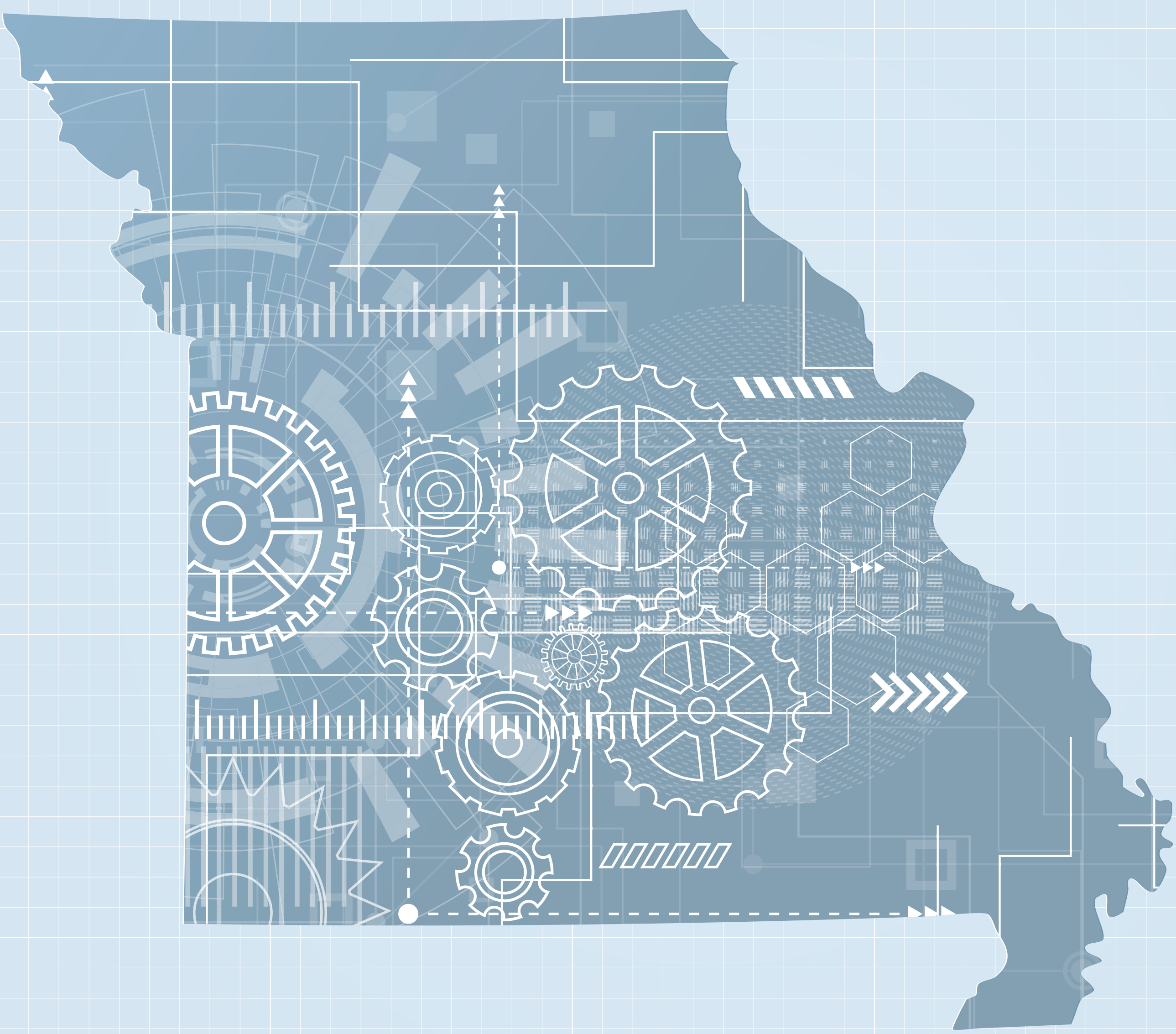
Show-Me Institute
Where Liberty Comes First

2023 BLUEPRINT

Moving Missouri Forward



www.showmeinstitute.org

The Show-Me Institute's mission is to advance liberty with individual responsibility by promoting market solutions for Missouri public policy. Our vision is for Missouri to be a place where entrepreneurs can pursue their dreams, parents are free to direct the education and upbringing of their children, and a growing economy provides opportunities for all. Critical to achieving this vision is a state government that understands the value of freedom in the lives and future of our people.

The 2023 Blueprint: Moving Missouri Forward presents 16 policy ideas aimed at moving Missouri forward to a brighter future. The Blueprint covers a broad range of issues—from education to health care, from occupational licensing to corporate welfare, and from tax policy to government transparency. Our expert policy team has thoroughly researched and analyzed the problems facing our state today, and their work informs the policy solutions that follow. We believe that with the right policies Missouri could lead the nation in wealth, quality education, and a vibrant and flourishing civil society.

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STATEWIDE SCHOOL CHOICE

THE PROBLEM

Options for Missouri's public school students are limited by narrow district offerings.

THE SOLUTION

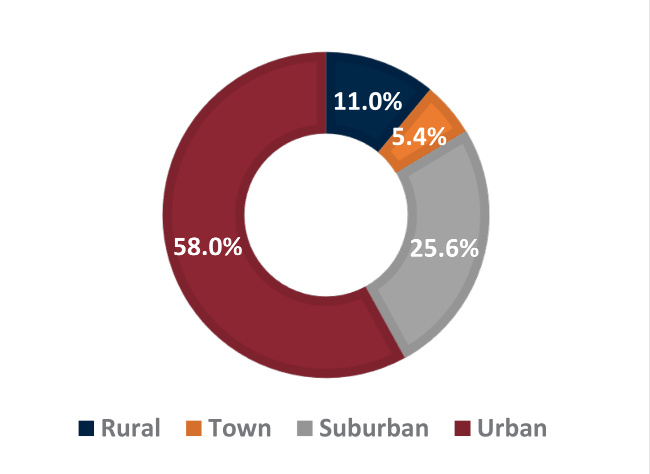
Broaden opportunities for public school students through expanding charter schools, interdistrict choice, and education savings accounts to all students in the state.

Charter School Expansion

In nearly every state, charter schools are available to families in every type of community, and they are most likely to be sponsored by a local school board. In 2019–20, there were 907 rural charter schools enrolling 336,000 public school students nationwide, including 118 schools in communities designated by the Census Bureau as "remote rural."

CHARTER SCHOOL LOCALES

Nearly 1 in 6 charter schools nationwide is located in a town or rural area.



Source: National Alliance for Public Charter Schools, publiccharters.org

In Missouri, charter schools are a district intervention for poor performance, limited to families in just three out of 520 school districts (Kansas City, City of St. Louis, and Normandy). While technically allowed to sponsor a charter school, local school boards in Missouri continue to view charter schools as a threat rather than an opportunity.

> Of the 43 states with charter schools, only three (Mississippi, Missouri, and Washington) have no rural charter schools.

Flexibility, opportunity for innovation, and freedom from bureaucracy can make charter schools a great addition to a school district's portfolio of schools—even in remote, rural areas. They present an opportunity to create a specialized school within a district, or across districts, for those parents who choose them.

The Missouri Legislature can encourage charter schools to form across the state by creating an appeals process that would give charter applicants denied by local school boards the opportunity to apply for sponsorship from the Missouri Charter Public School Commission.

