

Draft Report of the Legislative Compensation Commission to the 2024 Kansas Legislature

CHAIRPERSON: Mark Hutton

OTHER MEMBERS: Steve Abrams, Kelly Arnold, Tom Hawk, Anthony Hensley, Mark Kahrs, Ed McKechnie, Clark Shultz, Kevin Timmons

CHARGE

Pursuant to provisions in 2023 Law (2023 Session Laws of Kansas, Chapter 69, Section 1 [2023 SB 229]), the Commission is directed to:

- Make a comprehensive study of the compensation, salary, and retirement benefits of the Kansas Legislature;
- Set the rates of compensation and salary for members of the Legislature, as directed by the legislation:
 - House Sub. for SB 229 (2023) requires the compensation rate and salary established by the Commission to become the rate of compensation and salary for legislators unless the Legislature rejects the rates through adoption of a concurrent resolution; and
 - The Commission is required to establish the compensation rate and salary for members of the Legislature for a four-year period that commences on the first day of the 2025 Legislative Session on or before December 1, 2023; and
- Make recommendations related to retirement benefits for members of the Legislature.

October 12, 2023

Legislative Compensation Commission

REPORT

Conclusions and Study Recommendations:

Pursuant to the authority granted by 2023 SB 229, the Legislative Compensation Commission (Commission) sets the compensation and annual salary for members of the legislature. The Commission notes that legislative compensation was last adjusted in FY 2009 and has not kept pace with inflation. *The actions of the Commission setting compensation and salary for members of the Legislature are reflected without commentary in a separate document submitted to the Legislature by the Commission, "Order Setting Compensation for Members of the Kansas Legislature." (See Appendix 4)*

Details for implementation of the Commission's proposal are as follows:

- **Salary calculation.** The base salary shall be increased to \$43,000 per year starting on the first day of the legislative session in January of 2025.
- **Expenses.** In addition to the base salary, members of the legislature shall receive subsistence allowance as described in KSA 46-137a(b) and allowance for mileage as described in KSA 46-137a(d), in amounts determined pursuant to current law.
- **Pay period.** Members of the Legislature shall be paid according to the following schedule that provides Legislators the majority of their compensation while the Legislature is in session:
 - Payments during the first 30 calendar days of session shall comprise 7.75 percent of total annual compensation. Under state law, the first 30 days of the legislative session determines the basis for KPERS salary annualization for legislators. This will minimize the salary annualization benefit effect of the new rate of compensation set by the Commission;
 - During the subsequent four months Legislators shall be paid a total of 52.28 percent of annual compensation, or 13.07 percent of annual compensation per month; and
 - During the final seven months Legislators shall be paid a total of 39.97 percent of annual compensation, or 5.71 percent of annual compensation per month.
- **Salary indexing.** Beginning on the first day of the legislative session in January of 2026 and each year thereafter, the base salary shall be adjusted each year to match the percent change in wages for all Kansas employees as reflected in the U.S. Bureau of Labor Statistics (BLS) percent change in "Kansas All Employees Average Annual Wage". *(See Appendix 1)* The salary will be adjusted to match the three-year average percent change of the previous 3 full calendar years of available data.
- **Compensation for special sessions and interim meetings.** In addition to the base salary, members of the legislature shall be compensated for special sessions and interim committee

meetings at a rate of \$172 per day. This amount is in addition to the interim daily rate of \$114.67 using a base salary of \$43,000. This amount shall be adjusted annually according to the salary indexing directive above.

- **Leadership salaries.** In addition to base salary, members of the legislature holding specified positions shall receive additional compensation. Current House and Senate leadership receive annual premium pay between 33 percent and 64 percent of the current daily rate of \$88.66. The following keeps the current salary premium percentage in place and adjusts for a new base salary. (*See Appendix 5*) Using the proposed \$43,000 base salary for 2025, the increases are as follows:
 - Senate President and Speaker of the House shall receive an additional 64 percent of their base salary, which would equate to \$70,520 in 2025.
 - Senate Vice President, Speaker Pro Tem, Assistant Majority and Minority Leaders shall receive an additional 33 percent of their base salary, equal to \$57,190 in 2025.
 - Senate and House Majority and Minority Leaders shall receive an additional 58 percent of their base salary, equal to \$67,940 in 2025.
 - House Appropriations and Senate Ways and Means Chairpersons shall receive an additional 50 percent of their base salary, equal to \$64,500 in 2025.

Legislative Coordinating Council (LCC) study requests. The Commission requests the LCC study the following items relating to legislative compensation:

- *Travel policy* – consideration of a policy that addresses the travel requirements for legislators that serve the larger-size (geographic) districts;
- *Additional Leadership position compensation matters* – consideration of additional compensation for committee leadership not addressed by this report; and
- *Daily rate for certain state board and committee members* – consideration of an adjustment to the daily rate compensation for non-legislative board and committee members.

