

Rep. Mays said he thought this bill could be placed on the Consent Calendar. Rep. Freeborn said she was pleased television was deleted from the bill as she thought this would keep the State from paying for Pay-for-TV channels.

Chair Wagle closed the hearing on the bill and announced action would be taken at a later meeting.

The meeting adjourned at 2:15 P.M.

**TESTIMONY BEFORE THE
HOUSE COMMITTEE ON FEDERAL AND STATE AFFAIRS
March 8, 1999, 1:30 p.m., Room 313-S**

Presented by Dale Brunton
Deputy Director of Accounts and Reports

Madam Chairman, Members of the Committee:

I am providing testimony today on behalf of the Department of Administration in support of House Bill 2489 proposed to improve efficiencies and reduce bureaucracy in administering reimbursement rates for official travel by state officers and employees.

House Bill 2489 modifies the way in which state reimbursement rates for use of privately owned conveyances and for subsistence (meals and lodging) are established and revised. Currently, the Secretary of Administration is required to establish these rates by adopting rules and regulations. Under the bill proposal, it would not be necessary for the Secretary to adopt a regulation in order to establish or make routine modifications to travel reimbursement rates. However, travel reimbursement policies, as well as the listing of high-cost geographic areas, would remain in the *Kansas Administrative Regulations*.

Each June 1, the Division of Accounts and Reports recommends travel reimbursement rates to the Division of the Budget. The Division of the Budget uses the recommendations to develop budget indices, which are disseminated to state agencies to use in creating the agency budget estimates submitted to the Division of the Budget in the fall. The agency budget estimates then become the starting point for the Governor's budget report to the Legislature in January and subsequently for appropriations acts of the Legislature.

At any point in this process, through the following June 1, changes in the state's economy, changes in the cost of travel, amendments to federal law, and other circumstances may create a need for a deviation from the travel reimbursement rates used in preparing agency budgets. However, the Secretary of Administration must time the adoption of amendments to the travel reimbursement rate regulations so that the amendments take effect at the beginning of the new fiscal year on July 1.

The time requirements associated with adoption of regulations are such that it is difficult to respond to unanticipated circumstances such as changes in the state's economy or costs of travel. To implement rates with an effective date of July 1, the process of adopting regulations must begin in January. A relevant example is the recent announcement of a decrease in the federal standard mileage rate, effective April 1, 1999. With only a couple of months of lead time, implementation of the one-cent rate reduction for state travelers will require a temporary regulation, followed by a permanent regulation, to avoid partial taxability

of the reimbursement of travel on a private vehicle. Although the state determines its own travel rates on a fiscal year basis, the rates and process must comply with provisions of the federal Internal Revenue Code and IRS allowable rates, which are effective on a calendar year basis.

The process for adopting regulations contains safeguards for decisions about many issues of public significance. The process provides for fiscal impact estimates and a forum for public notice and public comments, prior to adoption of regulations. However, the state's travel reimbursement rates do not seem to be of interest to the public, and typically, the fiscal impact has already been funded upon approval of agencies' budgets. During the last three fiscal years, only one public hearing on amendments to travel reimbursement rate regulations was attended by an individual outside of the Department of Administration. The Division of Accounts and Reports provides other forums throughout the year to facilitate communication with state agencies on travel issues. Moreover, the Legislature has already approved the forthcoming travel rate changes and their economic impact upon approval of the agencies' budgets because those rates were used in developing budget estimates. In effect, the Legislature has final approval of the travel rates, regardless of their inclusion in travel regulations.

The current regulatory process involves many staff hours and includes representatives from various offices in the Department of Administration, the Office of the Secretary of State, the Office of the Attorney General, the Kansas Rules and Regulations Board, Legislative Research and members and staff of the Joint Committee on Administrative Rules and Regulations. These staff hours could be spent on more value-added activities if the regulation adoption process could be avoided for implementing standard amendments to the travel rates.

Total statewide expenditures for FY 1998 for private vehicle mileage and subsistence totaled nearly \$19.1 million but represented only .24 percent of statewide expenditures.

House Bill 2489 was presented in draft form to the Joint Committee on Administrative Rules and Regulations and, after minor amendment, committee members supported and introduced the bill.

Thank you for the opportunity to provide testimony to the Committee and for your consideration of HB 2489. I would be happy to address any questions the Committee may have.