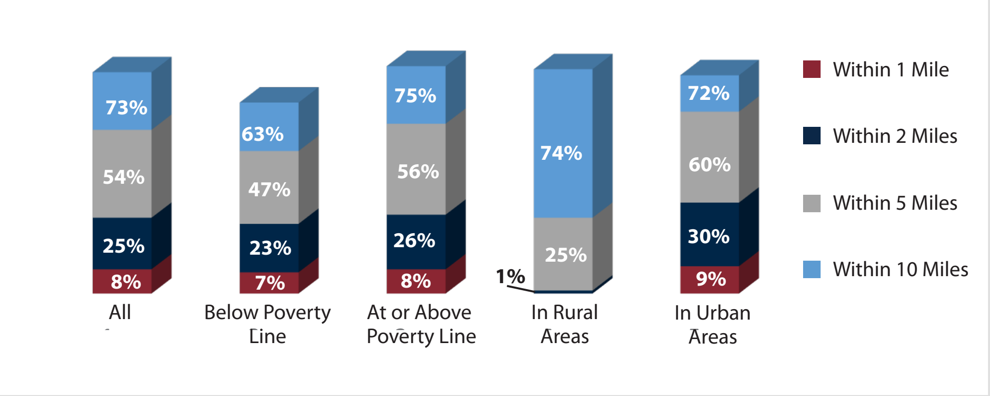
Interdistrict Choice/Innovation Zones

Many school districts in Missouri are too small to offer a comprehensive education to their students. Staffing and administrative difficulties limit the quality and scope of high school coursework. Students who graduate from these high schools will enter the workforce or postsecondary education with peers who have had substantially more preparation opportunities.

> Open enrollment programs, which allow students to enroll in a district other than the one where they live, now exist in 43 states, and district participation is mandatory in 24. Missouri technically has open enrollment, but participation is highly restricted.

FAMILIES WITH ACCESS TO ONE OR MORE TRADITIONAL PUBLIC SCHOOLS UNDER INTERDISTRICT CHOICE

National estimates suggest that over half of all families could access at least one out-of-district choice within five miles of their house.



Source: Matthew M. Chingos and Kristin Blagg, "Who could benefit from school choice? Mapping access to public and private schools," The Brookings Institute, March 31, 2017.

The Missouri Legislature should consider allowing students to cross district lines to access a broader array of coursework. Missouri school districts should be required to allow students to transfer out and receive students from other districts. Information on available capacity should be posted by class and program on all school web pages. Funding for students wishing to cross district lines could be determined through a separate foundation formula that would not create a disincentive for districts to participate.

Expansion of the Empowerment Scholarship Account (ESA) Program

Missouri finally has a private school choice program that parents of students with disabilities and low-income students can access. Unfortunately, the legislature chose to limit this opportunity to Missouri families in communities of more than 30,000 people. In addition, funding for the scholarship program is limited to a total of $25 million in donations, for which the donor receives a full state tax credit, to scholarship-granting organizations. This restricts the number of scholarships that can be distributed to fewer than 4,000 (out of a total public school enrollment of more than 850,000).

On the supply side, there are hundreds of private schools in Missouri that are outside of large cities. In addition, the Missouri ESA program can be used for education materials, tutoring, and hiring educators directly. This opens up the program to homeschoolers, families in cooperative education hubs, and families receiving educational services through local non-profits. These families live throughout the state of Missouri, not just in large communities.

Voter and parent support for school choice programs has been steady and widespread. In a survey of parents taken in June 2021, some 75 percent of parents responded that they somewhat or strongly support ESA programs. This support has remained steady over the past year. If the legislature supports this program for some children, it should support it for all children.

POLICY RECOMMENDATIONS

- Amend Missouri's charter school law to allow rejected applicants to request sponsorship by the Missouri Charter Public School Commission.
- Allow students to choose schools outside their home districts in order to access broader education options.
- Expand the Missouri Empowerment Scholarship Program to serve all qualified students in the state.

TEACHER RETIREMENT PLANS

THE PROBLEM

Missouri's retirement plans for public school teachers have saddled the state with unfunded liabilities while making it costly for teachers to change careers or even move to a different area and continue teaching.

THE SOLUTION

Give teachers the option of a portable defined-contribution retirement plan.

Outdated Retirement Plans Handcuff Districts

Teacher defined-benefit retirement plans create burdensome legacy costs for teachers and districts. Designed decades ago, these plans are often thought of as "taking care of" teachers after they retire in exchange for lower salaries while they are employed. This antiquated system takes large chunks of money from teachers' paychecks, while committing district finances into the indefinite future. It also leads to teachers retiring at an age that is now considered to be middle-aged.

Thirty-six states (plus the District of Columbia) offer defined-benefit pension plans as the default for public school teachers. In seven of those 36, (Colorado, Indiana, Montana, North Dakota, Ohio, South Carolina, and Florida), teachers have the option to enroll in a defined-contribution plan instead.

Fourteen states offer plans other than defined-benefit pensions, three of which are defined-contribution plans and 10 of which are hybrid plans that have both a defined-benefit portion and a defined-contribution portion.

Teachers Deserve a Choice

In addition, the way pension benefits accumulate for teachers is back loaded, meaning that teachers who leave the profession in the beginning or middle of their careers don't receive benefits that are proportionate to the number of years they taught. Studies by national organizations have found that a teacher in Missouri has to work and contribute to the state pension system for at least 26 years before the amount they receive in retirement exceeds the amount they contributed. Teachers who leave the profession before they hit that point (that is, most teachers) would be better served by having a transportable retirement plan, such as a 401(k), that they could take with them to their next career.

Giving teachers the option of a teacher retirement account (TRA) would create a transportable retirement plan that is similar to those found in the private sector. It would also allow districts to raise teacher salaries while eliminating a long-term commitment of district finances.

KEY FACTS

- Missouri has three separate teacher pension plans—the Public School Retirement System of the City of St. Louis (PSRSSTL), the Kansas City Public School Retirement System (KCPSRS), and the Public School Retirement System (PSRS), which serves teachers in the rest of the state.
- The PSRS, PSRSSTL, and KCPSRS have accrued nearly $9 billion in unfunded liabilities toward what they expect to pay retired teachers. Both PSRSSTL and KCPSRS have assets that are less than 80% of what is owed to future retirees.
- Leaving a Kansas City or City of St. Louis school and going outside the cities means switching to a fundamentally different pension plan and starting over.

POLICY RECOMMENDATION

- Allow teachers to choose a defined-contribution retirement plan, or TRA, similar to a 401(k), with a matching contribution from their school system.

EDUCATION FUNDING FORMULA

THE PROBLEM

Missouri's outdated school funding formula results in the overfunding of some wealthy districts and penalizes public charter schools.

THE SOLUTION

Revise the foundation formula to reflect annually updated property values, fund public school students who attend charter schools equitably, and allow funding to follow students to broader types of education options.

KEY FACTS

- Missouri public school enrollment had been steadily declining this century, from a peak of 901,000 students in 2007 to 860,000 in 2022. However, annual inflation-adjusted spending for education in the state increased by over $2 billion between 2000 and 2019.
- Over one third (182) of Missouri school districts are considered "hold harmless" for purposes of the foundation formula, meaning that they are allowed to use 2004–05 property values to determine the required local effort in funding their schools.
- Inequitably, charter schools are required to use the 2004–05 property values, regardless of whether Kansas City or St. Louis property values have increased or decreased.

It Isn't 2005 Anymore

Missouri's school funding formula is not designed for 2023. The formula was last revised in 2004, and the educational landscape has changed in the last two decades, particularly in light of the COVID-19 pandemic. The formula should be updated to account for property value changes so that all public school students—including students who attend public charter schools—are funded equitably.

The education foundation formula has several "hold-harmless" provisions that have outlived their usefulness. According to one such provision, the amount that districts are expected to raise through local property taxes uses property values from 2005 unless those values have declined since then. The outdated 2005 values skew the distribution of state funds, and this often results in state money going to districts with very high property values.

The Money Should Be for Students, Not Districts

Another significant hold-harmless provision is the allowable use of average daily attendance numbers from any of the three previous years. For various reasons, nearly 4 percent of Missouri public school students did not enroll in their assigned public school during the 2020–21 school year—the height of the pandemic. Nonetheless, their home districts can continue to count these students in their enrollment number by using 2018–19 or 2019–20 data. At the same time, the families of these students may be paying out of pocket to place their children in an education environment, such as a learning pod, that works for them. A more equitable funding formula would allow each student's funding to follow them to the school of their choice.

It's time for an across-the-board update to the school funding formula that uses recent property values, gives all public school students access to the same funds, and allows public money to follow students to a school of their choice.

POLICY RECOMMENDATION

- Allow funding to follow each student to the school of their choice.

