



SHOW-ME newsletter

SHOW-ME INSTITUTE FREEDOM CELEBRATION IS SEPTEMBER 27

The Show-Me Institute is hosting a special event with U.S. Sen. Mike Lee (R-Utah).



THE SHOW-ME INSTITUTE FREEDOM CELEBRATION RECEPTION IS AT 6:30 P.M. ON FRI., SEPT. 27 AT THE LOG CABIN CLUB (1140 LOG CABIN LANE, ST. LOUIS, MO 63124). THE COST IS \$250 PER PERSON, WITH ALL PROCEEDS TO BENEFIT THE INSTITUTE.

Lee calls Obamacare a “train wreck.” Come hear his plan for Congress to derail an “unaffordable and unfair” program and his call for limited government.

Lee was elected in 2010 as Utah’s 16th U.S. Senator. He acquired a deep respect for the U.S. Constitution from his father, Rex, who served as the solicitor general for President Ronald Reagan. His father often discussed judicial and constitutional doctrine around the kitchen table. He attended most of his father’s arguments before the U.S. Supreme Court, giving him a unique, hands-on experience and understanding of government.

Lee graduated from Brigham Young University with a bachelor of science in political science, serving as student body president his senior year. He graduated from BYU’s Law School and served as law clerk to Judge Dee Benson of the U.S. District Court for the District of Utah, and then

with future Supreme Court Justice Judge Samuel A. Alito, Jr., on the U.S. Court of Appeals for the Third Circuit.

Lee spent several years as an attorney with the law firm Sidley & Austin, specializing in appellate and Supreme Court litigation. He then served as an Assistant U.S. Attorney in Salt Lake City, arguing cases before the U.S. Court of Appeals for the Tenth Circuit. He served as Utah’s General Counsel and later served with Justice Alito, now on the Supreme Court, for a one-year clerkship. He returned to private practice in 2007.

Today, Lee advocates efforts to support constitutionally limited government, fiscal responsibility, individual liberty, and economic prosperity. He is a member of the U.S. Senate Judiciary Committee, serves as ranking member of the Anti-trust, Competition Policy and Consumer Rights Subcommittee, and is the top Republican on the Water and Power Subcommittee of the Energy and Natural Resources Committee. He also serves on the Armed Services Committee and the Joint Economic Committee

For more information, contact Scott Tanner at (314) 454-0647 or scott.tanner@showmeinstitute.org, or visit www.showmeinstitute.org by Sept. 24.

ADVANCING LIBERTY WITH RESPONSIBILITY
BY PROMOTING MARKET SOLUTIONS
FOR MISSOURI PUBLIC POLICY

SEPTEMBER 2013



A MESSAGE FROM THE EXECUTIVE DIRECTOR

An interim committee of the Missouri Legislature held hearings around the state this summer to discuss the condition of Missouri's broken Medicaid program and what can be done to fix it. Thanks to your support, the Show-Me Institute was able to share the small government, free-market perspective. Policy Analyst Patrick Ishmael provided testimony explaining that Medicaid is failing Missouri's poor today, and its expansion under the Affordable Care Act (ACA) — also known as “Obamacare” — would only double-down on an unacceptable status quo.

The Show-Me State rejected Obamacare in 2010 through Proposition C with 71 percent of the vote, and again last year, passing Proposition E — a ballot measure ensuring that the governor cannot unilaterally impose a state-based Obamacare insurance exchange on Missourians. Yet despite such clarity of will on the part of taxpayers, Missouri Gov. Jay Nixon has called for the expansion of our state's Medicaid program.

As Ishmael pointed out, the ACA would impose greater federal control over the states. Supporters who say an expansion is a “good deal” ignore the fact that the law as written would have forced states to expand their Medicaid programs or risk losing all of their existing Medicaid funding. Fortunately, the U.S. Supreme Court struck down the ACA's mandatory Medicaid expansion provision, saying it exceeded Congress' constitutional authority.

Ishmael posed two questions to policymakers: How much would the expansion cost Missouri taxpayers, and how would the state pay for it?

The short answer about cost is billions of dollars. In a report released last November, the Kaiser Family Foundation (KFF) found that if Missouri expands its Medicaid program, it could expect to spend more than \$1.15 billion between 2013 and 2022 just on newly eligible enrollees — that is, those newly qualified under the program. Those figures do not account for currently eligible enrollees who are not currently enrolled but could join the Medicaid population. KFF found that between 2013 and 2022, Missouri could expect to pay an additional \$1.6 billion for those enrollees. Combined, Missouri would have nearly \$3 billion in new Medicaid expenses through 2022.

