's designee, may approve paying a reduced meals allowance or lodging expense shall obtain the prior approval of the secretary of administration. ~~The agency shall submit a request on a form from the division of accounts and reports.~~~~

~~(b) The following instances of reduced allowances, which have been approved by the secretary of administration, shall not require the use of the approval form:~~

~~(1) If the agency conveys the following information to the employee in advance of the travel, the agency may handle subsistence payments as stated to the employee:~~

~~(A) The agency is not requiring its employee to undertake the travel in question; and~~

~~(B) the agency desires to not pay subsistence or desires to pay at a specified reduced rate. However, the following shall apply:~~

~~(2) (1) If the cost of meals is included within the cost of a registration fee or other fees and charges paid by the agency, the agency shall pay the applicable reduced subsistence allowance specified in subsection (d) of K.A.R. 1-16-18.~~

~~(3) (2) If both meals and lodging will be provided at no cost to an agency's traveling employee, the agency shall be authorized to not pay any subsistence for this travel.~~

~~(4) If a traveling employee requests a specified reduced subsistence amount, the requested amount may be paid.~~

~~(e) (b) Requests for The approval of reduced subsistence allowances by the agency head or the agency head's designee shall be based on reducing quarter-day meals allowances and lodging expenses in multiples of a half dollar, and this reduced subsistence shall in all other respects be paid in accordance with applicable regulations and accounting procedures.~~

ATTORNEY GENERAL

SEP 09 2015

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AUG 28 2015

DEPT. OF ADMINISTRATION

This regulation shall be effective on and after ~~July 1, 2010~~ January 1, 2016. (Authorized by and implementing K.S.A. ~~2008~~ 2014 Supp. 75-3207; effective Jan. 1, 1966; amended, E-69-18, Aug. 14, 1969; amended Jan. 1, 1970; amended May 1, 1979; amended May 1, 1982; amended, T-84-20, July 26, 1983; amended May 1, 1984; amended, T-87-26, Oct. 1, 1986; amended May 1, 1987; amended, T-89-1, Jan. 7, 1988; amended Oct. 1, 1988; amended July 1, 2010; amended P-\_\_\_\_\_.)

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SEP 09 2015

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AUG 28 2015

DEPT. OF ADMINISTRATION

**1-16-18. Subsistence allowance.** (a) General provisions. Except as otherwise specifically provided by law, subsistence allowances for in-state and out-of-state travel shall be paid on the basis of a meals allowance and the actual cost of lodging expenses incurred, within the limits set forth specified in this regulation.

~~(1)~~ Meals allowance rates, ~~including per-meal allowanees,~~ and lodging reimbursement limitation rates established ~~in accordance with~~ pursuant to K.S.A. 75-3207a, and amendments thereto, shall be ~~published in~~ issued through informational circulars of the ~~division of accounts and reports~~ department of administration. Rates shall be established for the following geographic areas or categories of travel:

~~(A)~~ (1) Travel to in-state destinations;

~~(B)~~ (2) travel to out-of-state destinations, ~~exclusive of designated out-of-state, high-cost geographic areas;~~

~~(C)~~ travel to out-of-state, ~~designated high-cost geographic areas;~~

~~(D)~~ travel to out-of-state, ~~special designated high-cost geographic areas;~~

~~(E)~~ (3) international travel. As used in this regulation, “international travel” means shall mean travel outside the 50 states, ~~and the District of Columbia, and U.S. territories and possessions;~~

~~(F)~~ (4) travel involving conference lodging that qualifies under K.A.R. 1-16-18a(e);  
and

~~(G)~~ (5) other categories as the secretary of administration deems appropriate.

~~(2)~~ Subject to the approval of the secretary of administration, any city in a state bordering or near Kansas may be designated as a “border city” by the director of accounts and reports. For travel by state personnel to a border city, all meals allowances and

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SEP 09 2015

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JUL 07 2015

DEPT. OF ADMINISTRATION

~~lodging expense limitations shall be applied at the appropriate in-state rate established in accordance with K.S.A. 75-3207a, and amendments thereto.~~

(b) Meals allowance; general provisions. Except as provided in subsection (c), the meals allowance shall be paid in an amount not to exceed rates established ~~in accordance with~~ pursuant to K.S.A. 75-3207a, and amendments thereto.

(c) Meals allowance; exceptions.

~~(1) An exception to the meal allowance for international travel may be made at the option of the agency head or the agency head's designee by claiming actual expenses, subject to any daily limitation established in accordance with K.S.A. 75-3207a, and amendments thereto.~~

~~(2) If the cost of meals is included within the cost of registration fees or other fees and charges paid by the agency or is supplied without cost by another party, the meal allowance shall be reduced by the appropriate per-meal allowance established in accordance with~~ pursuant to K.S.A. 75-3207a, and amendments thereto.

