

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.