BACKGROUND

The Legislative Compensation Commission was created pursuant to 2023 SB 229. The Commission is directed to:

- Make a comprehensive study of the compensation, salary, and retirement benefits of the members of the Legislature;
- Set rates of compensation and salary; and
- Make recommendations related to retirement benefits.

Compensation of members of the Legislature has been set through the enactment of laws. The constitutionally based authority by which the Legislature may establish and direct a compensation commission to set compensation for members of the Legislature is contained in Section 3 of Article 2 of the *Constitution of the State of Kansas*. This provision provides that: “The members of the legislature shall receive such compensation as may be provided by law or such compensation as is determined by law.” As part of a complete revision of Article 2 of the Constitution of the State of Kansas adopted by the electors on November 5, 1974, Section 3 of Article 2 was

amended to include the phrase “or such compensation as is determined by law.” The Legislative Budget Committee stated in a report submitted to the 1974 Legislature that “[t]he latter phrase is new and is intended to permit the legislature, if it so desired, to create a compensation commission which would establish compensation subject to approval of, or veto by, the legislature.” Pursuant to this provision, the 2023 Legislature created the Legislative Compensation Commission.

COMMISSION MEMBERSHIP

Senate Bill No. 229 provides that membership of the Legislative Compensation Commission shall consist of nine members, including one appointed by each of the Speaker of the House of Representatives, President of the Senate, Speaker Pro Tempore of the House of Representatives, Vice President of the Senate, Senate and House Majority Leaders, Senate and House Minority Leaders, and the Governor. The members appointed by the Speaker and the President must be former members of the Legislature. No Commission member may be a current member of the Legislature, current employee of the Legislature, or registered lobbyist. The member appointed by the Speaker serves as the first chairperson of the Commission, and the member appointed by the President serves as the first vice chairperson.

INITIAL COMMISSION

On or before December 1, 2023, the Commission shall establish and submit to the Legislature the rates of compensation and salary for legislators rendering services during the four-year period commencing with the term of office that coincides with the first day of the 2025 legislative session. Within 30 days of the commencement of the 2024 legislative session, the Legislature may allow those rates to take effect or reject the rates by adopting a concurrent resolution. In such a concurrent resolution, the Legislature may include a requirement that the Commission meet within 14 days to set and submit another rate of compensation and salary. If the Legislature rejects the second rate of compensation and salary by adopting a concurrent

resolution, the rate prevailing during the previous session shall remain in effect.

FUTURE COMMISSIONS

2023 SB 229 provides that appointments to the Commission end upon the completion of the Commission's responsibilities. In 2026 and each four years thereafter, new members of the Commission shall be appointed in the same manner, except that the member appointed by the President serves as chairperson of the new Commission and the member appointed by the Speaker serves as vice chairperson. The appointing authority for chairperson and vice chairperson reverses for each successive Commission. A member may be reappointed to a future Commission, subject to the restrictions imposed on membership. The 2026 Commission and future Commissions are charged with the same duties, with rates of compensation and salary set by such commissions to be effective for the four-year period coinciding with the next commencing term of office of elected senators, subject to possible rejection by the Legislature.

COMMISSION POWERS AND DUTIES

Senate Bill No. 229 provides that Commissions created under the law shall set rates of compensation for members of the Legislature after a comprehensive study of the compensation, salary, and retirement benefits. The Commission is limited to making recommendations related to the retirement benefits for consideration by the Legislature, and the Legislature must enact laws if such recommendations are to be effectuated.

COMMISSION ACTIVITIES

The Commission met four times in 2023, on September 7, September 21, October 5, and October 19. In general, Commission meetings followed a two-part structure: (1) review of background information or follow-up requests from prior meetings or communications, and (2) discussion on proposed decision points.

September 7–Determining Decision Points

At its September 7 meeting, the Revisor of Statutes provided an overview of the Constitutional authority for the Legislature to create the Commission and to direct the Commission to set compensation for members of the Legislature. Staff from the Office of the Revisor of Statutes discussed the current rates of pay for legislators and additional pay for leadership positions and briefed the Commission on the provisions of SB 229.

The Director of Legislative Administrative Services (LAS Director) provided an overview of what an average legislator, who is not in a leadership position, earns during a normal 90-day session. The annualized amount was \$29,192 including the salary, subsistence, and legislative allowance. The subsistence rate would increase to \$166 per day on October 1, 2023, as it is based on the federal fiscal year. The LAS Director indicated some states have gone to an annualized salary for their legislators and that is an item the Commission may want to consider.

Staff from the Kansas Legislative Research Department (KLRD) provided a historical overview of legislative compensation indicating compensation has not been adjusted since FY 2009.

The Executive Director of the Kansas Public Employees Retirement System (KPERS) provided an overview of retirement benefits for legislators. It was noted that legislators become members of the KPERS group at the time they join the plan.

The Commission also received testimony from the President of the Kansas Senate and the Speaker of the Kansas House of Representatives, as well as a representative from the Wichita Regional Chamber of Commerce.