~~(3) (2)(A) Except as prohibited by paragraph (c)(3)(B) (c)(2)(B), the agency head or the agency head's designee may authorize any employee who does not incur lodging expenses to be reimbursed for one meal on any day on which either of the following circumstances occurs:~~

(i) The employee is required to travel on official state business, and the employee's workday, including travel time, is extended three hours or more beyond the employee's regularly scheduled workday.

(ii) The employee is required to attend a conference or a meeting as an official guest or participant, and a meal is served during the required attendance time.

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SEP 09 2015

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JUL 07 2015

DEPT. OF ADMINISTRATION

(B) No meals shall be reimbursed if the ~~point~~ location at which the official business is conducted is within 30 miles of the employee's official station or if a meal is provided at no cost to the employee.

(C) Each request for reimbursement of a meal under paragraph (c)(~~3~~) (2) shall identify the date, purpose, destination, and time of the travel, conference, or meeting, and the meal requested for reimbursement.

(D) Each employee who receives reimbursement for a meal under paragraph (c)(~~3~~) (2) shall be paid at the applicable per-meal allowance rate established ~~in accordance with~~ pursuant to K.S.A. 75-3207a, and amendments thereto.

(d) Lodging expense limitations; general provisions.

(1) Reimbursement for lodging, or direct payment of lodging expenses to the lodging establishment, shall be made on the basis of actual, single-rate lodging expenses incurred and shall be supported by the original official receipt of the lodging place or other suitable documentation. Subject to applicable lodging expense limitations established ~~in accordance with~~ pursuant to K.S.A. 75-3207a and amendments thereto, reimbursement for lodging expenses, or direct payment of lodging expenses to the lodging establishment, shall be limited to the lodging place's establishment's lowest available rate for normal single occupancy on the day or days the lodging expense was incurred.

(2) Taxes associated with lodging expenses shall not be included in the applicable lodging expense limitation rates established ~~in accordance with~~ pursuant to K.S.A. 75-3207a, and amendments thereto, and shall be paid as an additional reimbursement.

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SEP 09 2015

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JUL 07 2015

DEPT. OF ADMINISTRATION

(e) Lodging expense limitations; exception. Specific exceptions to the applicable dollar limitation on lodging expenses may be made ~~as provided in~~ pursuant to K.S.A. 75-3207a, and amendments thereto.

This regulation shall be effective on and after ~~July 1, 2010~~ January 1, 2016.

(Authorized by and implementing K.S.A. ~~2008~~ 2014 Supp. 75-3207 and 75-3207a; effective, E-80-10, July 11, 1979; effective May 1, 1980; amended, E-81-14, June 12, 1980; amended May 1, 1981; amended, E-82-14, July 1, 1981; amended May 1, 1982; amended, T-84-20, July 26, 1983; amended May 1, 1984; amended May 1, 1985; amended, T-87-26, Oct. 1, 1986; amended May 1, 1987; amended, T-89-1, Jan. 7, 1988; amended Oct. 1, 1988; amended July 1, 1990; amended, T-1-8-14-90, May 1, 1990; amended Oct. 8, 1990; amended, T-1-9-26-91, Oct. 1, 1991; amended Nov. 18, 1991; amended, T-1-1-1-93, Jan. 1, 1993; amended Feb. 22, 1993; amended, T-1-6-28-95, July 1, 1995; amended Oct. 27, 1995; amended, T-1-7-1-97, July 1, 1997; amended Aug. 8, 1997; amended July 1, 1998; amended July 1, 1999; amended Feb. 15, 2002; amended July 1, 2010; amended P-\_\_\_\_\_.)

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SEP 09 2015

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AUG 28 2015

DEPT. OF ADMINISTRATION

**1-16-18a. Designated high-cost geographic areas; exceptions; conference lodging.**

(a) For official travel to and from, or within, any designated high-cost geographic area ~~identified in subsection (e)~~ in which the traveler is required to sleep away from home, the applicable subsistence allowance rate for that designated high-cost geographic area may be paid. However, reimbursement on this basis shall not be allowable if the area is only an intermediate stopover at which no official duty is performed or if the subsistence expenses incurred relate to relocation, to travel to seek residence quarters, or to travel to report to a new permanent duty station or to temporary quarters.

