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penalty is another issue. This is part of the formula that in effect forces or attempts to force local school boards and systems to financially support their systems. We have moved from a total minimum levy penalty statewide, from \$5 million to \$14 million, just in this past year, and it involves from...gone from 32 up to 52 systems that are affected. The other thing...issue that I want to mention or I mentioned before is longer term financial requirements of schools; how do you address those? Do you try to come up with a pool of money at the state level which you disburse in some manner or another, or do you try to incorporate it into the basic state aid formula, the needs calculation, and allow schools to address it systematically over time? And teacher salaries, obviously, is a main issue there. The proposed modifications here are quickly categories as increasing the number of cost components. We're trying to more accurately represent the cost that schools actually incur in the state aid formula. We have a different mechanism for recognizing the situation smaller schools find themselves in. A third one is spending history. And again the idea here is that you incorporate local spending decisions into the needs partnership between the local system and the state government. If the system...if locally the citizens decide they want to spend less than needs on the students that they deal with, then the state aid...the state, through this formula, respects that decision by partnering with less aid. It also allows lower spending systems extra advantage to expand growth to reach the needs level. Finally, the annual certification with this mechanism would be done by, rather than going back two years and recalculating averages, it would simply allow the cost components to increase by a basic allowable growth amount. So that, I hope, brings you up-to-date. I certainly hope that you will ask questions as you see fit. There's some additional information that is...been passed out, and I'll be happy to discuss that in more detail. But if first there are some questions or comments, I would...I would like to hear those. Thank you.

**SPEAKER KRISTENSEN:** Debate on the amendment to the amendment?  
Senator Beutler.

**SENATOR BEUTLER:** Mr. Lieutenant Governor, members of the Legislature, I have to start out complimenting Senator Raikes on