How would the state pay for that? When asked, the governor has responded that the state would account for the new spending through “growth.”

“We all hope that the economy will grow, but I question the wisdom of the state pursuing new entitlement programs without a robust and critical assessment of its budgetary consequences,” Ishmael said. “Committing to future state entitlement spending of this magnitude without accounting for the entitlement's ultimate costs is a recipe for budgetary disaster, a political can-kicking of epic proportions.”



Brenda Talent
Executive Director

Ishmael said the legislatively responsible thing to do if the Medicaid program is expanded is to ensure that the state has a plan to pay for that expansion. However, there does not appear to be any such plan forthcoming.

He also pointed out that Missouri taxpayers contribute to federal coffers, thus, the federal money the state would receive for expanding Medicaid under Obamacare is not “free money.” Missouri taxpayers are liable for the debts that the federal government incurs, and future generations would be burdened with even higher taxes to pay off these debts.

Missourians do not want Obamacare, and do not want to pay for an expansion of the Medicaid program. Health care reformers must harness the power of the marketplace to deliver better care to those in need at better prices, rather than rely on the government to expand and manage a flawed, failing, and costly Medicaid program. Big government is not the solution to this state's or this country's health care problems; indeed, big government is one of the problems. Our children and grandchildren deserve better and fortunately, our fellow Missourians agree.

WITH COURT RULING, FAILING SCHOOLS TAKE CENTER STAGE

By James V. Shuls, Ph.D.

When the Missouri Supreme Court decided *Breitenfeld v. School District of Clayton*, it thrust the issues of failing schools and school choice onto center stage. The court upheld a 1993 law that allows students from unaccredited districts to transfer to nearby accredited school districts at the expense of the unaccredited schools. This ruling shined the spotlight directly on the two unaccredited school districts in the Saint Louis area, Normandy and Riverview Gardens. Now, people around the state and the country are watching the drama unfold and are asking, what is the solution? So far, solutions have strayed from helping individual students and instead have focused on saving school districts.

Prognostications immediately came pouring in that Normandy and Riverview Gardens would be bankrupt and that county schools would be overrun by students fleeing the failing school districts. In response, the Missouri Department of Elementary and Secondary Education (DESE) issued transfer guidelines. DESE suggested that the unaccredited districts did not have to provide transportation to every student. Rather, they could pick a single school district to which they would bus students.

Like many a “do-gooder” who tries to help and only makes matters worse, DESE further complicated the situation. Following the guidelines, Normandy and Riverview Gardens each selected a single district to which it would bus students; both happened to be more than 20 miles away — Francis Howell and Mehlville. These decisions caused much consternation within the unaccredited school districts and some speculated that the

far-away schools were chosen to discourage students from transferring.

Public outcry also occurred in the selected accredited districts. The *St. Louis Post-Dispatch* quoted one concerned Francis Howell resident: “All this is going to do is raise our taxes and ruin our accreditation! It’s not our fault they ruined their school district!”

Buses to one school district meant that the chosen district would get an inordinate number of students from the unaccredited district. Without the DESE guidelines, students would have most likely been dispersed among several area school districts. Thus, the DESE guidelines, which were intended to ease the financial strain on the unaccredited school districts, led to an increased burden on a few accredited school districts.

In the case of school transfers, there are three important constituencies with vested interests — unaccredited districts, accredited districts, and most importantly, students. DESE’s guidelines may have helped the unaccredited schools but did little to improve the overall situation

for accredited schools or to help the individual student. It is possible, however, to help all three. One way to accomplish this is by instituting a scholarship program funded by private donations. In nearly a dozen other states, gifts to scholarship organizations are encouraged with generous state tax incentives. Pennsylvania has a program of this sort and is supporting nearly 40,000 students with scholarships. These types of scholarships would expand options for students in the unaccredited districts by allowing them to attend a private school of their choice, possibly in or near their own neighborhood. There are several benefits to implementing such a program.

As I wrote in the *St. Louis Beacon*, “A tax credit scholarship could potentially be a win-win for everyone. It would expand options for students, ease the burden on accredited districts, and reduce the financial strain on unaccredited districts and taxpayers. No other solution promises as much.”

The stage is set, now is the time to expand educational options for all Missouri students.



INTERNS GAIN REAL-WORLD EXPERIENCE

By Susan E. Sagarra



From left: Joseph Niebling, Will Reynolds, Joseph Miller, Haleigh Albers, and Allison Davis.

Show-Me Institute interns do more than answer phones, file papers, and run errands. Our interns are involved in virtually all aspects of the Institute's operations. They have greater responsibility and receive more individualized attention than they would at other organizations.

