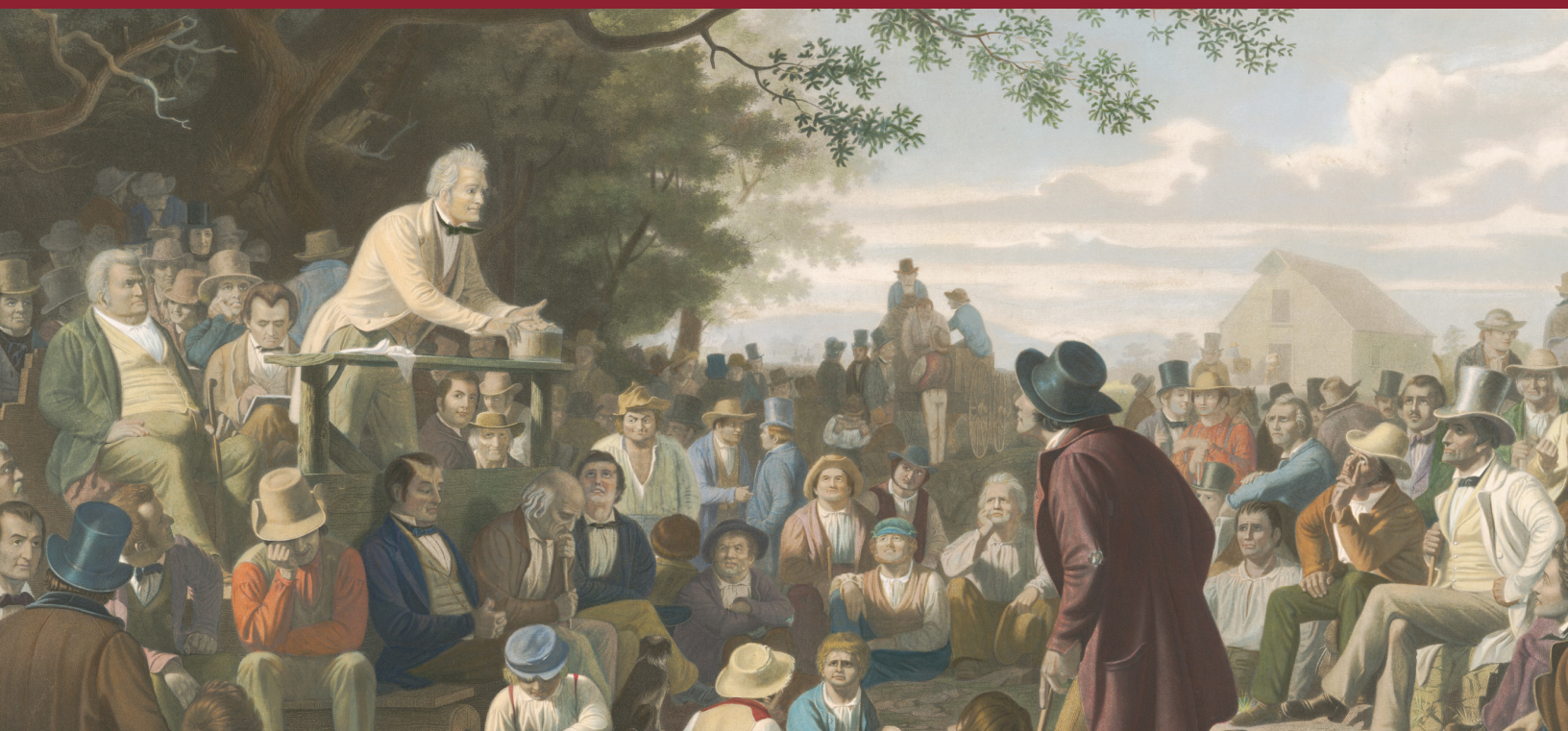




SHOW-ME INSTITUTE

2016

ANNUAL REPORT



What really happened in a year that defied all expectations...
AND WHAT IT MEANS FOR MISSOURI.



