Approved: February 15, 1999
Date

MINUTES OF THE SENATE FEDERAL AND STATE AFFAIRS COMMITTEE.

The meeting was called to order by Chairperson Senator Lana Oleen at 9:45 a.m. on February 5, 1999 in Room 254-E of the Capitol.

All members were present except: Senator Harrington, Excused
Senator Jones, Excused

Committee staff present: Mary Galligan, Legislative Research Department
Russell Mills, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Judy Glasgow, Committee Secretary

Others attending: See Attached sheet

Senator Oleen announced continued hearings on **SB 55, 101 and 174,** dealing with legislative compensation pay plan and expense and mileage allowance. Committee members reviewed the three bills and directed questions to Marty Robison about administrative policies on issuance of checks and salary time frames. (Attachment 1)

Jack Hawn appeared before the committee to answer questions concerning KPERS and provided information about eligibility of current legislature and former legislators since 1988. (Attachment 2.)

Bernie Heffernon , AETNA, answered questionsfor committee members about the deferred compensation plan in proposed in **SB 174.** The plan currently has state employees participating in it.

The meeting adjourned at 11:10 a.m. The next meeting of the committee will be February 8, 1999.

SENATE FEDERAL & STATE AFFAIRS COMMITTEE
GUEST LIST

DATE: Feb 5, 1999

NAME	REPRESENTING
Marty Robinson	LAS
Bon Barrett	KLRD
Bernie Heffernon	AETNA

K/ ɹAS LEGISLATURE

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Division of
ADMINISTRATIVE SERVICES

JEFF RUSSELL
Director

Memo

To: Sen. Oleen

From: Marty Robison
Date: 2-4-99
Subject: Pay bills

Concerns from payroll perspective:

<u>SB 55</u>

No problem doing any of this bill

<u>SB 101</u>

Concern – Since it's an unvouchered allowance, would IRS consider it taxable income that would have to go through payroll? Same as their ruling on legislative allowance?

<u>SB 174</u>

1998 SB 501 changed wording on legislative allowance to $270 for 20 pay periods ($5,400) so all are funded for employee deducts.

Sec 1 (c) concerns:

1) Why even mention $1,000 per month max? Need to talk only on a bi-weekly level because the 20 pay periods do not convert to even months so it gets too confusing? SB 174 places a $500 maximum for each pay period so it appears that accomplishes your objective and coincides with the state pay schedule. (Total is a $10,000 possible limit for interim work.)

2) Unfunded pay periods. No money coming in for 3/4 of the year if they don't do any legislative work. However, because all deductions are annualized and then divided by 26, deductions would continue to be required. Tracking would become very cumbersome and legislators would be asked to write large checks, even though they hadn't received any income. If they didn't pay their debt at the end of the year, the Legislature would have to absorb the loss because the agency will be charged the amount due every pay period.

Sen. Federal & State Affairs Comm
Date: 2-5-99
Attachment: # 1-1

If I understood correctly, Sen. Gooch was suggesting that part of the $500 be earmarked as automatic salary and that would guarantee some money to fund those deductions. The balance could be set up as the bill suggests so they could be reimbursed for those interim costs and to pay those who continue to do legislative work throughout the interim.

3) Deferred Comp - Because earnings vary per legislator, deferred comp has to be hand figured and hand entered. With 165 legislators participating, this would have a large impact on the payroll operations. If legislators were on a straight salary, this would be easy to administer and could be done automatically, as is done currently with most employees.

If you did away with the KPERS legislative pension, that would lower most people's deductions by $95.33 so the only money they would need to receive would be for their premiums for health & optional group life. It would appear that $100 per pay period would cover a large majority of legislators. Those doing buybacks would not have enough to cover that deduction but they're already accustomed to paying personally for that.

Rough figuring on interim pay as suggested above (Not including any interim work):

Current - $72.06 x 90 = $6486 + $5,400 leg allow = $11,886

Proposed (if $100 of $500 is earmarked as salary) - $2,000 *or decrease of $3,400 for those not active during interim.*

Salary - $83.40 x 90 = $7,506 + $2,000 leg allow = $9,506 (taxable)

Def Comp contribution - $9,506 x 8% = $760

Total salary & def comp contribution = $10,266 + up to $8,000 expense pkg (non-taxable) = $18,266 possible earnings

If no portion of $500 is earmarked as salary:

$83.40 x 90 = $7,506 x 8% = $600 = $8,107

Total salary & def comp contribution = $8,107 + up to $10,000 expense pkg (non-taxable = $18,107 possible earnings

All still continue to receive their $80/day subsistence money.

The totals would be higher because of interim activity.

KPERS
Kansas Public Employees Retirement System

February 3, 1999

Mr. Ben Barrett
Director, Legislative Research Department
State Capitol-Room 545-N
Topeka, Kansas 66612

Dear Mr. Barrett:

Based on a recent computer run, it appears that of the 145 legislators covered by KPERS, 38 have vested rights. Also, since 1988, 57 legislators who were not vested have withdrawn their contributions. There are currently 38 inactive legislators who are not vested but who have not withdrawn their contributions. We do not have any information prior to 1988.

Please let me know if you need additional information.

Sincerely,

Jack L. Hawn
Deputy Executive Secretary

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Sen. Federal & State Affairs Comm.
Date: 2-5-99
Attachment: # 2-1