

MEMORANDUM

To: Committee on Ways and Means
From: Jason B. Long, Senior Assistant Revisor
Re: SB 173
Date: February 27, 2013

Senate Bill 173 proposes to enact a new section of law pertaining to how certain state aid for unified school districts is to be considered by courts of law in civil actions challenging the adequacy of the state's provision for finance of the educational interests of the state. Section 6 of Article 6 of the Kansas Constitution requires the Legislature to make "suitable provision for finance of the educational interests of the state." This provision has led to a series of lawsuits and court decisions on what constitutes adequate financing of public education.

The Kansas public employees retirement system has special provisions for employer contributions that are to be made by unified school districts. Since the school district is the employer, the district is responsible for the employer contribution to the employees' retirement accounts. Under K.S.A. 74-4939a, the state makes a special distribution to school districts in the amount of such districts' employer contribution obligation. Each school district is required to deposit these moneys in a special fund at the district level and then make the district's employer contribution to KPERS from that special fund.

There are concerns that when a court considers the adequacy of the financing of public education it does not consider the state's expenditures for these KPERS employer contributions by school districts. SB 173 requires that in such lawsuits the court must consider the KPERS employer contribution distributions by the state to be a part of the state aid to school districts for the finance of the educational interests of the state. In other words, this distribution of funds must be included with all other state aid to school districts in determining whether the amount of financing provided by the Legislature is adequate.

Senate Ways and Means Committee
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