(b) Reimbursement for travel in designated high-cost geographic areas shall be at the prescribed designated high-cost geographic area rate, unless the agency establishes a reduced rate as provided in K.A.R. 1-16-15. If an out-of-state trip is to two or more destination cities ~~and one of these cities is a designated high-cost geographic area~~ with different subsistence allowance rates, the subsistence allowance rate shall change from the ~~designated high-cost geographic area rate to the regular rate, or from the regular rate to the designated high-cost geographic area rate,~~ subject to and on application of the appropriate meals allowance as determined by the time of arrival at the second destination city.

~~(c) The boundaries of designated high-cost geographic areas shall include all locations within the corporate limits of the cities listed, unless otherwise specified. The designated high-cost geographic areas shall be as follows:~~

- ~~(1) Out-of-state, designated high-cost geographic areas:~~
  - ~~(A) Afton, Oklahoma, including Shangri-La Resort;~~
  - ~~(B) Anchorage, Alaska;~~
  - ~~(C) Aspen, Colorado, including all locations within Pitkin County;~~

ATTORNEY GENERAL

SEP 09 2015

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APPROVED

JUL 07 2015

DEPT. OF ADMINISTRATION

- ~~(D) Atlanta, Georgia;~~
- ~~(E) Atlantic City, New Jersey, including all locations within Atlantic County;~~
- ~~(F) Austin, Texas;~~
- ~~(G) Avon and Beaver Creek, Colorado;~~
- ~~(H) Baltimore, Maryland;~~
- ~~(I) Barrow, Alaska;~~
- ~~(J) Boca Raton, Florida;~~
- ~~(K) Boston, Massachusetts, including all locations within Suffolk County;~~
- ~~(L) Cambridge, Massachusetts;~~
- ~~(M) Carmel, California;~~
- ~~(N) Chicago, Illinois, including all locations within Du Page, Lake, and Cook Counties;~~
- ~~(O) Cleveland, Ohio;~~
- ~~(P) Dallas/Fort Worth, Texas;~~
- ~~(Q) Denver, Colorado;~~
- ~~(R) Edison, New Jersey, including all locations within Middlesex County;~~
- ~~(S) Fairbanks, Alaska;~~
- ~~(T) Fort Myers and Sanibel Island, Florida, including all locations within Lee County;~~
- ~~(U) Hershey, Pennsylvania;~~
- ~~(V) Hilton Head Island, South Carolina, including all locations within Beaufort County;~~
- ~~(W) Honolulu, Oahu, Hawaii, including all locations on the Island of Oahu;~~
- ~~(X) Houston, Texas;~~
- ~~(Y) Indianapolis, Indiana;~~
- ~~(Z) Juneau, Alaska;~~

ATTORNEY GENERAL

SEP 09 2015

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JUN 30 2015

DEPT. OF ADMINISTRATION

- ~~(AA) Kaanapali Beach, Maui, Hawaii;~~
- ~~(BB) Kailau-Kona, Hawaii;~~
- ~~(CC) Kaunakakai, Molokai, Hawaii;~~
- ~~(DD) Keystone, Colorado, including all locations within Summit County;~~
- ~~(EE) King of Prussia, Pennsylvania;~~
- ~~(FF) Kodiak, Alaska;~~
- ~~(GG) Lake Buena Vista, Florida;~~
- ~~(HH) Las Vegas, Nevada;~~
- ~~(II) Los Angeles, California, including all locations within Los Angeles, Kern, Orange, and Ventura Counties;~~
- ~~(JJ) Miami, Florida;~~
- ~~(KK) Minneapolis and St. Paul, Minnesota, including all locations within Hennepin, Ramsey, and Anoka Counties;~~
- ~~(LL) Monterey, California, including all locations within Monterey County;~~
- ~~(MM) Morristown, New Jersey;~~
- ~~(NN) Nashville, Tennessee;~~
- ~~(OO) Newark, New Jersey, including all locations within Bergen, Essex, Hudson, Passaic, and Union Counties;~~
- ~~(PP) New Orleans, Louisiana, including all locations within Jefferson, Orleans, Plaquemines, and St. Bernard Parishes;~~
- ~~(QQ) Newport, Rhode Island, including all locations within Newport County;~~
- ~~(RR) Nome, Alaska;~~

ATTORNEY GENERAL

SEP 09 2015

APPROVED BY 

APPROVED

JUL 07 2015

DEPT. OF ADMINISTRATION

~~(SS) Oakland, California, including all locations within Alameda, Contra Costa, and Marin Counties;~~

~~(TT) Ocean City, Maryland, including all locations within Worcester County;~~

~~(UU) Philadelphia, Pennsylvania, including all locations within Montgomery and Philadelphia Counties;~~

