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have a funding because they are going by continuing resolution which I think sets some precedence for us, but their level of funding the previous year was approximately five hundred and eighty million, as I recall. Now, how is the states getting back that three hundred and eighty million dollar cut, specifically, in that program and with the reassurance that we are not going to have any cuts than we had previously, how does your hardship clause or your other clause refer specifically to that question?

MR. SMITH: Senator, may I call on my colleague, Max Mills, of HEW, since that is his program.'

MR. MILLS: Offut must be in your district. Is that right, Senator?

SENATOR F. LEWIS: That's right.

MR. MILLS: Impact Aid. There are two basic categories of students covered under Impact Aid. The actual military dependent child whose father is either a uniformed personnel or actually lives on the base where Uncle Sam pays a subsidy to the local school district to educate that category aid child since they can't tax the federal property. No change in this element. The "A" child is going to be going just like he has before. That law also includes a clause about the so-called Category "B" child. A category "B" child is a dependent of the federal employee who lives off the military installation, like I do, who lives in town, owns a house, pays a regular school millage in taxes and so on, and, also, my child gets a subsidy from the federal treasury because I happen to be a federal employee. The proposed Special Education Revenue Sharing bill eliminates the subsidy for the category "B" child. Now, the Special Education Revenue Sharing bill also has two magic words in it, "hold harmless", which says, in effect, those people who, and all of us, who participate in Special Education Revenue Sharing funds someplace, for the transition year, FY k974, will not be hurt by the transition.

SENATOR F. LEWIS: Mr. President, may I make one other comment and then I will set down. I know the time is valuable but this is, as you can imagine, ultimately important to me. Last year the Administration recognized that there were two types of "B" children, you, as a Civil Service certainly who is one type, the military off base. The President made a case for funding military students whose parents didn't live on base and it appeared to me that he had some justification for doing that and he was pushing that very hard and strong, and now this year, you are saying, that's not true, that's not your position.

MR. MILLS: Yes sir. It's my understanding your subsequent latter comments are correct. The distinction now will be between category "A" and category "B" without subcategories.

SENATOR F. LEWIS: So last year...last year, the thinking of the Administration when they pushed hard for the military student has been subsequently changed, and, could I ask by what events?

MR. MILLS: I don't know. Mr. Hughes, are you familiar in this area at all. I don't know the motivation behind this. I am just saying that the proposal as it has been submitted now makes only two distinctions with no subcategories, "A" and "B". "A" will be fully subsidized as before. "B" will not be subsidized.

SENATOR F. LEWIS: All right. I just wanted to point that out that there is two differences in the "B" category and you recognized it and pushed for it last year. We have not been... it has not been explained to us why you changed your position