The Chairperson of the Commission opened discussion acknowledging common ground on principles and values that may act as a frame of reference. Those include maintaining a citizen's legislature, balancing representation across economic and social demographics, encouraging participation from a broader range of citizens, fostering a higher level of retention, and

discouraging the development of professional politicians.

After discussion, the Commission recognized the following areas to be addressed:

- **Basis for compensation.** What should be the reference point for determining legislator compensation?
- **Salary calculation.** What should be the target salary range for legislators?
- **Compensation indexing.** Should salary changes be tied to an index, thereby potentially eliminating the need for a commission to meet regularly?
- **KPERS.** What impact to KPERS would the changes to legislator salaries have?
- **Per diem allowance.** What should the per diem rate be? The current rate (set by the Department of Administration) is indexed at the federal level.
- **Premium pay.** What should premium pay for leadership roles be, and should they be expanded to include additional committee chairs?

A Commission member suggested providing a stipend for Legislators in larger districts. During Commission discussion, a member requested if any other States provided a stipend for district size. KLRD staff indicated that Montana provided such a stipend. The Commission indicated a desire to further examine the issue and requested KLRD provide additional background information for the next meeting.

The Commission also recognized the State Employees Health Care Benefits Plan as an elective benefit that does not need to be addressed.

September 21–Starting Point Proposal

At its September 21 meeting, the KPERS Executive Director provided additional information on the impact to legislator retirement benefits if the Commission adjusts legislative

compensation. In order to provide an estimate, several assumptions were made and varied based on whether a legislator is in KPERS Tier 1, 2, or 3. (See Appendix 2)

The LAS Director responded to questions concerning the average length of service in the Legislature, indicating service averaged 5.5 to 6.5 years.

Staff from the Office of the Revisor of Statutes indicated, pursuant to provisions of SB 229, the 2024 Legislature would have to take action to reject the Commission's recommendations. If the Legislature takes no action, the recommendations would take effect in January 2025.

KLRD staff provided information on a variety of topics, including the area and population of Kansas legislative member districts, number of bills introduced by committees, history of salary increases, and average wage and income data.

The Chairperson opened discussion with a starting point proposal that included the following items:

- **Basis for compensation.** Use the U.S. Department of Labor–Mean Salary rate for Kansas Employees rate as the basis.
- **Salary calculation.** The annual salary would be approximately \$45,000 per year, with 60.0 percent paid during Session and the remaining balance paid out over the following seven months.
- **Compensation indexing.** Tie salary changes to percent changes in the U.S. Department of Labor–Mean Salary rate.
- **KPERS.** Annualize the yearly legislator salary, excluding per diem and other reimbursed costs.
- **Per diem allowance.** Maintain allowance using the current per diem methodology.
- **Premium pay.** Increase the salaries of certain leadership and committee

chairperson positions by a percentage of the base salary premium.

- **District size stipend (geographic area).** Allow for a \$1,000 to \$1,500 stipend each month for legislators that have mid-sized or large districts.

While there was a general consensus among Commission members on many of these items, there was not a consensus on district size stipends and compensation indexing. The Commission requested additional information from KPERS at its next meeting.

October 5–Preliminary Recommendation

At its October 5 meeting, the KPERS Executive Director outlined the impacts of a proposed \$42,000 annual salary. Based on calculations, this proposed salary would have minimal impact on KPERS benefits for most legislators.

KLRD staff provided information from the U.S. Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) for Kansas state government and private establishment employees. Staff also discussed the method the Montana Legislature uses to provide an additional stipend or allowance to its legislators based on the geographic size of districts.

The Chairperson opened discussion with a preliminary proposal (See Appendix 3) that included the following items:

- **Basis for compensation.** Use the BLS QCEW–Average Annual Wages for Kansas Employees data set and adopt assumptions to adjust for the legislative schedule.
- **Salary calculation.** Set legislative salaries at \$43,000 per year beginning January 1, 2025. This amount was arrived by applying applying a 4.5 percent growth rate (the average of the last five years) to the 2022 average wage for Kansas private sector employees of \$57,640. The Commission then recommended

reducing the salary to approximately 70 percent of that wage and then rounded that amount to \$43,000 per year. The indirect method was used due to a reporting lag by the BLS.

- **Compensation Indexing.** Apply the QCEW wages percent change average from the previous three years to adjust the next year's salary.
- **KPERS.** Adjust the first 30-day pay period to 7.75 percent of the annual salary amount, the next four months at 52.28 percent, and the remaining seven months at 39.97 percent. Based on discussions with KPERS, this would result in a relatively small retirement compensation increase.
- **Compensation for special sessions and interim committees.** Compensate special session and interim committee work at a premium daily rate calculated using the difference between Session and non-Session salaries.
- **Per diem allowance.** Maintain allowance using the current per diem methodology.
- **District size stipend.** Use a similar approach used by the Montana Legislature to compensate legislators for the size of their districts. This would result in 22 percent of House members and 35 percent of Senate members receiving additional compensation that would range from \$15 to \$3,756 per year.
- **Leadership salary considerations.** Adjust the current structure and level of leadership pay with premium pay calculated from a percentage of total salaries.