~~(VV) Phoenix, Arizona;~~

~~(WW) Pittsburgh, Pennsylvania;~~

~~(XX) Portland, Oregon;~~

~~(YY) Princeton, New Jersey, including all locations within Mercer County;~~

~~(ZZ) Salt Lake City, Utah;~~

~~(AAA) San Antonio, Texas;~~

~~(BBB) San Diego, California, including all locations within San Diego County;~~

~~(CCC) San Francisco, California, including all locations within San Francisco County;~~

~~(DDD) San Jose, California, including all locations within Santa Clara County;~~

~~(EEE) San Mateo, California, including all locations within San Mateo County;~~

~~(FFF) Santa Barbara, California, including all locations within Santa Barbara County;~~

~~(GGG) Santa Cruz, California, including all locations within Santa Cruz County;~~

~~(HHH) Seattle, Washington, including all locations within King County;~~

~~(III) South Padre Island, Texas;~~

~~(JJJ) Stamford, Connecticut;~~

~~(KKK) St. Louis, Missouri;~~

~~(LLL) Sun Valley, Idaho, including all locations within Blaine County;~~

~~(MMM) Tampa, Florida;~~

ATTORNEY GENERAL

SEP 09 2015

APPROVED BY 

APPROVED

JUN 30 2015

DEPT. OF ADMINISTRATION

~~(NNN) Tom's River, New Jersey, including all locations within Ocean County;~~

~~(OOO) Tucson, Arizona;~~

~~(PPP) Vail, Colorado, including all locations within Eagle County;~~

~~(QQQ) Wailea, Maui, Hawaii;~~

~~(RRR) White Plains, New York, including all locations within Westchester County; and~~

~~(SSS) all areas approved as designated high-cost geographic areas pursuant to subsection (d); and~~

~~(2) out-of-state, special-designated high-cost geographic areas:~~

~~(A) Washington, D.C., including the cities of Alexandria, Fairfax, and Falls Church; the counties of Arlington, Fairfax, and Loudoun in Virginia; and the counties of Montgomery and Prince Georges in Maryland; and~~

~~(B) New York, New York, including all locations within the counties of Nassau and Suffolk.~~

~~(d) State agencies may request the director of accounts and reports to conduct a study of subsistence costs in any area not identified as a designated high-cost geographic area in subsection (c). The director of accounts and reports may recommend to the secretary of administration that an area be added to the list of designated high-cost geographic areas if the study findings of the area justify this action. If the secretary approves the addition of that area, subsistence payments for travel to the area may be made at the rate for designated high-cost geographic areas.~~

~~(e)(1) If an employee is required or authorized to attend a conference, the agency head or the agency head's designee may approve reimbursement or direct payment of actual lodging expenses. Before the date of travel, the employee shall submit to the agency head or the agency~~

ATTORNEY GENERAL

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SEP 09 2015

JUL 07 2015

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DEPT. OF ADMINISTRATION

head's designee conference materials indicating that the conference will be held at or in connection with a lodging establishment with rates exceeding both the applicable lodging expense limitation established under K.A.R. 1-16-18 and the exception provided in K.S.A. 75-3207a, and amendments thereto.

(2) The reimbursement or direct payment of actual lodging expenses shall be effective for the approved conference and for official state business related to the conference and shall be applicable only to the state employee attending the conference.

(3) For purposes of this ~~subsection~~ regulation, the term "conference" shall mean any seminar, association meeting, clinic, colloquium, convention, symposium, or similar gathering that is attended by a state employee in pursuit of a goal, obligation, function, or duty imposed upon a state agency or performed on behalf of a state agency.

This regulation shall be effective on and after ~~July 1, 2010~~ January 1, 2016. (Authorized by and implementing K.S.A. ~~2008~~ 2014 Supp. 75-3207a; effective, E-80-10, July 11, 1979; effective May 1, 1980; amended May 1, 1981; amended, E-82-14, July 1, 1981; amended May 1, 1982; amended, T-84-20, July 26, 1983; amended May 1, 1984; amended May 1, 1985; amended, T-87-26, Oct. 1, 1986; amended May 1, 1987; amended, T-89-1, Jan. 7, 1988; amended Oct. 1, 1988; amended July 1, 1990; amended, T-1-1-1-93, Jan. 1, 1993; amended Feb. 22, 1993; amended April 1, 1996; amended July 1, 1998; amended July 1, 1999; amended July 1, 2010; amended P-\_\_\_\_\_.)