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ON THE COVER

Fur Traders Descending the Missouri River is the top painting on the cover. It hangs in the Metropolitan Museum of Art in New York. George Caleb Bingham (1811–1879) completed this painting in 1845. This was during the early days of “the greatest land migration in human history,” as one historian called it. Following a path blazed by fur traders, the pioneers set off in covered wagons from Kansas City, Independence, Saint Joseph, and other towns along the river. More than 400,000 people made the long journey from Missouri to the Pacific coast in the 1840s and 1850s. Missouri’s economy boomed. Its population had grown to nearly 1.2 million people in 1860.

Stump Speaking, the bottom painting, is displayed at the Saint Louis Art Museum. It is one of the best known of his political paintings, which show democracy close up and in the raw – with some of the participants intensely engaged and others lost in a stupor. Bingham had a deeply informed view of the political world during a time of great upheaval. He served in the Missouri Legislature before the Civil War, as state treasurer during it, and later as Missouri’s adjutant general. He also saw action with Union volunteers as an officer. Toward the end of his life, he was appointed the first professor of art at the University of Missouri.

Produced by a great Missourian, the two paintings are masterpieces of American art. They also remind us that we are not an island, but “a part of the main,” and able to survive and even thrive during periods of great change.

A LETTER FROM THE CHAIRMAN AND THE PRESIDENT



R. Crosby Kemper III
Chairman



Rex Sinquefeld
President

DEAR FRIENDS:

Politically speaking, it was a year of stunning surprises. The earth, which had orbited around the sun undisturbedly for billions of years, suddenly seemed to go a little wobbly.

British voters did the unthinkable. Spurning the advice of party leaders and an overwhelming majority of members of Parliament, they voted to leave the European Union.

Will other member states follow suit, causing the long-standing European Union to collapse like a house of cards? If so, what will be the effect on world trade . . . and on the absorption, or further dislocation, of millions of refugees who have flooded into Europe from the Middle East and Africa?

In a year that defied expectations, nothing topped the election of Donald J. Trump, a 70-year-old political neophyte, to become the 45th president of the United States.

Regardless of how they voted, people across the country woke up on November 9 thinking the world had just shifted beneath their feet.

What really happened in 2016

Here in the Show-Me State, people pride themselves on their common sense. More than six months after the November 8 elections, we know that the rivers still run to the sea. The sky has not fallen. At the same time, the basic challenges facing our state – including subpar economic growth, failing schools, the hollowing out of our two biggest cities, and the ever-increasing mismatch between the state's pension fund obligations and its ability to meet them – remain the same, or continue to grow worse.

What has changed – and *did* change in 2016 – was the political landscape and the opportunity to address long-standing problems with something other than same old half-measures and tried-and-failed solutions.

People let it be known that they were fed up. They wanted stronger leadership *and* more control over their own lives. They rejected long-established leaders who had become isolated and aloof – barely able to notice, let alone deal with, multiplying problems. And they looked for new ways out of an increasingly dysfunctional and stultifying status quo.

So where is all of this leading – for Missouri, our country, and the world?

That's a big question – too big for us. However, as co-founders of the Show-Me Institute, we will offer our view of how events are unfolding in Missouri, and how that fits in with what is going on in other states across the country. Relative to other states, we have a lot of catching up to do, but that is certainly an opportunity (see the fun pictures on the opposite page of the kayakers) as well as a challenge (requiring us to paddle hard in order to build up the speed needed to control our craft in fast-moving water).

Since its inception, the Institute has championed the cause of individual liberty and limited government for a dozen years. In all that time, we have never been more excited about the prospects of constructive change than we were at the end of 2016 and the beginning of 2017.

Yet by mid-May, when the latest session of the Missouri Legislature came to an end, we were keenly disappointed by the failure of our lawmakers to act more creatively and decisively on a number of issues – among them expansion of charter schools, tax relief for individuals and businesses alike, and ending one of the scourges of entitlement (corporate welfare) sapping the vitality of our cities.