By consensus, the Commission agreed to remove the proposal on district size stipends from further consideration and agreed on the remaining items. The Commission then adopted the draft

report, as amended, to provide for public comment and final consideration at its next meeting.

October 19–Final Recommendation

[*Note:* The preliminary report reflecting the consensus agreement on the compensation proposal was published and made available for public comment on October 16, 2023.]

CONCLUSIONS AND RECOMMENDATIONS

Based upon the information reviewed and the Commission's deliberations, the Commission concluded that an increase to the compensation paid to Kansas legislators is appropriate. The Commission acknowledges that any proposal should maintain the value of a citizen's legislature, balance representation across economic and social demographics, encourage participation, foster retention, and discourage the development of professional politicians.

Current Package

Under current law, Kansas legislators receive a base salary of \$88.66 for each day the Legislature is in session (daily compensation) and a per diem allowance of \$166 per day to partially defray the costs for meals and lodging. Assuming a 90-day session, this totals to \$22,919 per Legislator per year.

Recommendations

The Commission directs the following changes to legislative compensation and retirement benefits:

- **Basis for compensation.** Legislative compensation should be based on the BLS QCEW–Average Annual Wages for Kansas Employees rate, adjusted for the legislative schedule.
- **Salary calculation.** Set legislative salaries at \$43,000 per year beginning on the first day of the legislative session in January of 2025. This amount was reached by applying a calculated modifier to the estimated average

annual wage for Kansas employees for 2023. This salary would be all-inclusive and include allowances for non-session expenses. This amount does not include per diem allowances for approved meetings and sessions.

- **Compensation Indexing.** Apply the BLS QCEW–Average Annual Wages for Kansas Employees average percent change for the previous three years to the prior year's legislative salary.
- **KPERS.** Adjust the first 30-day pay period to 7.75 percent of the annual salary amount, the next four months at 52.28 percent, and the remaining seven months at 39.97 percent.
- **Compensation for special session and interim committees.** In addition to the base salary, members of the Legislature shall be compensated for special sessions and interim committee meetings at a rate of \$172 per day. This amount is in addition to the interim daily rate of \$114.67 using a base salary of \$43,000. This amount shall be adjusted annually according to the salary indexing directive above.
- **Per diem allowance.** Maintain the current per diem allowance methodology.
- **Leadership salary considerations.** In addition to base salary, members of the Legislature holding specified positions shall receive additional compensation. Current House and Senate leadership receive annual premium pay between 33 percent and 64 percent of the current daily rate of \$88.66. The following keeps the current salary premium percentage in place and adjusts for a new base salary. Using the proposed

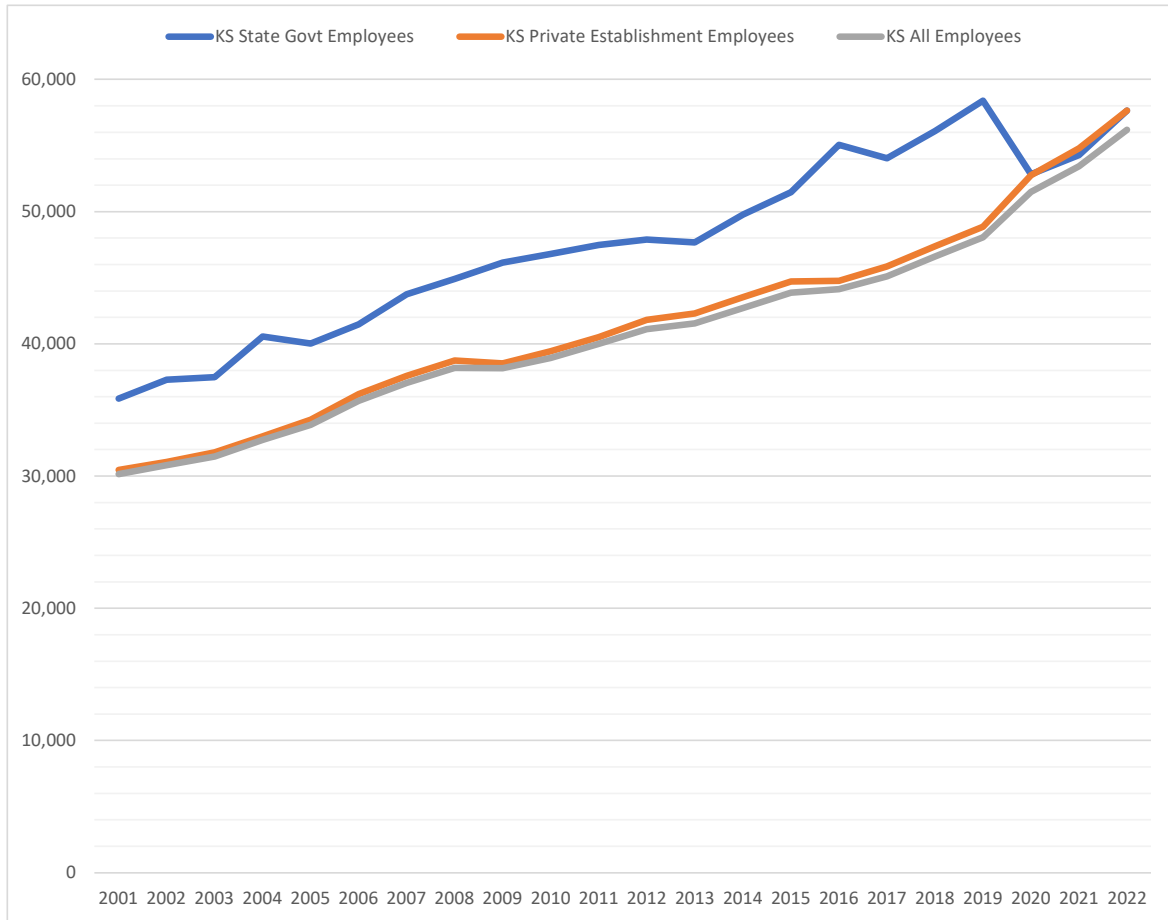
\$43,000 base salary for 2025, the increases are as follows:

