

IDEA Full Funding Act

Senators Harkin, Durbin, Blumenthal and Lautenberg

Background

Since its enactment in 1975, the Individuals with Disabilities Education Act (IDEA) has had a profound impact on students with disabilities by supporting their right to a free, appropriate public education. That law proposed that federal funds should cover up to 40% of the excess cost of educating students with disabilities. As result of this landmark legislation, today:

- Over 6.6 million students receive special education services designed to meet their individual needs.
- 95% of students with disabilities attend a neighborhood school, of which 60% spend at least 80% of their day within the regular school environment.
- Nearly 350,000 infants and toddlers receive early intervention services.
- Almost six out of ten students with disabilities graduate high school with a regular diploma - twice the percentage of 25 years ago.
- Approximately half of students with disabilities enroll in postsecondary education.

The Challenge

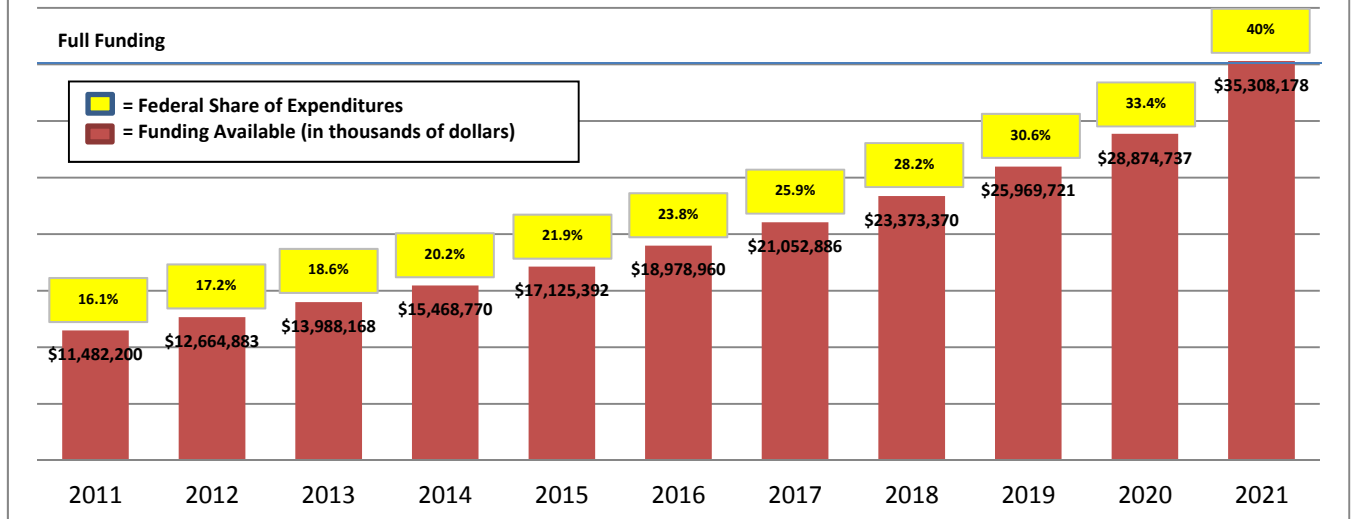
The percentage of costs covered by the federal government now stands at about 16% and school districts across the nation are struggling to make up the federal shortfall in this difficult fiscal environment. The federal government's failure to meet its 36-year-old commitment to fully fund the federal share of IDEA has exacerbated their challenges. In the current fiscal year, federal funds are almost \$24 billion short of funding IDEA at the committed level.

The IDEA Full Funding Act

To fully realize the promise of IDEA and ensure that each and every child with disabilities has access to a high-quality public education, Congress must meet its commitment to fully fund IDEA at the 40% level. The IDEA Full Funding Act will:

- Gradually increase the federal dollars appropriated from \$11.5 billion in FY2011 (the amount provided by the FY2011 appropriations act), which covers 16.1% of IDEA costs, to \$35.3 billion in FY 2021, which represents 40% of costs (see graph below).
- Provide much-needed relief from the financial burden state and local taxpayers face by supplying schools the necessary dollars to boost the quality and range of services available to students with disabilities.
- Help to raise salaries for teachers and related services personnel, thereby allowing districts to enhance recruitment and retention possibilities.
- Support school districts in increasing graduation rates and postsecondary enrollment rates of students with disabilities.

IDEA Full Funding Act



Tobacco Tax Provisions

In these difficult times, it is essential to provide the necessary revenues to enable the federal government to meet its commitment. The IDEA Full Funding Act is fully paid for by the Saving Lives by Lowering Tobacco Use Act, Section 3 of the bill. This section doubles the tax on cigarettes and small cigars from \$50.33 per thousand (\$1.0066 per pack) to \$100.50 per thousand (\$2.01 per pack) and sets equivalent increases to other tobacco products more fully discussed below.

In addition to the benefit of offsetting the cost of fully paying for IDEA, these tax provisions would help an estimated 1 million Americans reduce their tobacco use or quit all together and would prevent an estimated 2.2 million kids from taking up smoking in the first place. Studies show that every 10% increase in the real price of cigarettes reduces overall cigarette consumption by approximately 3-5%, reduces the number of young-adult smokers by 3.5%, and reduces the number of kids who smoke by 6-7%. Furthermore, by creating tax parity for pipe tobacco and roll-your-own tobacco, this proposal will close a problematic loophole that has been consistently exploited by the tobacco industry.

The stakes are incredibly high: smoking kills more people than alcohol, AIDS, car accidents, illegal drugs, murders, and suicides combined, with thousands more dying from spit tobacco use. Every day at least 1,000 children become new regular, daily smokers in the U.S. and of those, almost a third will ultimately die from it. Furthermore, every year Americans incur the cost of \$96 billion in public and private healthcare expenditures caused by smoking. The estimated annual cost of these expenditures to just the federal government, including Medicare and Medicaid costs, is \$54.6 billion, according to the Campaign for Tobacco-Free Kids.

Specifically, the Saving Lives by Lowering Tobacco Use Act increases the cigarette and small cigar tax to \$100.50 per thousand, snuff to \$26.79 per pound, chewing tobacco to \$10.72 per pound, pipe and roll-your-own tobacco to \$49.55 per pound and distinct single use units to \$100.50 per thousand. The bill also imposes a tax equivalent to the cigarette tax for any product determined to be a tobacco product by the FDA which is not covered by the tax code at the rate equivalent to the cigarette tax on an estimated by use basis. The Treasury Secretary would set that rate. The tax includes a tax on inventory equal to the increase in the tax for inventory when the higher initial rate of tax takes effect at the beginning of 2012. The cigarette tax will annually be adjusted for inflation but there will be no inventory tax on the inflation adjustment. This tax is permanent.