Nevertheless, there are good reasons for thinking that 2016 and the first half of 2017 mark the beginning of what will prove to be a true free-market revival in Missouri. Here's why, with a quick look at the Show-Me State's past, present, and future.



Jeff Sorenson/Creative Commons 2.0

Missouri in the rearview mirror (1997–2015)

Few states have been stuck in a deeper rut for a longer time than Missouri.

Missouri used to rank in the middle of all states in annual GDP growth. That began to change in the 1990s. From 1997 to 2015, Missouri ranked near the bottom of the barrel (48th out of the 50 states), with an average annual growth rate of just 1.0 percent. Missouri underperformed *every one* of eight bordering states.

Why does that matter? There are two compelling reasons.

First, if Missouri's growth had risen at the same rate as the rest of the country, the average Missouri family would be making an additional \$5,000 per year today.

And second, with a continued average annual growth rate of 1 percent, it would take Missouri what seems like an eternity (a grand total of 72 years, to be precise) to double GDP and make a comparable gain in average family income. That would be goodbye to the American dream, built as it is on the expectation of significant progress from one generation to the next.

There is an easy way to calculate how much time it will take a state (or country) to double GDP: Divide the number 72 by the average annualized

growth rate. The result surprises most people. With 1 percent growth in GDP, it takes 72 years; with 4 percent, it drops to 18 years; and with 8 percent or more (the latter being achieved in recent decades by China and India, the two most populous countries on earth), income doubles in less than ten years.

Albert Einstein is said to have called compound interest “the 8th Wonder of the World.” With fast growth maintained over the space of a decade or more, the real standard of living of millions or even billions of people goes up almost as fast.

For governments wanting to stimulate growth (as China learned in relaxing communist rule and as India learned in abandoning socialism), the single most important policy is to *get out of the way* . . . and allow private enterprise to flourish.

Continued



A LETTER FROM THE CHAIRMAN AND THE PRESIDENT

Unfortunately, even as those two countries became more market-oriented and capitalistic (embracing the concepts of private property, voluntary exchange, and ever-increasing investment *outside* the public sector), our cities and state moved in the opposite direction. They were becoming more statist and anti-free market – trying to mastermind growth through government intervention and control.

We can cite one area in which Missouri has outperformed all but a few other states – public handouts to private businesses for everything from building sports stadiums to lavish corporate headquarters. According to the Good Jobs First Subsidy Tracker, our cities and state distributed more than \$5.8 billion in subsidies to private businesses between 1990 and 2015. Among U.S. states, Good Jobs First ranks Missouri tenth among all states in the awarding of subsidies.

Every year, the state of Missouri collects about \$350 million in corporate income tax receipts and dishes out \$500 million or more in targeted tax credits for what is described as “economic development.”

It would be hard to conceive of a worse way to redistribute money. In this game of giveaway and takeaway, the government *takes* from those who have earned it (every business, small or big, that has satisfied its customers and managed its affairs well enough to make a profit) and *gives* to those who are most likely to waste it – on what are described as “commercial” projects but would not exist except for subsidies.

Making matters worse – far worse – has been the growing involvement of Missouri cities and counties in other forms of economic development subsidies that have hollowed out municipal tax bases and diverted tax revenues to specific developers. The hollowing out has been most pronounced in our two biggest cities – Kansas City and Saint Louis.

In the past 15 years, Saint Louis City alone has allocated \$709 million away from municipal services through tax increment financing (TIF) and tax abatement. Across Missouri, TIF projects have diverted almost \$2.5 billion and conspicuously failed to deliver promised jobs and growth.

Throughout human history, big cities have acted as engines of growth for the societies of which they are a part. Yet in Missouri the opposite has happened. Instead of propelling the growth of our state, our two big city centers have hampered it.