- Senate President and Speaker of the House would receive an additional 64 percent of their salary for a total amount of \$70,520 in 2025.
- Senate Vice President, Speaker Pro Tem, Assistant Majority and Minority Leaders would receive an additional 33 percent of their salary for a total amount of \$57,190.
- Senate and House Majority and Minority Leaders would receive an additional 58 percent of their salary for a total amount of \$67,940.
- House Committee on Appropriations and Senate Committee on Ways and Means chairpersons would receive an additional 50 percent of their salary for a total amount of \$64,500.

In addition, the Commission recommends the LCC study the following items:

- Policies that address travel requirements for legislators that serve larger districts;
- Additional compensation for leadership positions not addressed by this report; and
- Adjusting the daily rate compensation for non-legislative board and committee members.

Appendix 1



QCEW Average Annual Wage

| Year | KS All Employees | Percent Growth | KS State Govt Employees | Percent Growth | KS Private Establishment Employees | Percent Growth |
|------|------------------|----------------|-------------------------|----------------|------------------------------------|----------------|
| 2001 | 30,153 | -- | 35,851 | -- | 30,468 | -- |
| 2002 | 30,825 | 2.23% | 37,285 | 4.00% | 31,061 | 1.95% |
| 2003 | 31,489 | 2.15% | 37,491 | 0.55% | 31,794 | 2.36% |
| 2004 | 32,738 | 3.97% | 40,557 | 8.18% | 33,013 | 3.83% |
| 2005 | 33,864 | 3.44% | 40,014 | -1.34% | 34,265 | 3.79% |
| 2006 | 35,696 | 5.41% | 41,487 | 3.68% | 36,201 | 5.65% |
| 2007 | 37,044 | 3.78% | 43,748 | 5.45% | 37,579 | 3.81% |
| 2008 | 38,178 | 3.06% | 44,924 | 2.69% | 38,735 | 3.08% |
| 2009 | 38,154 | -0.06% | 46,155 | 2.74% | 38,519 | -0.56% |
| 2010 | 38,936 | 2.05% | 46,809 | 1.42% | 39,431 | 2.37% |
| 2011 | 39,989 | 2.70% | 47,474 | 1.42% | 40,507 | 2.73% |
| 2012 | 41,118 | 2.82% | 47,889 | 0.87% | 41,817 | 3.23% |
| 2013 | 41,548 | 1.05% | 47,680 | -0.44% | 42,297 | 1.15% |
| 2014 | 42,716 | 2.81% | 49,786 | 4.42% | 43,530 | 2.92% |
| 2015 | 43,878 | 2.72% | 51,483 | 3.41% | 44,729 | 2.75% |
| 2016 | 44,142 | 0.60% | 55,057 | 6.94% | 44,771 | 0.09% |
| 2017 | 45,116 | 2.21% | 54,047 | -1.83% | 45,848 | 2.41% |
| 2018 | 46,607 | 3.30% | 56,094 | 3.79% | 47,375 | 3.33% |
| 2019 | 48,060 | 3.12% | 58,381 | 4.08% | 48,852 | 3.12% |
| 2020 | 51,490 | 7.14% | 52,822 | -9.52% | 52,749 | 7.98% |
| 2021 | 53,422 | 3.75% | 54,281 | 2.76% | 54,784 | 3.86% |
| 2022 | 56,178 | 5.16% | 57,644 | 6.20% | 57,640 | 5.21% |

APPENDIX 2 - MEMORANDUM

To: Legislative Compensation Commission

From: Alan D. Conroy, Executive Director

Date: October 5, 2023

Subject: Proposed Legislative Salary Changes; KPERS Annualization Calculation

During the September 21 meeting, the Compensation Commission had several questions regarding the current statutory annualization formula (K.S.A. 74-4995) and how that calculation might be impacted by Legislative salary changes recommended by the Commission.