SCHOOL REPORT CARDS

THE PROBLEM

Missouri parents don't have a source of information about the quality of their children's schools that is accurate, accessible, and easy to understand.

THE SOLUTION

Mandate the creation of a transparent online school report card system (including an easy-to-interpret rating system) that clearly communicates measures of school quality to parents and community members.

KEY FACTS

- The federal Every Student Succeeds Act (ESSA) requires every state to publish report cards on schools and districts. High-quality school report cards help parents make informed choices and help states prioritize schools for academic improvement interventions.
- The Department of Elementary and Secondary Education (DESE) Data Dashboard has no rating system for schools or districts that would make it useful for parents or policymakers.

Parents Are Being Kept in the Dark

Information about the performance of a school in Missouri is very difficult to find and not user friendly. When done well, report cards can be a useful and valuable way to communicate school information to parents. A 2019 Phi Delta Kappa survey found that when parents are aware of school report cards, 66% of them read them. Of those who read report cards, 82% of parents found them useful.

DESE is required by federal law to produce parent-friendly report cards on every school and district in the state. Technically, it has produced them, but the DESE report cards contain significant language and technical obstacles. These report cards have undefined acronyms, technical jargon, and navigation troubles that make them very difficult to understand. In 2020 DESE released a Data Dashboard that has contextual information but no simple system of differentiating among schools or districts based on performance.

Currently, 13 states use A–F rating systems for schools; 4 states, plus the District of Columbia, use 1–5 stars; and 11 states use a descriptive rating system of "Needs Improvement, Average, Good, Great, Excellent." DESE is rolling out a new district and school performance rating system (MSIP 6) that will be even more opaque than the former system (MSIP 5) and will not be fully implemented until 2024.

The current report cards and Data Dashboard do not, either together or separately, provide easy to access and interpret information for parents and community members. What is needed is a report card that contains a rating system across multiple performance measures, including proficiency in English/language arts and math, growth in English/language arts and math, and performance disaggregated by subgroup for the same.

There are many examples of high-quality report cards available from other states. In addition, the U.S. Department of Education and the ExcelinEd Foundation have held school report card design competitions. Much is now known about what makes a school report card useful, relevant, and easy to understand.

POLICY RECOMMENDATION

- Mandate the design and creation of a transparent online school report card system that clearly communicates measures of school quality to parents and community members, including an easy to interpret rating system, such as A–F for every school and district. Such report cards should be mobile and print friendly.

MISSOURI PARENTS' BILL OF RIGHTS

THE PROBLEM

Missouri parents have reason to be concerned that some Missouri schools and districts are leaving them out of their children's education and in some cases concealing what is being taught to their kids.

THE SOLUTION

Missouri parents should have their fundamental right to participate in and direct the education of their children affirmed in state law, with the state adopting a parents' bill of rights to ensure that parents can see and understand what is happening in their children's classrooms.

KEY FACTS

- In 2022, the Heritage Foundation found that Missouri ranked 51st in educational transparency—dead last in the country.
- Sunshine Law requests sent in the last two years by the Show-Me Institute seeking curricula from Missouri schools and districts often were ignored or met with demands for tens of thousands, and even hundreds of thousands, of dollars to process the request.

Which Rights Should Be Included in Statute

At a minimum, parents should have:

- The right to know what Missouri schools are teaching;
- The right to know how Missouri schools are performing;
- The right to know how Missouri schools are spending taxpayer money;
- The right to choose the existing educational option that works best for their children; and
- The right to control their children's health and identifying markers, including but not limited to the right to opt out of health measures not required by state order or statute.

The Importance of Having Teeth in the Law

One of the challenges with Missouri's Sunshine Law is that the consequences for violations are relatively meager, sometimes requiring either an intervention from the attorney general's office or even litigation to access documents covered by the law. Districts have even demanded hundreds of thousands of dollars from our researchers to access curricular documents—an indirect way of saying that a district simply won't comply with our Sunshine requests.

The state needs to turn the tables in favor of parents and taxpayers. Failure by a school or district to satisfy the requirements of a Missouri Parents' Bill of Rights should subject it to financial penalties by the state and administrative penalties affecting the privileges afforded districts under state law. Transparency and accountability in local government, including schools, should not be optional; to ensure that, the law needs to have strong, unambiguous consequences attached to violations of its provisions.

POLICY RECOMMENDATIONS

- Pass a parents' bill of rights into statute so that schools and districts understand the expectations the law has of them relative to the parents (and taxpayers) who fund their operations.
- Ensure that the law includes "teeth" —that is, consequences for violations—so that the law isn't seen merely as a set of recommendations that can be violated without penalty by schools and administrators.

OCCUPATIONAL LICENSING REFORM

THE PROBLEM

Needless occupational licensing requirements are standing between people and the work they want to do.

THE SOLUTION

Periodic review of all licensing requirements and the elimination of those without proven benefits to public safety.

KEY FACTS

- In 1950, 5% of the workforce was licensed through state laws. In 2018, 21.8% of U.S. employed workers held a state-issued license and 2.3% held a state-issued certification but no license.
- Missouri licenses over 240 trades and professions from 39 licensing boards under the Division of Professional Registration.

Regulations Burden Businesses and Consumers

Occupational licensing is the government giving someone permission to work in a certain field. Obtaining a license typically involves satisfying an educational requirement and paying a fee.

Most licensing laws are justified as public safety measures or as a way to ensure the quality of the relevant service. As to the latter claim, we should first ask why assurance of quality shouldn't be left to the market. But there is little evidence that occupational licensing laws provide any benefit in this regard, as only 16% of studies reviewed in a Florida State University meta-analysis observed a positive relationship between occupational licensing and product quality (21% negative and 63% unclear/neutral).

Safety concerns seem like a more legitimate justification for occupational licensing, but in practice licensing regulations appear to burden various practitioners in ways that are unconnected with the risks inherent in the jobs they do, as the table below illustrates.

Occupation	Education/ Experience (Days)	Fees
Emergency Medical Technician	23	$70
Manicurist	93	$120
Barber	350	$125
Skin Care Specialist	175	$165
Psychiatric Aid	210	$0

Source: https://ij.org/report/license-to-work/license-to-work-profiles/?state=mo

It is difficult to connect a concern for public safety with a regulatory regime in which it takes over four times as many training hours to work as a manicurist as it does to work as an EMT.

The clear beneficiaries of licensing regulation are existing practitioners, who benefit from laws that make it more difficult for newcomers to enter a profession—leading to higher prices for consumers and higher costs for potential entrants. The effects are particularly harmful for low-income individuals; they not only have to pay more for services, but they also have potential avenues to employment cut off, as many cannot afford the time and money required for training in a field that would otherwise be open to them. Moreover, higher prices and lower availability due to occupational licensing can induce consumers to undertake dangerous projects on their own, creating genuine safety concerns.

Another problem with licensing requirements is that where there is regulation, there is the opportunity for regulatory capture. In particular, licensing boards can become dominated by license holders. Licensing requirements can be harmful even if regulators are operating impartially and in good faith, but they are especially dangerous when those imposing the regulations stand to benefit materially when licensing requirements are prohibitive. This issue is not theoretical, as Missouri licensing boards have been connected to regulatory capture; a 2020 study found that Missouri's Cosmetology Licensing Board is the 14th-most-captured in the country.

Sensible Reform for Licensing Requirements

It can be difficult to realize just how onerous licensing requirements are; often only those in the industry who are directly affected give them much thought. An automatic sunset provision would force the legislature to consider the legitimacy, costs, and benefits of each occupational license and any corresponding regulations every five years. The reviews could be staggered so that one fifth of professional licenses are reviewed each year. Periodic reviews would make it easier for lawmakers to uncover inefficient, overly burdensome regulations, which could ultimately lead to the removal of onerous requirements, a restructuring or broadening of licensing boards, or the complete elimination of licenses that are found to be unnecessary. Provisions of this nature are not new; 36 states have adopted some kind of sunset provision for occupational licenses, though not all remain active today.

Reducing the burden of occupational licensing could create opportunities for workers and consumers, lower prices, and increase economic growth. Licensed occupations should be the exception, not the rule, and licensing requirements should only be enacted when safety concerns demand it.