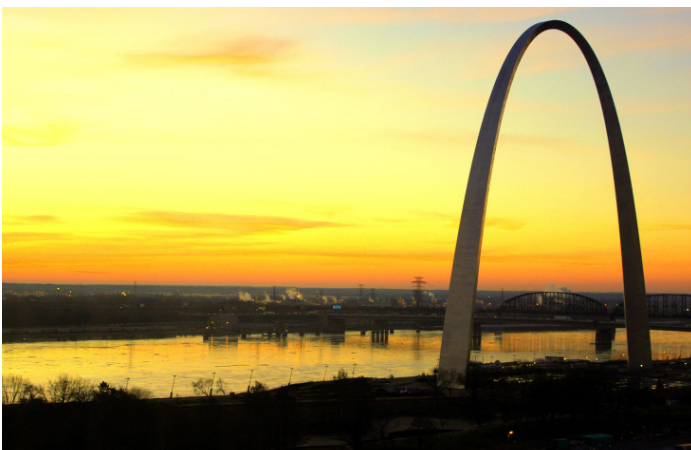
TIFs, special taxing districts, and other subsidy programs were designed to spur development and job growth in distressed urban areas. Now it is a rare sight in either of our major metro areas when any hotel, retail development, or corporate headquarters proceeds without public assistance.

It is time to recognize that corporate welfare is a canker, not a cure. As Show-Me Institute Senior Writer Andrew Wilson observed in a 2016 commentary, “[It] injects poison into the otherwise dependably productive well of free-market capitalism.”

A new day dawning in Missouri?

Given the long and sorry history of corporate welfare in Missouri, something strange and wonderful on the policy front occurred in January 2017.

Outgoing Gov. Jay Nixon spent his *last* days in office campaigning for public money to support the construction of a new \$200 million soccer stadium in downtown Saint Louis. Incoming Gov. Eric Greitens spent his *first* days condemning the expenditure of public money for the same project. Greitens called it



“welfare for millionaires,” going on to say that “because of reckless spending by career politicians, we can’t even afford the core functions of government.”

Soon after that, Missouri lawmakers began the 2017 session of the Missouri Legislature with an uncharacteristic bang. Little more than two weeks into the five-month session, they passed a right-to-work bill – one of the biggest items on the agenda – and the new governor promptly signed the bill into law.

That was a promising start. Being the 28th state to prohibit compulsory union membership as a condition of employment is better than being the 48th in average growth over a long period of time. But it still leaves us in the position of following other states and bringing up the rear. The real test of whether Missouri can climb out of its decades-long rut will be whether key leaders have the vision and courage to jettison a raft of old policies that haven’t worked and replace them with new ones that will.

Show-Me the future

That may sound like a tall order, but others have done it. Why not Missouri? Broadly speaking, we are positioned for victory in a way that has never been possible over the last twelve years.

The transition in the executive branch of Missouri’s government has removed a huge obstacle to needed reform – the frequent use of the gubernatorial veto power in blocking market-oriented reforms.

Gov. Greitens says he wants the state to “focus on doing fewer things but doing them well.” We are all for that, and we hope that as the new governor takes hold, he, the House leadership, and freedom-minded Senators will overcome the remaining opposition to much-needed change in several key areas.

Through the efforts of our researchers, policy analysts, and scholars, the Show-Me Institute has laid the foundation for transformational change in our state, and it has elevated the nature of the debate – both in exposing the folly of bad ideas and in building broad support for market-based solutions across a range of public policy issues.

Now is the time to turn Missouri around – from slow growth to fast, and from being a state that loses people and jobs to other states (or other parts of the world), to one that beckons newcomers and offers an abundance of possibility for homegrown Missourians.

The staff at the Show-Me Institute is fully and passionately engaged in seizing this not-to-be missed opportunity to reverse failed policies and truly let freedom ring in the Show-Me State, for the benefit of all Missourians.

Sincerely,



Crosby Kemper III



Rex Sinquefield

June 16, 2017

HERE WE GO AGAIN—IF DEMAND IS SO HIGH, WHY DO DEVE



Graham Renz
Policy Researcher

It was April Fool's Day, so I thought it must have been a joke.

"The \$60 million *subsidy* is worth it—there is *huge demand* for professional soccer in Saint Louis," a voice evangelized over the airwaves. Oh, how I wish it had been a joke.