Current Proposal

KPERS received the outline of a new proposal with the following parameters relevant to KPERS annualization calculations:

- New Legislative salary starting in January 2025 of \$42,000.
 - This amount would encompass what is currently the daily rate (\$88.66/day) and non-session expenses (\$354.15 for 19 pay periods).
- The first 30 days of Legislative compensation would be 7.75% of \$42,000 (\$3,255 or \$108.50/day).
 - This is the amount that would be used in the statutory annualization formula in K.S.A. 74-4995.
- The remainder of the KPERS annualization calculation stays the same.

Legislator Election Levels

Legislators are given the opportunity to elect certain portions of their compensation to be included in the annualized salary calculation for KPERS purposes.

Current KPERS Election Levels:

- Level A: Daily compensation rate only (currently \$88.66/day)
- Level B: Daily compensation rate with Non-Session Expenses (\$88.66/day plus \$7,083)
- Level C: Daily compensation rate with Session Expenses (\$88.66/day plus \$166/day)
- Level D: Daily compensation rate with both Session and Non-Session Expenses

Legislators get a one-time election to select their participation level. This election cannot be revoked per K.S.A. 74-4995(c). The Internal Revenue Service (IRS) has also ruled in other cases that elections of this nature are not permissible in qualified 401(a) retirement plans like KPERS.

Impact on KPERS Annualization Calculation



The impact on the calculation of annualized salary for KPERS purposes will depend on which level a Legislator elected. Based on the parameters noted above, the impact is summarized in the following tables:

| | Current KPERS Annualized Salary | | Proposed KPERS Annualized Salary | |
|--|---------------------------------|---------------------|----------------------------------|---------------------|
| Annualized Daily Compensation Rate | (\$88.66/day) | \$32,360.90 | (\$108.50/day) | \$39,602.50 |
| Annualized non-Session expenses | | \$7,083.00 | | \$0.00 |
| Annualized Session Expenses | | \$60,590.00 | | \$60,590.00 |
| Total (All annualized portions) | | \$100,033.90 | | \$100,192.50 |

| | Current KPERS Annualized Salary | Proposed KPERS Annualized Salary | Percent Change | Number of Legislators Participating* |
|--|---------------------------------|----------------------------------|----------------|--------------------------------------|
| Level A - (Daily Compensation Rate only) | \$32,360.90 | \$39,060.00 | 20.70% | 18 |
| Level B - (Daily Compensation Rate + Non-Session Expenses) | \$39,443.90 | \$39,060.00 | -0.97% | 15 |
| Level C - (Daily Compensation Rate + Session Expenses) | \$92,950.90 | \$100,192.50 | 7.79% | 9 |
| Level D - (Daily Compensation Rate + Both Expenses) | \$100,033.90 | \$100,192.50 | 0.16% | 93 |

*Legislators as of January 2023.

Because of the shift from a daily legislative rate plus non-session rate to an annual legislative compensation without non-session expenses:

- Legislators who elected Level A would see the largest impact to their annualized salary.
- Legislators who elected to participate at Level B would see a slight decline (about 1%) in their annualized salary.

Most Legislators who elect to participate in KPERS elect to include all parts of Legislative compensation (Level D). The proposed annualized salary would increase the annualized salary for this group of Legislators by less than 0.2%.

Benefit Estimate

Using the parameters above, KPERS completed a KPERS 2 and KPERS 3 benefit estimate for a Legislator who elected Level D using the same set of assumptions as used in the September 21, 2023 memorandum to the Compensation Commission. The benefit estimates are summarized in the following table:

| | Baseline | Proposed | Annual Difference | Percent Change |
|--------------------------|-----------------------------|-----------------------------|------------------------|----------------|
| Estimated KPERS 2 | | | | |
| Annual Benefit | \$14,805 (\$1,234/month) | \$14,828 (\$1,236/month) | +\$23 (+ \$2/month) | 0.16% |
| Estimated KPERS 3 | | | | |
| Annual Benefit | \$7,248 (\$604/ month) | \$7,260 (\$605/month) | +\$12 (+ \$1/month) | 0.16% |

I would be pleased to respond to any questions the Commission has.

Legislative Compensation Commission Preliminary Report

September 28, 2023

Basis of Compensation

As I mentioned in previous emails I'm urging the commission to use a recognized index as our benchmark for establishing the salary as well as indexing it for future years. I continue to believe that the best and most reliable data we have is from the Bureau of Labor Statistics so I'm going to use that for my example. If the commission elects to go another direction we can adjust the calculations.

Previous discussion around this index included whether to use the Public or Private data as well as concern over accuracy and potential policy changes that could affect our intent. After reviewing past history I'm convinced that this data set is as stable and accurate as we can get. This is reinforced by KLRD's reluctance to provide this information, sighting consistency of data concerns and the Office of the Revisor that is concerned about KLRD's involvement being interpreted as KLRD making a salary determination via a link to data they prepare which would be illegal. Since most of BLS adjustments relate to reclassification of employment sectors from Public to Private or vice versa, any administrative changes made by BLS will most likely cancel out if we use the composite of both the Public and Private sectors. The graph I've included with this email reflects how closely each of these tracks to the composite and how administrative changes cancel each other out.