POLICY RECOMMENDATION

- Establish a staggered sunset and review period for all professional licenses and licensing boards.

UNEMPLOYMENT INSURANCE MODERNIZATION

THE PROBLEM

Missouri's unemployment insurance (UI) system is outdated. What was created to be a temporary income support for unemployed workers as they search for new jobs has instead become an enabler of long-term government dependency, an obstacle to businesses looking to hire, and a drag on the labor market.

THE SOLUTION

Modernize Missouri's UI system to incentivize work, promote job creation, safeguard the state budget, and reduce fraud.

KEY FACTS

- Benefit extensions in spring 2021 paid most jobless workers more to remain unemployed than to get a job despite lockdowns ending.
- These extensions are partly to blame for severe labor shortages that are contributing to the ongoing inflation crisis.
- Sixty percent of unemployment insurance fraud comes from people continuing to collect benefits even after accepting a job.

An Epidemic of Missing Workers

Over two years after the initial economic shock from COVID-19, the United States is in the throes of a labor shortage crisis that is slowing economic growth and contributing to decades-high inflation. Missouri is no exception. Missouri's labor force participation rate is still 1.6 percentage points below its pre-COVID level, and its current value of 62.4 percent is lower than at any time prior to COVID-19 since the late 1970s.

The federal government intervened aggressively during the lockdowns of 2020 to extend the eligibility for, and generosity of, unemployment benefits to preserve family budgets when people couldn't leave the home to work or search for jobs. However, irresponsible federal benefit extensions in 2021 and longstanding inefficiencies in state UI systems—including Missouri's—made it more lucrative for many people to remain unemployed than to work, effectively forcing businesses to compete with government benefits to lure workers off the sidelines.

Unfortunately, longer-term economic scars remain despite the overdue expiration of benefits, with many workers missing out on months or years of job experience. The outdated UI system in Missouri poses a persistent impediment to a robust and resilient labor market.

Unemployment Insurance Design Flaws

Several aspects of Missouri's current UI system discourage work, put undue burdens on business, and undermine labor market performance. First, outdated IT and accounting systems limit reform options by reducing the scope of what can be implemented, both in the long term and in response to unexpected crises. These systems were a large part of the reason why the enhanced benefits during the 2020 lockdowns paid many workers above a 100% replacement rate, and they also caused significant payment delays.

In addition, the UI payroll tax only applies to the first $11,000 in wages and is not indexed to the average state wage or to inflation, which forces the tax rate to be steep to raise sufficient revenue. The combination of a narrow base and high rate makes the UI tax a particularly strong disincentive to hiring. In addition, it encourages businesses to resort to layoffs during economic downturns instead of other cost saving measures that would preserve jobs.

The current UI tax structure also reduces job stability. Missouri, like the rest of the country, sets individualized UI tax rates for businesses based on their history of layoff behavior—a practice called *experience rating*. However, the range of tax rates is too narrow to reflect the significant differences in how frequently various businesses lay off workers. As a result, businesses with more stable employment subsidize businesses with more frequent layoffs, which blunts the incentive for businesses to find ways to stabilize their payrolls. This compressed tax structure also makes the UI trust fund more likely to run short after a recession, prompting tax increases on all firms to restore solvency.

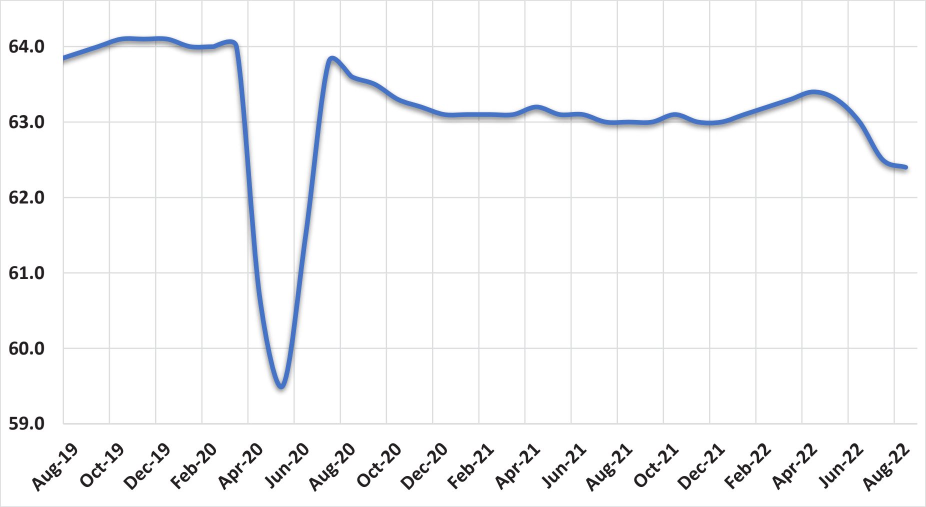
Steep earnings penalties in the form of a 100% benefit offset rate (meaning that workers lose $1 in benefits for each $1 they earn) discourage those who lose their full-time job from taking part-time work while they search for new permanent employment, leading to weaker labor market attachment and longer jobless duration.

In the short run, Missouri can undertake several reforms to address these problems and also reduce UI fraud in all its forms, especially concealed earnings fraud, which accounts for 60% of fraud and occurs when workers continue to collect unemployment benefits even after they accept a new job.

Missouri would also be wise to consider more fundamental changes, such as introducing unemployment accounts similar in concept to health savings accounts. These accounts would allow workers to save a certain portion of their income tax-free in an account (potentially with a partial state match) that they would tap during jobless spells before drawing benefits from the government, and they would gain unrestricted access to the accumulated funds after retirement age. Such accounts would empower individual workers to build retirement savings and give them more skin in the game, reducing the length of jobless spells and saving taxpayers money, thus allowing for lower tax rates.

MISSOURI LABOR FORCE PARTICIPATION RATE

Over two years after reaching its lowest level during the pandemic, Missouri's labor force participation rate has yet to return to it's pre-pandemic level.



Source: Bureau of Labor Statistics.

POLICY RECOMMENDATIONS

- Upgrade IT and accounting systems to allow for greater policy flexibility and better administration.
- Prohibit UI benefit amounts from exceeding 100% of a worker's previous wages and tie the duration of benefits to economic conditions.
- Reduce the benefit offset rate for partial unemployment benefits from 100% to no higher than 50%.
- Strengthen experience rating by widening the difference between the minimum and maximum tax rates and increasing the number of tax rate gradations.
- Require that employers immediately report hires to the Missouri Department of Labor.

ECONOMIC DEVELOPMENT SUBSIDIES

THE PROBLEM

Excessive use of economic development subsidies enriches developers at the expense of taxpayers, schools, and other public services.

THE SOLUTION

Eliminate or substantially reduce the use of economic development subsidies by local governments, including tax-increment financing (TIF), community improvement districts (CIDs), and transportation development districts (TDDs).

KEY FACTS

- State and local tax incentive and subsidy programs in Missouri have collected over $6 billion since their inception.
- In Saint Louis, less than 25% of TIF spending is in the poorer half of the city. The same general trend is seen in Kansas City.

An Abysmal Track Record

Subsidies like TIF rarely deliver on promised economic benefits. For its current group of more than 100 TIF projects alone, the City of Saint Louis has awarded approximately $700 million originally intended for municipal services to developers and has $518 million in outstanding TIF bonds. Kansas City redirected $135 million in tax dollars away from public services in FY 2020 alone.

Studies from across the country indicate that, except in special circumstances, these subsidies fail to match their promises of job creation and economic growth.

For a project to qualify for some subsidies, the city must declare a parcel of land "blighted," but the standards for doing so are so low that successful shopping malls have qualified for subsidies. Some owners even let their property become blighted in order to qualify for the subsidy.

Change the Decision-making Process

A major flaw in the TIF process is that in most cases, cities decide on the tax subsidies that affect other taxing districts. Cities can approve a TIF project that may benefit the city but is harmful to other taxing districts, such as schools. School districts should be able to opt out of TIF like emergency districts can. One way to address this problem is to expand the use of county TIF commissions, where the county appoints most of the members. County officials are responsible to all the residents in their county and are more likely to weigh the costs and benefits of the proposed subsidy for the region.