Interns have the opportunity to research public policy topics, write op-eds and blog posts, and help organize events. Our staff provides insightful feedback and assistance in order to improve the interns' research, writing, and public speaking skills. In fact, our staff takes great pride in helping shape these great minds to prepare them for the future.

As this summer's interns departed, they reflected on their experiences.

Haleigh Albers earned a bachelor's degree in business administration in economics and finance from McKendree University. She is working toward her master of science degree in economics and finance at Southern Illinois University-Edwardsville.

"As an undergrad, I had very limited experience with free-market thinking, but I knew the concept made perfect sense," Albers said. "I began seeking other opportunities to learn more about free-market economics and personal liberty."

Albers said the internship exceeded her expectations.

"It gave me more experience than I could have imagined," said Albers, who was a policy intern. "It reassures my thoughts of wanting to make economic research my career. I was a part of countless projects, and I feel like I actually played a part — no matter how small — in each. I had the opportunity to be a guest in a [Missouri senator's] meeting with the LRA Demolition Committee, help educate others about an entrepreneur's struggle to run her innovative business, and complete a video about how the zoo is funded. I don't think I could have found a better internship. I was given the opportunity to not only learn from brilliant people but to work right beside them."

Allison Davis, a senior pursuing an honors degree in mathematics and economics at Saint Louis University, plans to earn a Ph.D. in economics.

“Up to this point in my academic career, everything I have learned about economics has been from a textbook or a lecture,” Davis said. “But at the Show-Me Institute, I learned about public policy by collecting my own data and reading the letter of the law for myself.”

Davis worked closely with Education Policy Analyst James Shuls.

“I became aware of the many ways we can improve public education and developed a passion for school choice,” Davis said. “Above all, I am grateful for the hours I spent with the other interns and staff. They taught me research skills, improved my writing, challenged me in economic discussions, and supported me throughout this internship.”

Joseph Miller earned an undergraduate degree from Georgetown University’s School of Foreign Service and a master’s degree from the University of California-San Diego’s School of International Relations and Pacific Studies.

“I hoped to use my new skills in economic and financial analysis to research regional infrastructure projects,” Miller said. “This will be especially useful in my future career, as I was looking to diversify areas in which I had conducted this type of work. I am a strong believer

in free-market economics, making the Show-Me Institute an excellent environment for my learning and growth.”

Miller focused on airport research.

“In this area I am much more knowledgeable than a few months ago,” Miller said. “I learned a good deal not only about Kansas City International Airport, Columbia Regional Airport, and Branson Airport, but also about the national issues these airports are confronting, such as private development, privatization of public airports, and the cost/benefits of terminal expansion to the local community.”

Miller said he honed his research and writing skills.

“I learned how to write with increased terseness, tailored to different audiences,” Miller said. “The staff was assiduous in helping me produce the best possible writing. I experienced professional development and a large increase in my knowledge concerning Missouri’s infrastructure issues. I will carry the lessons I learned about local markets, budget analysis, and professional writing to my future career.”

Joseph Niebling will graduate from Saint Louis University in December with a degree in political science and a minor in communications. He starts law school in the fall of 2014. He was the development and communications intern.

“The Show-Me Institute’s proclamation of how free and open markets/enterprise

should be used in any city/state/country in order to find success meshed well with my belief system, a belief that is even stronger after my experience this summer,” Niebling said. “I will take what I learned and experienced and bring it to any future professional experience.”

Niebling said his experience was unique because he worked closely with the communications and development teams.

“I got to experience a great amount of one-on-one communication,” Niebling said. “I gained valuable experience in how to research certain projects and how to conduct myself in a professional environment. I learned what it feels like to have a full-time job, which at times can be stressful, but is also very rewarding. The Show-Me Institute, in a sense, helped me grow up and learn what it means to be a professional.”

Will Reynolds is a senior at the University of Mississippi, where he was accepted into the Trent Lott Leadership Institute after high school. He is majoring in public policy and political science. He was a 2013 Charles Koch Summer Fellow and a policy intern this summer.

Because of the support of our generous donors, the Show-Me Institute can provide this educational opportunity to approximately eight interns each year. Additionally, the staff, board, and donors of the Show-Me Institute benefit from the knowledge, insight, and hard work of our interns.

UPCOMING EVENTS

POLICY BREAKFAST • Sept. 17

7:30-8:30 A.M.

SHOW-ME INSTITUTE-KANSAS CITY OFFICE
(1011 CENTRAL STREET, KANSAS CITY, MO 64105)

“Is It Time To Leave Kansas City?”

