the levy side, but were up against the budget lid, then this would give them an opportunity to do the additional spending to cover this amount, and they could raise the funding via property taxes. Now, if they still have room under the budget lid, then there probably would not be a whole lot of benefit to them from this, because they could increase their spending amount even without this particular exception. Keep in mind, there are two lids--one dealing with the ability to levy; the other one,...

SENATOR SMITH: Right.

SENATOR RAIKES: ...the authority to spend.

SENATOR SMITH: And so those with the ability to levy could accomplish that with the levy; those without the ability to levy would get it through state aid?

SENATOR RAIKES: No. If in fact...let me make sure I understand the scenario you're painting. If you've got a school system that has...is up against the levy lid, but not up against the spending lid, then the only way they could cover this obligation would be to shift spending within the school budget from something else to cover this. And they would be required to cover it. If the school district had a levy authority but was up against the spending lid, this would allow them additional spending authority, which they could fund by moving closer to their levy lid.

SENATOR SMITH: Right. But if they're up against the spending limit and the levy limit, then it would come out of state aid?

SENATOR RAIKES: Well, state aid is based on actual expenditures by the school system two years down the road. The increased impact on state aid from this results from the fact that there would be additional spending allowed by this, and that that would thereby increase general fund operating expenditures, which drive needs calculations two years down the road. But in terms of an immediate impact on state aid, say for the '05-06 school year, there would be none.

SENATOR SMITH: But the long-term impact, you're saying that