It is too easy to create a new TDD or CID. Currently, property owners (often just one) can vote by signature to create a district or create one via a simple court filing. The public can be excluded from the entire process by drawing CID or TDD districts that have no residents.

Recent years saw some positive policy changes. The state legislature passed reforms limiting the use of TIF in the floodplain and increased the number of counties that use county TIF commissions. Webster Groves and Boonville each rejected a major TIF project. The Kansas City Council lowered its local cap on the total abatements it will give out. On the other hand, the heavy use of incentives has expanded to rural parts of Missouri. Kansas City, after taking small steps to reduce subsidies, is now trying to remove the city council's role in the process and allowing bureaucrats to approve subsidies with limited public input.

POLICY RECOMMENDATIONS

- Impose objective measures of blight.
- Move TIF decision making to the county level.
- Allow school districts to opt out of TIF.
- Require actual public votes by the entire city or county when new TDDs or CIDs are proposed.

INCOME TAX REFORM

THE PROBLEM

Missouri's economy is suffering because of an overreliance on income taxes as a source of revenue.

THE SOLUTION

Continue to reduce or eliminate the individual income tax and earnings taxes.

KEY FACTS

- Missouri's GDP growth rate over the last two years (Q4 2019 to Q4 2021) was 2.1%, ranking 26th in the nation.
- Missouri's GDP growth rate over the last 10 years (Q4 2011 to Q4 2021) was 10.6%, ranking 35th in the nation.

Income Taxes Are Holding Missouri Back

Missouri's economy has stalled in the last decade. Those of surrounding states, on the other hand, have grown two to five times faster than Missouri's. State and local tax structures are a part of the problem. Missouri ranked 16th in income tax reliance in 2020, with income taxes making up 19.3% of the state's total revenues. Similarly, the earnings taxes in St. Louis City and Kansas City steer money from private investment and make Missouri's largest cities less competitive. Though the earnings taxes were renewed by voters in 2021, it's important to recognize the far-reaching negative effects of these local income taxes. Income taxes have negative effects on growth, encouraging taxpayers to move their work and investments elsewhere. Income tax revenue is also more volatile than other forms of tax revenue. It's not ideal for the state to rely so heavily on a harmful and volatile form of taxation.

Alternatives to the Individual Income Tax

In recent years, Missouri lawmakers have taken some steps to reduce the state individual income tax. Most recently, the legislature passed a law to gradually reduce the income tax to 4.5%, triggered by the state meeting certain revenue targets.

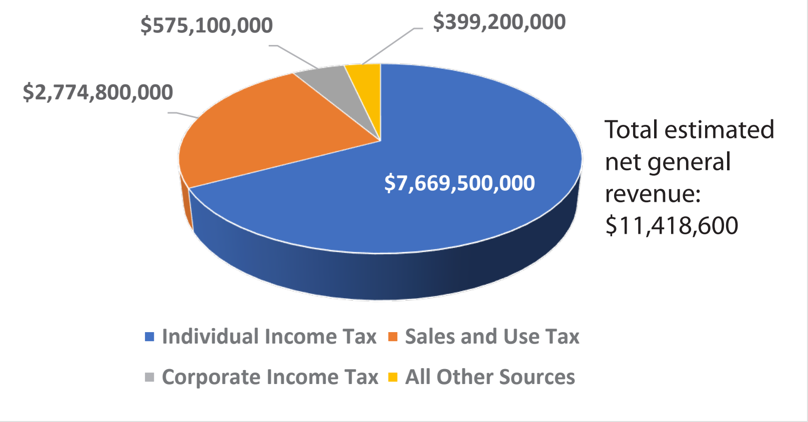
More drastic reductions could be offset by responsible fiscal practices such as ending corporate handouts in the form of tax subsidies. Not only would income tax reductions allow citizens to keep more of their hard-earned money, but they would reduce the state's reliance on income tax revenue and make the state more competitive in the region.

POLICY RECOMMENDATIONS

- Make Missouri less reliant on income taxes in favor of less-damaging forms of taxation such as property taxes.
- Ensure that the income tax is low and broadly based by reducing or eliminating corporate tax subsidies.

FISCAL YEAR 2023 REVENUE BY SOURCE

The lion's share of state general revenue will continue to come from the income tax for the foreseeable future, but continuing rate reductions have set the stage for this reliance to decline over time.



Source: Missouri Budget, Fiscal Year 2023.

TAX CREDIT REFORM

THE PROBLEM

Missouri devotes hundreds of millions of dollars per year to tax-credit programs that offer poor returns for state taxpayers.

THE SOLUTION

Wind down poor-performing tax-credit programs and cut taxes with the savings.

KEY FACTS

- Over the past decade, Missouri has devoted more than $5.6 billion in state tax dollars toward various tax-credit programs.
- Two of Missouri's largest tax-credit programs—the Historic Preservation Tax Credit and the Low-Income Housing Tax Credit—are state-funded supplements to already generous federal programs.
- Even Missouri's own Department of Economic Development acknowledges that the state's Historic Preservation Tax Credit program only received a return on investment of $0.12 for each state tax dollar spent last year.
- Instead of spending more than $500 million per year subsidizing favored private entities, Missouri could use those funds to significantly reduce state taxes.

The Wrong Kind of Leadership

Missouri is a national leader in state spending in the name of "economic development." Over the last few decades, Missouri has spent billions on a host of narrow incentive programs, with poor economic results overall. One of the biggest programs, the Low-Income Housing Tax Credit, ranks in the top five nationally for state investment, yet receives a return on that investment of $0.22 for each state tax dollar spent.

Taxpayers Get Less for Their Money

Diverting tax dollars to tax-credit programs means Missourians are paying more in taxes than they receive in services. Instead of inefficiently allocating taxpayer money into speculative private-sector developments, Missouri should invest in its people by lowering their taxes and paying for the cuts with the savings from reduced tax credit awards.

An Opportunity for a Broad-based Tax Cut

Last year, Missouri spent more than $579 million on its various tax credit programs. A better use of those same funds would be to significantly reduce the state's corporate income tax, or alternatively, continue to reduce individual income taxes on all Missourians.

Face Reality and Prepare for the Future

State tax credits awards can typically be redeemed over a period of years; sometimes that period of time can approach a decade or more. This means that any reforms adopted today will require a commitment from future elected officials to finish what was started. One of the best ways to prepare for the transition would be to begin budgeting for tax credit awards today. Most tax credits are not currently part of the budget, which helps hide the true cost of these programs.

POLICY RECOMMENDATIONS

- Eliminate all economic development tax-credit programs and institute a broad-based tax cut with the savings.
- Increase transparency and accountability by including forgone revenues in the annual budget.

LOCAL GOVERNMENT TRANSPARENCY

THE PROBLEM

Local governments often hide documents and spending records from the taxpaying public despite legal requirements that mandate transparency.

THE SOLUTION

Require that local governments report spending information, and that school districts report on both spending and curricula.

A Checkbook for Missouri

The creation of the Show-Me Checkbook in the state treasurer's office in 2018 and the passage of HB 271 in 2021 were positive developments for transparency in local government, establishing voluntary reporting programs in the state for local governments. But more remains to be done. Local governing bodies should be required, not invited, to report their spending as a condition of being able to take money from the public through taxation.

School districts owe taxpayers a similar obligation, and as it has with the online checkbooks set up by the state for local governments, the state should establish an online database of elementary and secondary school curricula, lesson plans, and spending so that taxpayers can know what is being taught to K–12 students with public dollars.

Accountability Pays Dividends

How do these online resources benefit local governing bodies? From a good governance perspective, they ensure that rather than responding to Sunshine Law requests seeking these data, local governments can simply refer requestors to the continuously updating online resource. They allow any local government to proactively show that it is a good actor and open book, promoting positive relationships between the governed and those with the privilege of governing.