The composite data set comprised of both Private and Public sectors of the Bureau of Labor Statistics (BLS) "Average Annual Wages, Kansas" is finalized every year in May for the prior year. After that date the data is never changed for that year. As an example if we elect to have this policy take effect on January 1st of 2025 we would be using data for 2023 to set the salary because the final 2024 data wouldn't be available until May of 2025.

Assumptions used to arrive at the proposed annual salary:

- 100% of a legislators time dedicated to the 5 months of session.
- 50% of a legislators time dedicated to office responsibilities when not in session.

| | | |
|--------------|--------------------|--|
| Calculation: | 5 months at 100% = | 5.0 months |
| | 7 months at 50% = | 3.5 months |
| | Total | 8.5 months which is 70.83% of the year |

Salary Calculation

Since we won't have the average salary for 2023 until May of 2024, we must estimate what that average wage will be to establish the starting salary for the 2025 session. The average of the Percent Growth over the past 5 years is 4.5%. Applying a 4.5% increase to the 2022 average salary of \$57,644 brings the estimated 2023 salary to \$60,238. 70.83% of that wage is \$42,667. **I propose we round that up to \$43,000 as the base salary beginning January 1, 2025.** This salary would be all inclusive and include allowance for non-session expenses. The daily per diem paid for approved meetings and sessions would be paid separately and apart from this salary. All other expenses other than the proposed district size stipend proposed below would be considered included in the annual salary.

Compensation Indexing

Going forward I propose using the same BLS data set as the index for future years adjustments by applying the "Percent Growth" to the prior year's legislative salary. For example – If the 2024 Percent Growth, reported in May of 2025, is hypothetically 3.5%, then the salary for the 2026 legislative year would be 1.035 times \$43,000 (2025 legislative salary) for a 2026 legislative salary of \$44,505. This approach would allow the use of real data, not estimated albeit a year behind due to reporting lag.

KPERS Annualization

As we have discussed, in order to prevent the salary increase from creating a KPERS annualization windfall the first 30 day pay period will need to be adjusted to 7.75% of the Annual Salary. The subsequent 4 months would be paid out at 13.07% per of the Annual Salary/month and the remaining 7 months paid out at 5.71% of the Annual Salary. Going forward since the Annual Salary will be indexed that will mean the first 30-day amount used to calculate the annualized salary for KPERS will increase slightly each year. I've spoken to Alan Conroy about this and since the increase is very small, he does not believe that this will result in any stress on the KPERS fund.

Compensation for Special Sessions and Interim Committees

Compensation for the legislative session would be included in the salary regardless of the number of days the session runs. Compensation for Special Sessions and Interim Committees would be paid the daily rate, calculated using a 90 day session divided into the session salary of 60% of the total compensation less the non session rate calculated by the non session salary by the number of non session days for a daily premium rate. Based on the proposed \$42,000 Salary the calculation would be:

Base Salary of \$43,000

Session salary is 60% of Base = \$25,800 / 90 Day session = \$287/Day

Non Session Salary is 40% of base = \$17,200 / 150 days = \$115/Day

Premium paid for Special Sessions and Interim committees is \$287 - \$115 = \$172/day.

Compensation for all other office time, meetings and events would be considered to be included in the Annual Salary.

Per Diem Allowance

Maintain the current daily Per Diem Allowance as set by the Department of Administration. Per Diem will be paid for all session days, special session days, interim committee meetings and other days as designated by the LCC.

District Size Stipend Proposal

Using a similar approach used by Montana the District Size Stipend I'm proposing would be calculated using the following variables:

- Use ½ mile of annual travel allowance per Square Mile of a district.
- For illustration purposes I've used the current rate of .655 per mile. This rate would be adjusted whenever the milage rate was adjusted by the Department of Administration.
- This proposal is based on the expectation that an Annual Travel Allowance of \$250 for House members and \$500 for Senate members is included in the base salary to cover travel costs not reimbursed for official business (i.e. Session, interim meetings, etc.)
- Referring to the attached spreadsheets the amount calculated to be above the expected Annual Travel Allowance would be reimbursed to the member as a stipend.

This approach would result in 22% of the House members and 35% of the Senate members receiving additional compensation that ranged from \$15 to \$3,756 per year.

Why this approach?

- It establishes a reasonable expectation for travel that is built into the salary.
- It is based on non-arbitrary data (Square Miles of District).

Why This approach (continued)

- It falls in line with what Montana does but does not draw lines that need to be reset when redistricting effects a district's size. If a district size changes then the spreadsheet adjusts automatically.
- The base Travel Allowance is indexed with the Salary so it stays current.
- This stipend is indexed to the milage reimbursement rate set by the Department of Administration so it insures it stays current and fair.

Overall, the annual cost to the State for this stipend is calculated at \$33,715.

