

based on residential real estate values. Now we do that for very, very good reasons. The proposal is very simple. Political subdivisions are expecting the money this year. They budgeted for the money and this comes as close to distributing the dollars on what 882 would have distributed them, as close as you can get without using that unconstitutional formula. So, frankly, there is no difference between my proposal and the Schmit-DeCamp proposal for the first year, for the current year actually. So the real question then is what we do the second and third years and for there on out. My proposal very simply says that we use in the second year foundation aid which has been purported by legislators on this floor for a long time to be pro-rural, the most pro-rural portion of the school aid formula. To distribute \$41 million which presently go to schools, of the total \$70 million, \$41 million go to schools, and we are going to break that out and distribute that to the schools on a foundation formula that is per pupil head count which is pro-rural. The remaining \$29 million in the second year will be distributed on Schmit's formula because the Attorney General said that he could defend Senator Schmit's formula for two years. Now, basically, I have borrowed two of Senator Schmit's ideas in this regard and I think they are sound ones, the proposal of moving to revenue sharing, and I have basically weighted them even more pro-rural than Senator Schmit has. On the third year and thereafter the distribution would be \$41 million to schools which is their proportionate share on a foundation basis, \$2 million to technical community colleges. The remaining revenues go to the political subdivision fund and they are distributed on the basis that that fund is basically distributed today. The only thing is that for about five percent of the revenues, which the small taxing jurisdictions get, we are not going to set up a formula to distribute that money because it is such an insignificant amount and they will have had an idea that they are going to lose those revenue dollars. In fact, what we are going to do for those five percent like the NRDs, the ESUs, fire districts, etcetera, is to basically tell them that they are not going to receive a share of that money which is only five percent, and the reason we are not going to do that is because administratively it costs more in some cases to send that money out than they get. So basically that is the formula. Now the benefits of this formula are very simple. (a). It meets the constitutional test. It does not court disaster as the Schmit-DeCamp formula does. It meets the constitutional test. It is, in fact, using existing state aid formulas, things that