How do these online resources benefit taxpayers? Taxpayers will be able to see in a continuously updated and understandable format where their money is going and will be able to keep tabs on the activities of elected leaders and bureaucrats when they choose—not when government chooses to give them spending and curricula information.

Moreover, the very existence of these online projects will act as a defense against wrongdoing in the future. When public officials understand that their spending and instructional activities will be available for all taxpayers to see, they will be more likely to be prudent in their decision making.

The public deserves to know where their tax dollars are going. After all, taxpayers are the bosses of government, not its subjects.

KEY FACTS

- Missouri already has a program through which local governments may report their spending, but participation is voluntary.
- The only way for many taxpayers to obtain detailed information about their government's expenditures is through the submission of a Sunshine Law request.

POLICY RECOMMENDATIONS

- Make the reporting of local government spending data to the Show-Me Checkbook database mandatory rather than voluntary.
- Establish (and mandate reporting to) a similar database for school districts that would track both expenditures and curricula.

BUDGETARY REFORM

THE PROBLEM

Missouri's budget has more than doubled in size over the past two decades, and if this troubling trend of government spending growth continues, it could soon prove disastrous for state taxpayers.

THE SOLUTION

Limit spending growth, increase accountability, and improve budget resilience through reforms that protect taxpayers and prioritize Missouri's long-term financial health.

KEY FACTS

- Missouri's government is on track to spend more this year than ever before, even after adjusting for inflation.
- Currently, Missouri lacks strong protections against excessive government growth; the state's current budgeting practices actually encourage greater spending.
- Most state budget documents are difficult to find, hard to interpret, and are in a form that requires citizens to manually transcribe the data to be studied.
- According to Moody's Analytics, Missouri is one of the least-prepared states in the country for an economic downturn.

Spending at Record Levels

Missouri's budget has been growing for years, and this year is no exception. Our state is currently on track to spend more this year than ever before. Despite the purported protections against unchecked government growth provided by Missouri's Hancock Amendment, state spending continues to drastically outstrip both inflation and population growth. In fact, over the past two decades, Missouri's budget has approximately doubled in size.

Current Practices Encourage More and More Spending

Missouri currently uses what is called an "incremental" approach to budgeting, which means that budget items from one year automatically roll over into the next and establish the new baseline for state spending. This makes budgeting easier for legislators because it allows them to focus attention on new funding requests, but it also allows many old programs and spending items to escape annual scrutiny. The result is snowballing government growth. Missouri should require legislators to evaluate program effectiveness and regularly use "zero-based budgeting," meaning that lawmakers must build the state's budget from square one.

You Can't Fix What You Can't See

Currently, most state budget documents are difficult to find, hard to interpret, and in a form that requires citizens to manually transcribe the data to be studied. Such hurdles mean that lawmakers and state bureaucrats can act with greater impunity and less oversight. There is no good reason why the documents that detail where taxpayer money is going should not be easy for any citizen to access and understand.

Missouri Isn't Ready for the Next Recession

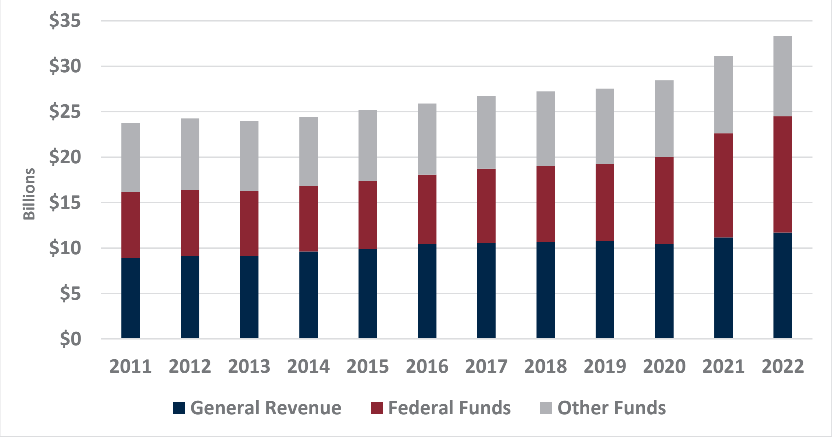
The boom–bust cycles of state finances create budgetary chaos. Each economic downturn forces elected officials to make difficult spending decisions that can be at odds with the state's long-term funding priorities. As a result of the 2007–2009 Great Recession, general revenues fell by over $1.2 billion, leading to abrupt cuts in education, corrections, and other spending that lasted for several years after the recession. Almost every other state in the country has a rainy-day fund to help weather these situations, but Missouri's Budget Reserve Fund is too small and too hamstrung by restrictions to be used in a downturn. In fact, it's never once been used for this purpose.

POLICY RECOMMENDATIONS

- Establish clear and meaningful state program performance metrics that allow objective assessments and implement zero-based budgeting
- Make all state budget documents available in easily accessible, machine-readable formats (e.g., in Excel or CSV format).
- Create a separate budget stabilization fund with the sole task of stabilizing revenues in the event of an economic downturn. The fund should be large enough to fully replace state revenues during a crisis comparable in magnitude to the Great Recession with strong protections against improper use. Repayment to the fund also should be dependent on the pace of economic recovery.

BUDGETARY GROWTH: FY 2011–2021

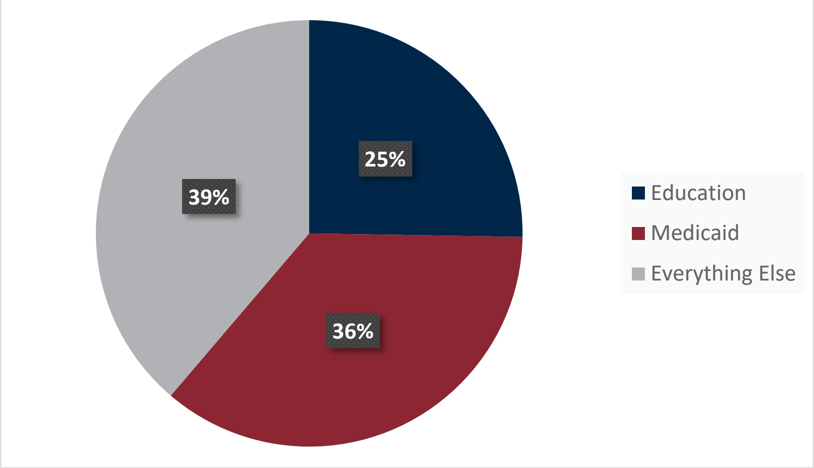
Missouri's spending has grown by nearly $10 billion since State Fiscal Year 2011.



Source: Missouri House of Representatives Budget Fast Facts.

FY 2023 OPERATING BUDGET

With approximately 60% of all state spending devoted to education and health care, continued budgetary growth puts enormous pressure on every other state spending priority.



Source: Missouri House of Representatives Budget Fast Facts.

HANCOCK AMENDMENT REFORM

THE PROBLEM

After more than four decades, Missouri's Hancock Amendment is no longer providing an effective check on government growth.

THE SOLUTION

Improve and expand the taxpayer protections provided by the Hancock Amendment.

KEY FACTS

- Missouri is currently more than $6 billion below the Hancock-established revenue ceiling, which means the accompanying tax refund provision is unlikely ever to be invoked.
- Out-of-date and incompatible definitions have made the amendment's tax cap ineffective in controlling the growth of government.
- Currently, rate-rollback requirements are not applied to personal property taxes on the value of cars, boats, and farm equipment.
- Protecting taxpayers from historic inflation and enormous expected assessment increases will require amending Missouri's Constitution.

In 1980, and then again in 1996, Missouri voters approved amendments to the state's constitution that placed important restrictions on the government's ability to raise and spend tax dollars, commonly referred to as the Hancock Amendment. But in the more than 40 years since its initial passage, serious weaknesses in the amendment's restrictions have been exposed.