Leadership Salary Considerations

In keeping with the Commissions desire to keep the current structure and level of leadership pay I propose to extrapolate the current premium pay structure. Using \$21,900 as the annual compensation a legislator currently receives, Senate and House leadership currently receive a 64% premium, Majority and Minority leaders receive a 58% premium, and Other Leaders and Committee Chairs receive from 33% to 52% premium. I suggest we apply the same percentage premium to each of the following positions:

- Senate President and Speaker of the House would receive an additional 64% of their salary for a total amount of \$70,520.
- Senate Vice President and Speaker Pro Tem would receive an additional 33% of their salary for a total amount of \$57,190.
- Senate and House Majority and Minority Leaders would receive an additional 58% of their salary for a total amount of \$67,940.
- Appropriations / Ways and Means Chairman would receive an additional 50% of their salary for a total amount of \$64,500.

ORDER SETTING COMPENSATION **FOR MEMBERS OF THE KANSAS LEGISLATURE**

Pursuant to the authority granted by 2023 Senate Bill No. 229, the Legislative Compensation Commission sets the compensation and salary as follows for members of the Kansas Legislature commencing on the first day of the legislative session in January of 2025:

Base salary. The base salary for members of the Legislature shall be \$43,000 per year.

Expenses. In addition to the base salary, members of the Legislature shall receive subsistence allowance as described in K.S.A. 46-137a(b) and allowance for mileage as described in K.S.A. 46-137a(d), in amounts determined pursuant to current law.

Pay period. Members of the Legislature shall be paid according to the following schedule:

- During the first 30 calendar days of the legislative session, 7.75% of total annual compensation.
- During the subsequent four months, 13.07% of total annual compensation per month.
- During the subsequent seven months, 5.71% of total annual compensation per month.

Salary indexing. Beginning on the first day of the legislative session in January of 2026 and each year thereafter, the base salary shall be adjusted each year to match the three-year average of the percent change in wages for all Kansas employees as reflected by the U.S. Bureau of Labor Statistics percent change in “Kansas All Employees Average Annual Wage” for the previous three full calendar years of available data.

Special sessions and interim meetings. In addition to the base salary, members of the Legislature shall be compensated for special sessions and approved interim committee meetings at a rate of \$172 per day. This amount shall be adjusted annually according to the salary indexing directive above.

Additional leadership salaries. In addition to the base salary, members of the Legislature holding specified positions shall receive the following amounts:

- President of the Senate and Speaker of the House of Representatives, an additional 64% of the base salary.
- Vice President of the Senate, Speaker Pro Tem of the House of Representatives, Assistant Majority Leaders of the Senate and House of Representatives and Assistant Minority Leaders of the Senate and House of Representatives, an additional 33% of the base salary.
- Majority and Minority Leaders of the Senate and House of Representatives, an additional 58% of the base salary.

- Chairpersons of the Senate Committee on Ways and Means and the House Committee on Appropriations, an additional 50% of the base salary.

Approved by action of the Legislative Compensation Commission on October __, 2024.

Mark Hutton, Chairperson

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Comparison of Legislator and Leadership Compensation under Current Law and Commission Proposal

Current Legislator Compensation based on a 90-Day Session and a Per Diem rate of \$157 per day.

| | Current Base Salary | Per Diem | Compensation Base | Annual Allowance | Total | Percent Allowance |
|--|------------------------|-----------|----------------------|---------------------|-----------|----------------------|
| Legislator | \$ 7,979 | \$ 14,130 | \$ 22,109 | \$ - | \$ 22,109 | 0.0% |
| Senate President and Speaker of the House | 7,979 | 14,130 | 22,109 | 14,039 | 36,149 | 63.5% |
| Senate Vice President, Speaker Pro Tem, Assistant Majority and Minority Leaders | 7,979 | 14,130 | 22,109 | 7,165 | 29,275 | 32.4% |
| Senate and House Majority and Minority Leaders | 7,979 | 14,130 | 22,109 | 12,666 | 34,775 | 57.3% |
| House Committee on Appropriations and Senate Committee on Ways and Means chairpersons | 7,979 | 14,130 | 22,109 | 11,290 | 33,399 | 51.1% |

Proposed Legislator Compensation under the Commission Plan - Note Allowance is based on Base Salary Only

| | Adjusted Salary | Allowance Percent | Allowance Dollars | Total |
|--|--------------------|----------------------|----------------------|-----------|
| Legislator | \$ 43,000 | 0.0% | \$ - | \$ 43,000 |
| Senate President and Speaker of the House | 43,000 | 64.0% | 27,520 | 70,520 |
| Senate Vice President, Speaker Pro Tem, Assistant Majority and Minority Leaders | 43,000 | 33.0% | 14,190 | 57,190 |
| Senate and House Majority and Minority Leaders | 43,000 | 58.0% | 24,940 | 67,940 |
| House Committee on Appropriations and Senate Committee on Ways and Means chairpersons | 43,000 | 50.0% | 21,500 | 64,500 |