Featuring Show-Me Institute Policy Analyst Patrick Ishmael, Greg Allen of Allen Financial, and Paul Burns of Tarsus, with an introduction from Show-Me Institute Chairman Crosby Kemper III. Kansas has enacted sweeping tax reforms. For years, residents of Kansas City have been lured into Kansas due to issues such as crime, education, and taxes, but have Kansas’ recent moves brought us to a tipping point?

Free; coffee and doughnuts provided.



CPAC – ST. LOUIS • Sept. 28

9 A.M. – 6 P.M.

ST. CHARLES CONVENTION CENTER
(ONE CONVENTION CENTER PLAZA,
ST. CHARLES, MO 63303)

Policy Analyst Patrick Ishmael will be part of a panel discussion titled “How Americans Are Changing ZIP Codes for Good Tax Codes.” The panel is tentatively scheduled to begin at 11:45 a.m.

Executive Director Brenda Talent will also be speaking at the event about Missouri public policy. Her appearance is scheduled to begin at 9:45 a.m.



Brenda Talent



Patrick Ishmael

Visit www.showmeinstitute.org and www.showmedaily.org for more details.

To be notified personally about these and other upcoming Show-Me Institute events and to receive exclusive invitations, please email your name and contact information to events@showmeinstitute.org or sign up in person at any of our events.

SHOW-ME INSTITUTE CELEBRATES FRIEDMAN LEGACY DAY IN SPRINGFIELD

In 1955, famed economist Milton Friedman wrote, “The administration of schools is neither required by the financing of education, nor justifiable in its own right in a predominantly free enterprise society.”

Friedman’s argument was that public financing of education did not necessitate government provision of education, an argument he continued to make for the next 50 years and one the Friedman Foundation for Educational Choice continues to make today. On July 31, the Show-Me Institute partnered with the Friedman Foundation as we celebrated Friedman Legacy Day in Springfield, Mo.

Show-Me Institute Director Louis Griesemer kicked off the event. Missouri Rep. Eric Burlison (R-133) then shared why he personally supports expanding educational options for students. He also informed the crowd that providing students with financial support to attend a private school is not a new concept in Missouri. Edward McCabe, of Palmyra, offered an amendment in the constitutional convention of 1875 that would have given parents who homeschooled or sent their children

to a private school a “draw-back” on their taxes equal to the “amount of the expense of educating such child or children in the public school.”

Show-Me Institute Education Policy Analyst James Shuls delivered the keynote speech, titled “Redefining Public Education.” Shuls argued that Missouri should expand educational options for students.

“Public education is not about a system,” Shuls said. “It’s about providing a quality education to all kids. I think it’s time we redefine public education. It shouldn’t mean we assign students to a school, regardless of quality, but that we provide students with a quality education, regardless of the type of school.”

Video of our Friedman Legacy Day event can be viewed at: <http://showmeinstitute.org/publications/video/education/1011-james-shuls-phd-on-redefining-public-education.html>. Shuls’ essay, “Redefining Public Education,” which was released in conjunction with the Friedman Legacy Day event, can be found at: <http://showmeinstitute.org/publications/essay/education/1006-redefining-public-education.html>.

NEW DEVELOPMENT ASSISTANT

Scott Tanner joined the Show-Me Institute in July. He earned a B.A. in political science from the College of Wooster. He previously worked for the Mitt Romney campaign in Iowa during both the caucuses and the general election of the 2012 cycle. In between, he worked at the Iowa State House for a legislative session. Tanner said he primarily is interested in fiscal and economic policy and considers the Show-Me Institute’s mission one of crucial importance.



SHOW-ME MINUTES: LIBERTY LESSONS 60 SECONDS AT A TIME

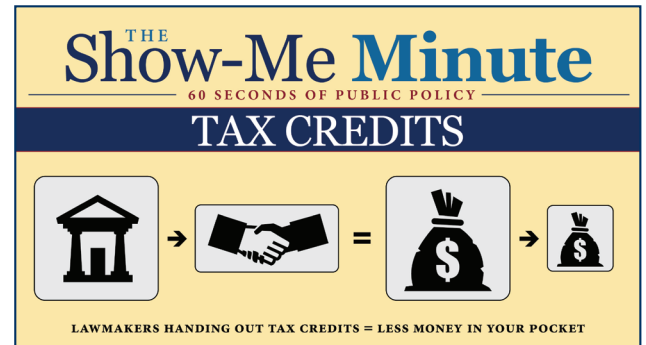
Have 60 seconds to learn about liberty? Then click on our website at showmeinstitute.org and listen to the Show-Me Minute, a project of the Institute and Show-Me Opportunity.