One of the amendment's main selling points—a state revenue limit with a tax-refund provision—was intended to prevent government from growing faster than Missourians' incomes. And if it did, state taxpayers would receive a refund of the difference. The problem is that policymakers and an out-of-date compliance formula have made the tax refund threshold non-functional. Once voters realized how easily elected officials could avoid the revenue limit, they passed a tax cap in 1996, which required tax hikes above a certain amount to be submitted for voter approval. This measure too has recently proved ineffective. Due to insufficiently defined terms and multiple state supreme court decisions, it's unclear whether any new state tax proposal would need voter sign off.

Missouri needs stronger taxpayer protections that will better stand the test of time. Consistent with the core ideas that Missourians supported multiple times with their approval of the Hancock Amendment, Missourians should be assured that:

1. When tax revenues grow faster than inflation, taxpayers will get a refund;
2. State spending won't grow faster than inflation plus population growth; and
3. When lawmakers want to substantially raise, change, or extend taxes, there will always be a transparent process for voter approval.

There are two property taxes that are exempt from the Hancock requirement that tax rates roll back as assessed valuations increase (three if you count the general exemption from this requirement for all property taxes levied by the Kansas City School District). Personal property taxes on cars and similar items—which Missouri taxes more than most states—are not subject to the rollback rule. Perhaps this is because people assumed used car values would always decrease, which they did until 2021 and 2022. The windfalls local governments are receiving in 2022 from increased used-car valuations should be addressed, and rate rollbacks should be required for personal property as they are for real property.

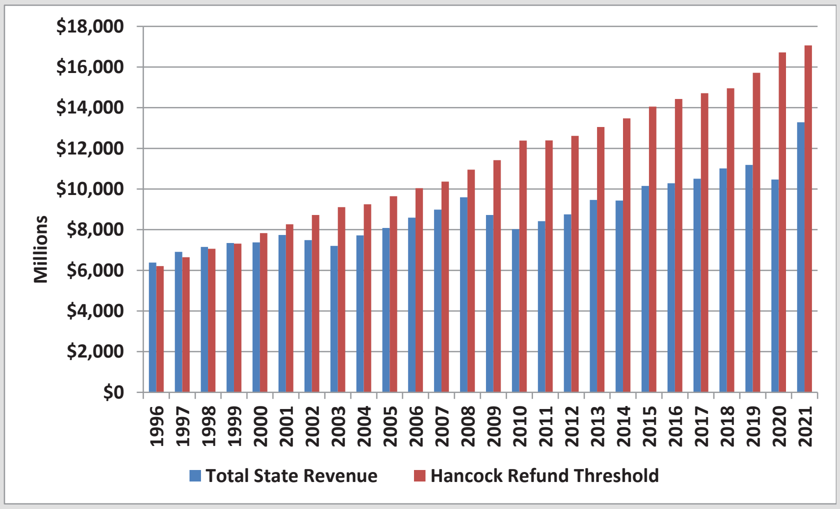
The commercial surtax (or surcharge) is the other tax exempt from rate-rollback requirements. This is a tax levied only on commercial property with a rate that varies by county. Commercial valuations have increased enormously since 1985 when the tax was first levied, and as of 2022 rates have never been correspondingly lowered in any county. The rate rollback requirement should be applied to the commercial surtax as well.

POLICY RECOMMENDATIONS

- Update the Hancock Amendment's revenue limit and tax cap to better protect taxpayers against unchecked government growth.
- Expand the amendment's rate rollback provisions to include personal property taxes and the commercial surtax.
- Address the inflation adjustment and new construction clause to provide relief from drastic property assessment increases and inflationary tax rates.

HANCOCK LIMITS VS. TOTAL STATE REVENUE

Missouri is currently more than $6 billion below the Hancock-established revenue ceiling.



Source: Missouri State Auditor.

CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS: USED CARS AND TRUCKS IN U.S. CITY AVERAGE, INDEX 1982–1984=100, MONTHLY, SEASONALLY ADJUSTED

The recent spike in used-car values will result in a revenue windfall for local governments.

Source: Federal Reserve Bank of St. Louis.

FREE-MARKET HEALTH CARE REFORM

THE PROBLEM

Health care supply is needlessly limited by regulations that protect incumbent providers at the expense of patients.

THE SOLUTION

Enact free-market reforms to create opportunities for new entrants in the health care field, lower prices, and increase the availability of care across the state.

Make Temporary COVID Reforms Permanent

The COVID-19 pandemic disrupted the world's health care systems and forced both medical professionals and policymakers to rethink how medical services are provided. Legislators and executive officials across the country took bold action to cut red tape and maximize access to care. Two areas where Missouri cut red tape during the pandemic were scope of practice and telemedicine.

"Scope of practice" defines what medical professions can do in a state, given their training. Depending on the state, practitioners like nurses can be limited in what they can do and where they can do it, despite having the training to provide certain types of care. For example, prior to the pandemic, advanced-practice registered nurses were limited to practicing within 75 miles of a collaborating physician. The waiver of this requirement was the right call in 2020, and making that waiver permanent is the right call today. More treatment options for patients means more competition among providers, which is good for consumers in terms of service and price.

"Telemedicine" is what it sounds like: the provision of medical care over the telephone and the internet. For the sake of public health and because many patients felt more comfortable staying at home during the pandemic, the state temporarily loosened the regulations for who could see a physician online and under what circumstances. As with making scope of practice expansions permanent, making telemedicine regulatory reforms permanent would expand the ways that patients could receive care and increase the number of potential care providers—increasing competition and, over time, bringing prices down.

KEY FACTS

- Waivers of restrictions on medical professionals' scopes of practice and telemedicine during the pandemic were successful, increasing access to health care providers.
- The failure to make these waivers permanent limits health care access.
- Certificate of Need laws separate patients who need care from doctors who want to provide it.

Repeal Certificate of Need

Missouri's Certificate of Need law restricts health care competition by requiring many health care providers to get state approval before entering new markets or expanding services offered in existing facilities. This restriction hampers innovative start-ups and market newcomers that would provide Missourians care. It also puts upward pressure on health care prices by restricting supply as demand for services rises. Hospitals shouldn't have a say in whether new entrants can compete with them. After all, competition benefits consumers; established hospitals should have to innovate and compete to keep their customers, just like every other business in the state.

POLICY RECOMMENDATIONS

- Make the temporary waivers of scope of practice and telemedicine restrictions permanent.
- Repeal Missouri's Certificate of Need law.

HEALTH CARE PRICE TRANSPARENCY

THE PROBLEM

The lack of transparency in health care pricing means that patients don't know the price of the treatment they receive until they get the bill.

THE SOLUTION

Arm consumers with the information they need to make health care decisions.

What We Don't Know Is Costing Us

Advocates of government-run health care often claim that market forces do not operate in health care. However, they neglect to mention that competition has been artificially suppressed by a lack of price transparency. Studies have found wide variation in prices paid for health care procedures across regions, among hospitals, and most alarmingly, within the same hospital based on the type of insurance or lack thereof.

With average deductibles up 79% over the past decade, price transparency is critical for both the insured and the uninsured because it opens up several ways to control costs:

- It allows patients to compare providers.
- It helps insurers negotiate lower rates.
- It aids employers in offering cost-effective plans to workers.
- It facilitates alternatives to fee-for-service payment models.
- It enables physicians to partner in cost-containment efforts.

Hospitals Are Ignoring Transparency Rules

In June 2019, the Trump administration issued an executive order requiring hospital price transparency. As of January 2021, hospitals must provide not only list prices but also negotiated charges for 300 shoppable services. Hospitals must make this information available both in machine-readable and consumer-friendly formats. However, fewer than 20% of hospitals are fully compliant. Moreover, the *Wall Street Journal* has reported that hundreds of hospitals embedded code in their price transparency websites that prevents search engines from returning pages with the price lists. Furthermore, hospitals aren't the only providers of care; clinics, imaging centers, and other providers should be bound by transparency requirements as well. Until patients can be informed consumers of the care they purchase, we can't expect to keep the cost of medical services under control.

KEY FACTS

- In Missouri, prices for the same service can differ widely depending on a patient's insurance. For example, the price of a pelvic CT scan at a single hospital can vary by a multiple of 20.
- Uninsured patients—who tend to be among the poorest—are routinely charged the highest prices.

