



STATE OF KANSAS

*Office of the Attorney General*

1st Floor, State Capitol Bldg. (913) 296-2215 Topeka, Kansas 66612

CURT T. SCHNEIDER  
Attorney General

April 24, 1975

Opinion No. 75- 182

Mr. Robert J. Percy, Assistant Administrator  
Kansas State Department of Credit Unions  
234 Kansas Avenue  
Topeka, Kansas 66603

Dear Mr. Percy:

You have requested an opinion from this office interpreting K.S.A. 17-2209(7) as it relates to the credit union's authority to pay certain directors' expenses, and in some cases actual compensation required while attending board meetings. You have stated that the various expenses presently being paid by different credit unions throughout the state include meal purchases for credit committee members during their meeting and cash reimbursements if they do not eat, spouses' meals, gas and mileage fees, and lost compensation from regular sources of employment while at board meetings.

The statute, K.S.A. 17-2209(7), regarding the duties of the board of directors states it shall be their duty:

"(7) To meet at least six (6) times each year with at least one meeting in each quarter-year period. No member of the board shall receive any compensation for his services as a member of said board or committee. No salary shall be paid to any officer or other employee of the credit union except such as may have been duly approved by the board of directors."

The Kansas Supreme Court has not yet had occasion to consider the ramifications of this subsection in regard to payment of directors' expenses. Furthermore, an extensive search of other jurisdictions case law and the available literature has not revealed any authority dispositive of the matter. Accordingly, we must resort primarily to the language of the statute and applicable rules of statutory construction.


Mr. Percy  
Page Two  
April 24, 1975

It is a fundamental, long-standing rule of statutory construction that when the meaning of a statute is clear, plain, and unambiguous, there is no room left for courts to apply a different meaning to that language. The language of subsection (7) explicitly prohibits the director of a credit union from receiving "any compensation" for his services while acting in that capacity. [Emphasis supplied.] This subsection thus prohibits directors from receiving any monetary or other compensation which directly or indirectly is, or resembles payment for his services as a director. A credit union payment if lost compensation from other sources of employment while in attendance at directors' meetings on the ground it is a "reimbursable expense" is a subterfuge which violates the obvious intent of subsection (7). It must be presumed that when a potential director assumes the duties incumbent upon the position, he or she recognizes that subsection (7) will require his attendance at board meetings at least to one extent of minimum of six times per year, without compensation. K.S.A. 17-2209(7) does not prohibit the payment of actual expenses incurred by the directors.

You cite one example in which "the credit union purchases meals for the credit committee members during their meetings, and in some cases, reimburses them in cash if they do not eat." It is difficult to justify the cost of a meal not taken by the member as an expense. Similarly, payment of expenses does not extend in reimbursement of members for the loss of other income which the member might have earned had he not attended the board meeting. Although the loss of that income may certainly constitute an economic loss to the member, K.S.A. 17-2209 forbids payments of compensation, and permits the payment only of expenses incurred by the member in attendance upon the meetings. Reimbursement of lost income is nothing more than compensation in disguise, a form of income maintenance which under K.S.A. 17-2209(7) may not lawfully be paid from funds of the credit union.

It is our opinion that payment of out-of-pocket expenses is permissible, and violates neither the letter nor the spirit of the cited statute. Thus, expenses incurred by directors for meals, lodging, travel expenses and other like necessary business expenses reasonably incurred in attendance upon meetings may be reimbursed. Payment other than reimbursement for actual compensation cannot justifiably be characterized as other than compensation which is prohibited by this provision.

Yours very truly,

  
CURT T. SCHNEIDER  
Attorney General

CTS/HTW/ksn