For example, you can learn about the downside of tax credits. As Communications Director Rick Edlund says in The Show-Me Minute, “Know any big time gamblers? Sure you do. They’re your elected officials. They gamble all the time ... with tax credits. Often the gamble doesn’t pay off, and then the bill comes to you in the

form of reduced services or higher taxes.”

Excessive tax credits are not the only threats to our liberty in Missouri. Another threat is our state’s public pension funds, which have unfunded liabilities of \$54 billion, according to scholar Andrew Biggs. That is almost five times what the state claims the liability is.

The Show-Me Minute is currently airing on KWTO radio in Springfield, on



KMBZ and KCMO in Kansas City, and on other selected stations around the state through the Missouri Viewpoints program. You can listen to all of them on our website at showmeinstitute.org.

SUCCESS STORY: A TAX SUBSIDY THAT WASN'T By David Stokes

In the 1990s, private developers partnered with City Council members in Olivette (a suburb in Saint Louis County) to endorse the implementation of a \$38 million Tax Increment Financing (TIF) proposal. The plan was for a development just west of the intersection of I-170 and Olive Blvd. Due to the threat of eminent domain and several years of unresolved negotiations, local homeowners were left in the lurch about the status of their property.

Finally, in 2000, Olivette residents voted in a referendum against the project with a margin of 53.5 to 46.5 percent (final vote tally: 1,656 to 1,435), defeating the TIF proposal.

Supporters of the TIF proposal argued that it was the only way for Olivette to compete and generate

new tax revenues. Not surprisingly, the TIF supporters were completely wrong. By letting the free market have control over real estate development, the area has experienced a period of sustainable economic progress and revitalization.

A bustling Chevys Fresh Mex restaurant continues to thrive. A CVS Pharmacy that opened in 2009 was built without public subsidies. Most notably, the area’s previously existing homes are well maintained, and a new, post-TIF housing development — The Villas at Hilltop — offers upscale townhome-style living.

Rather than enduring the forfeiture of tax revenues, as would have occurred under the TIF proposal, these properties naturally generate income for local government services instead. The Chevys, CVS, and Villas together are appraised for \$11,329,300 and

paid \$212,355.48 in property taxes in 2012. Additionally, between the years of 1993-1995 and 2005-2007, Olivette’s average sales tax receipts increased more than 143 percent (\$1,022,382 to \$2,487,038) and its total share of the state’s tax receipts largely stayed the same as well, at about 0.5 percent.

The private land developers and their allies on the Olivette City Council warned that TIF funding was absolutely necessary in order to stimulate economic growth. But this area does not look blighted. Communities are strongest when individuals are empowered, not government planners and subsidized developers.

For more about this success story, check out our video at: <http://showmeinstitute.org/publications/video/corporate-welfare/1003-the-tax-subsidy-that-wasnt.html>.



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NOW OPEN: SHOW-ME INSTITUTE IS IN KANSAS CITY

The Show-Me Institute has opened an office in Kansas City, Mo., to better meet the needs of citizens and policymakers across the state, but particularly in western Missouri. Western Missouri Field Manager Patrick Tuohey and Policy Analyst Patrick Ishmael are now working in the Kansas City office, located at 1011 Central Street.

The need for a Show-Me Institute presence in western Missouri is real, from questioning efforts to adopt unproven economic development tools in Lee's Summit to studying plans for a new billion-dollar airport terminal in Kansas City.

Governments in the western half of the state are pushing forward with dramatic and often counter-productive initiatives; in this light, now is the perfect

time for the Institute to expand its physical presence.

We already have had a real impact in the area. Earlier this year, we presented research to the Lee's Summit City Council about the inefficacy of Enhanced Enterprise Zones. As a result of that work, what once seemed a done-deal tax incentive was halted over concerns of blighting and ever-expanding corporate welfare in the region.

The Show-Me Institute also has been in the thick of the debate about the need for a new airport terminal at Kansas City International Airport. We have conducted a great deal of research into the Kansas City Aviation Department's renovation plans. Our work has been cited in the *Kansas City Star* and by activists seeking to slow or stop the city's campaign.



Patrick Ishmael (right) is interviewed for a TV segment at the Institute's new Kansas City office.

The Institute is also beginning a series of educational programs at its new Kansas City office. The first one is a Policy Breakfast, scheduled for 7:30-8:30 a.m. on Sept. 17 at the Show-Me Institute –Kansas City office. The event, which is free, is titled "Is It Time To Leave Kansas City?" We will explore the tax changes taking place in Kansas and Missouri and hear from some Kansas City businesses about the increased allure of moving west.