ATTORNEY GENERAL

SEP 09 2015

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AUG 28 2015

DEPT. OF ADMINISTRATION

## DEPARTMENT OF ADMINISTRATION

### ECONOMIC IMPACT STATEMENT

#### **I. Summary of Proposed Regulations, Including Its Purpose.**

K.A.R. 1-16-4, 1-16-8, 1-16-15, 1-16-18 and 1-16-18a are regulations that define the method used for reimbursing employees of the State of Kansas when they travel on state business. The current methodology establishes rates set by Department of Administration policy based on geographic areas or categories of travel: in-state; out-of-state; out-of-state, designated high-cost; out-of-state, special designated high-cost; and international. In addition, the current methodology reimburses travelers based on a meals allowance also set by Department of Administration policy. The State of Kansas will be adopting federal subsistence rates (including meals and lodging) which are established based on a standard rate and “non-standard areas”. With the adoption of these rates, effective January 1, 2016, changes are proposed to delete terminology that will no longer be used – “out-of-state, designated high cost geographic areas”, “out-of-state, special designated high cost geographic areas” and “border city” as those designated areas will no longer exist for travel rate purposes. Current locations with those designations, as well as the option for new locations to be added as designated high cost geographic areas are deleted as well.

With the adoption of federal rates, further change is proposed to the regulations to allow meal reimbursement to be calculated on a set schedule with a day divided into quarters and the daily meal reimbursement amount divided equally between the quarters. A proposed change is included to remove the exception to claim actual meal expenses for international travel. Change is also made to allow the agency head, or the agency head’s designee, to approve paying reduced subsistence rates, allowing flexibility to manage travel costs within the approved agency travel budget. Currently, subsistence reductions must be approval by the Secretary of Administration. Regulation change is proposed for meal rates and lodging reimbursement limitation rates to be issued through, rather than published in, informational circulars.

#### **II. Reason the Proposed Regulation Is Required, Including Whether or Not the Regulation Is Mandated by Federal Law.**

In past years, there has been ongoing consideration for the State of Kansas to adopt federal subsistence rates. Extensive research and analysis is performed by the federal government which results in subsistence reimbursement which aligns closely with actual travel locations and costs. The Secretary of Administration recently made the decision to utilize the review work done at the federal level by adopting federal subsistence rates effective January 1, 2016. As part of the upgrade of the statewide accounting system (to version 9.2 of SMART), configuration will occur to accommodate the change to federal rates. The current rate setting methodology is not mandated in federal law. The changes are not mandated by federal law as a requirement for participating in or implementing a federally subsidized or assisted program. The proposed regulation does not exceed any requirement of law.

**III. Anticipated Economic Impact upon the Kansas Department of Administration.**

As delivered, the upgrade to version 9.2 of SMART can be configured to encompass the proposed change in methodology at minimal cost. There are no modifications necessary to the delivered software for this methodology change. By making this change to follow federal rates, the modifications required in SMART to accommodate current methodology will no longer be necessary resulting in cost savings in future system upgrades.

**IV. Anticipated Economic Impact upon Other Governmental Agencies and upon Private Business or Individuals.**

For federal rate purposes, a standard rate is established in addition to numerous non-standard areas with subsistence rates established for each of those areas.

The variance in the meal and lodging reimbursement amounts between current methodology and federal rate adoption will sometimes benefit the agency but, in other cases, will benefit the traveler. However, overall the use of federal rates will provide reimbursement that is more representative for travel locations.

The following examples are provided:

The current subsistence rates per calendar day for travel to Memphis, TN (out-of-state, high cost area) include \$159 for lodging and \$61 for meals (with \$12 for breakfast, \$16 for lunch, and \$33 for dinner). With adoption of federal rates, subsistence for this non-standard area includes \$102 for lodging and \$61 for meals (with \$15.25 per quarter). Using federal subsistence rates, the overall cost for business travel to Memphis would be less than under current state subsistence rates.

The current subsistence rates per calendar day for travel to Chicago, IL (out-of-state, high cost area) include \$159 for lodging and \$61 for meals (with \$12 for breakfast, \$16 for lunch, and \$33 for dinner). With adoption of federal rates, subsistence for this non-standard area includes \$132 - \$194 for lodging (five seasonal rates) and \$61 for meals (with \$15.25 per quarter).

Although other examples such as these can be provided, the actual economic impact is a function of the frequency and locations traveled by agencies. Under these proposed changes, the agency head has the direct ability to approve reduced subsistence for travel, giving flexibility to manage the approved agency travel budget.

All other proposed changes, such as language updates, have no economic impact to the agencies.

**V. Less Costly or Intrusive Methods That Were Considered, but Rejected, and the Reason for Rejection.**

No other less costly or less intrusive methods were identified or considered for the purpose of these regulations. These changes allow State of Kansas subsistence rates to adopt federal subsistence rates thus eliminating the current rate studies performed by the Kansas Department of Administration.