POLICY RECOMMENDATIONS

- Require by state law that hospitals and other health care providers publish pricing information to the public in user-friendly, machine-readable form.
- Under state law, prohibit providers from pursuing medical debt collection if they are found to be noncompliant with transparency requirements.
- Implement incentives for both doctors and insurers to show patients how to look up prices.

MEDICAID REFORM

THE PROBLEM

Enrollment in Missouri's Medicaid program is at its highest point in state history, and the program's costs will likely soon prove unsustainable.

THE SOLUTION

Reform the Medicaid program to ensure the continued financial stability of the state. Free-market reforms to empower individual recipients of Medicaid services coupled with stronger program integrity measures are necessary to rein in spiraling health care costs.

KEY FACTS

- Program enrollment has increased by more than 500,000, or approximately 60%, since the beginning of 2020.
- Estimates suggest that more than 350,000 of those currently enrolled in the program may no longer be eligible to receive services.
- When the federal public health emergency (PHE) expires, the share of Medicaid payments covered by the federal government will decrease, immediately raising Missouri's cost per enrollee.
- State officials expect to spend more on the Medicaid program this year than ever before.

More Enrollees, Higher Costs

Medicaid is Missouri's largest government-run program, and it's only getting bigger. Enrollment is the biggest driver of Medicaid costs, and the state's program has grown for 33 consecutive months. More than 1.3 million Missourians are now enrolled, an increase of approximately 60% since the beginning of 2020.

Following the rollout of Medicaid expansion, more than 250,000 newly eligible Missourians enrolled within the first year. Today, estimates suggest that more than 350,000 of the state's Medicaid recipients may be improperly enrolled, or are no longer eligible for services, which unnecessarily inflates the program's already exorbitant costs.

Missouri's economy can't keep up with skyrocketing Medicaid costs, which is a serious problem for the state's budget. Each year that Medicaid spending continues this troubling growth trend further jeopardizes the state's ability to fund other public policy priorities, such as roads and education.

Reform Can't Wait

The need to reform Missouri's Medicaid program is not new, but the state simply cannot wait any longer to take serious action. According to a report commissioned by Missouri's own Department of Social Services in 2019, "approaches to utilization management; eligibility management; fraud, waste, and abuse; are limited" due to inadequacies with the state's information systems. So to start, policymakers should further invest in updating obsolete information systems to help address the problem of improper enrollment.

One of the biggest components of the federal government's COVID-19 response was the suspension of required annual Medicaid eligibility checks, meaning that Missouri has not verified the eligibility of program enrollees in nearly three years. This also means that once the PHE is allowed to expire, states will face the enormous task of checking eligibility for more than one million enrollees in short order, exacerbating whatever information system and staffing inadequacies exist.

Another important piece of the COVID-19 response is the state's temporary influx of federal funds. When the PHE expires, the share of Medicaid costs covered by Missouri taxpayers will increase immediately, because the share paid by the federal government (which was temporarily increased with relief funding) will be dropping back to pre-pandemic levels. In other words, even though federal policy helped inflate state Medicaid programs, before long, the significant cost of that growth will be shifted onto Missouri taxpayers. And if Missouri's Medicaid agency is not equipped to quickly and accurately redetermine program eligibility for those enrolled, policymakers should consider contracting with outside experts to get the job done—because completing the process even one month sooner could save millions in unnecessary costs.

Finally, policymakers should explore taking whatever steps are necessary, whether at the state or federal level, to allow greater flexibility in administering the program going forward as a way to contain costs and better tailor coverage to meet the needs of Missouri's recipients. Significant improvement to Missouri's Medicaid program will ultimately require better incentives, better data, and greater flexibility.

MEDICAID
BY THE NUMBERS

In FY 2022, Missouri spent **$12,626,001,072** on the Medicaid program.

More than **1 in 5** Missourians are covered under Medicaid.

Estimates suggest that more than **25%** of those enrolled may no longer meet eligibility requirements to receive services.

Medicaid pays for **65%** of all nursing home care in the state.

Since the beginning of 2020, enrollment in Missouri's Medicaid program has increased for **33** consecutive months.

20¢ of every dollar paid in state taxes goes to Medicaid.

In 2022, about **38%** of Missouri's budget went to Medicaid, making it the program with the largest budget in the state.

As of August 2022, Missouri's Medicaid program has **1,358,275** participants, with **703,503** of those being children.

SINCE EXTENDING ELIGIBILITY FOR SUBSIDIZED COVERAGE TO ABLE-BODIED ADULTS UNDER MEDICAID EXPANSION, **247,263** HAVE BEEN ENROLLED.

More than **1 in 2** children are enrolled.

Show-Me Institute
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POLICY RECOMMENDATIONS

- Continue upgrading Medicaid's information systems to encourage greater accountability by minimizing waste, fraud, and abuse.
- Consider contracting with outside experts to help quickly and accurately process eligibility redeterminations once the federal public health emergency expires.
- Give elected officials the flexibility needed to successfully reform Missouri's program and rein in costs to protect the state's financial future.

RESOURCES

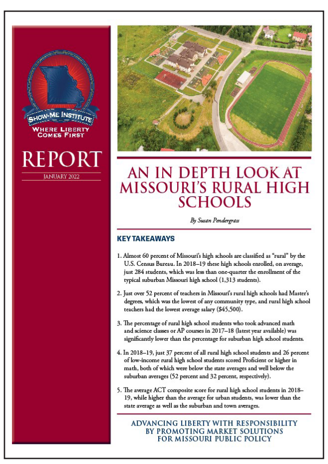
Condition of Education

Want to know how many teachers there are in Missouri? How much we spend per student? How test scores are changing over time? You can find all that information, and more, in the 2022 Missouri Condition of Education. This booklet contains 28 indicators with the latest data available on Missouri elementary and secondary education.

If you want more information on how schools are performing, you can find every public school in Missouri ranked by performance at MoSchoolRankings.org.

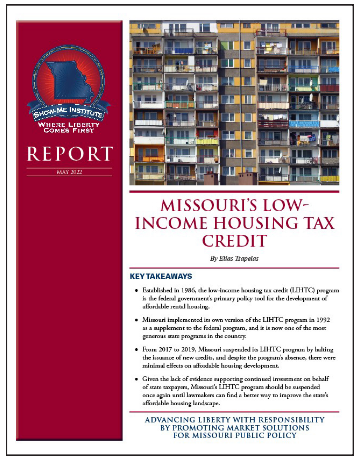
Missouri's Tax Landscape

Ever wonder how many different taxes you pay in Missouri? Or how much tax revenue your city collects? The 2022 Missouri Tax Landscape contains a wealth of information about taxes in Missouri. This updated booklet (originally released in 2020) examines state and local taxes found in Missouri, and includes definitions, the latest data, and comparisons with other states.



An In-depth Look at Missouri's Rural High Schools

In this report, Susan Pendergrass presents a detailed look at Missouri's rural high schools, with information about student demographics along with key indicators such as student/teacher ratios, teacher experience, and per-student expenditures. Perhaps most importantly, the report compares schools across several measures of academic performance broken down by subject matter, school locale, and income level of students.



Missouri's Low-income Housing Tax Credit

The low-income housing tax credit (LIHTC) program is the federal government's largest tax expenditure on affordable rental housing. In Missouri, LIHTC is the state's primary housing policy tool and its most expensive tax credit program. Despite the program's cost and political durability, the question remains: is the LIHTC program an effective and cost-efficient approach to improving housing affordability?

This report explores this question, providing details on the structure of Missouri's LIHTC program and the economic incentives it creates, along with a discussion of the conclusions that can be drawn following the temporary suspension of Missouri's LIHTC program from 2017 to 2019.

Saving Federalism: How Federal Policy Affects Missouri's Spending

This report examines how policy at the federal level has influenced Missouri's budget. In particular, the report explains how reliance on federal aid has contributed to Missouri's budget ballooning in the last decade. The exact areas where grants from the federal government have significantly impacted Missouri, including Medicaid, education, and economic development, are broken down in detail. The report ends with recommendations for how Missouri can reassert control and reduce its reliance on federal money.

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