Starting in late 2016, there was a massive push to give tens of millions of taxpayer dollars to developers in

hopes of luring a Major League Soccer (MLS) team to Saint Louis. Proponents of the subsidies—including the wealthy would-be team owners and their associated cronies—argued the costs of building a stadium and buying into the league were simply too high to cover privately. Initially, it was "necessary" for the public to cover \$120 million to make the project viable. After Gov.-elect Greitens called the subsidy "welfare for millionaires" the figure suddenly dropped to \$80 million. And after a spat with the Saint Louis Board of Aldermen, it was "necessary" for the public to cover just \$60 million.

Go figure.

Predictably, the stadium campaign was surrounded by economic pretense. Taxpayers suffered through weeks of facile, tired promises of more millennials downtown, new businesses, and exploding tax revenues should the subsidy be approved. But Show-Me Institute analysts helped shift the debate from ephemeral idealism to stone-cold realism. As I quipped in the *St. Louis Business Journal*, "What do leprechauns, ghosts, and economic benefits associated with sports stadiums all have in common? They lack any substantive evidence for their existence." Regardless of the election's outcome, Saint Louisans needed to learn what economists have known for decades: subsidizing sports stadiums *does not grow the economy*.



Greg Kenkel

Ultimately, voters rejected the proposal to help fund an MLS stadium. While it's fortunate that Saint Louis taxpayers dodged another stadium boondoggle, the debate surrounding the MLS stadium and countless other projects is illustrative of a troubling turn in policy in Missouri's major cities.

Whereas subsidies used to be justified by a *lack* of market demand, they are now, it seems, required for projects *with* great demand. But have economic forces changed so dramatically? Since when is it the taxpayer's duty to pay for that which voluntary exchanges should easily be able to sustain? While even Adam Smith allowed for public subsidies, it was only for those goods or services—say, military protection or certain infrastructure—that the market purportedly failed to adequately deliver. But in Missouri today, special interests and policymakers counsel subsidization regardless of whether the market can actually support an enterprise.

Subsidy boosters are nothing if not persistent. When one project fails, they quickly move to another. Out of football's ashes rose soccer's phoenix, and now out of soccer's ashes rises hockey's phoenix.



That's right; the Scottrade Center, home of the Saint Louis Blues, is next in the subsidy line. Earlier this year the Saint Louis Board of Aldermen approved a \$64 million handout (which, with interest, will cost taxpayers around \$100 million) for renovations to the center. And what was the justification? The enormous demand for hockey and the profitability of the arena, of course! Not to be outdone, state lawmakers late in the legislative session tried to cook up a way to spend an additional \$70 million on the facility, despite its putatively high demand.

But this isn't even the worst of it.

An ice rink in western Saint Louis County, the Hardee's Iceplex, announced its closure in May 2016; the market simply couldn't support it. Since then, proposals for two ice rinks have come forward. Both cite the need to fill the market's new gap, and both ask for taxpayers to open their wallets. There is not only the immediate concern over the prudence of subsidizing private ventures the market couldn't support, but also the near-insanity of subsidizing two new (and competing) ice rinks less than 10 miles apart.

Where one ice rink failed, two will, somehow, succeed. Again—incoherently, in the wake of the Hardee's Iceplex closure—proponents cite the high demand for ice time as *justification* for the subsidies.

Missouri has developed such an addiction to corporate welfare that the cash-addicted junkies rarely even pretend their projects genuinely need public assistance. Instead, they promise policymakers returns on the public's "investment" that, if they ever materialize, can be "reinvested" in other pet projects. But if the often grossly exaggerated "high demand" and returns for the state are now what justify a subsidy, we've made a clear departure from treating subsidies as market-failure cures to treating them as state-directed investments.

Of course, this approach is just a mutated form of socialism—state corporatism—which substitutes state direction of capital investment for state ownership of productive property. Such an outlook should worry not just those already committed to the principles of a free and open market, but anyone who cares about economic prosperity, unwarranted privilege, and fairness in Missouri.

EDUCATION AND OPPORTUNITY



Michael Q. McShane
*Director of
Education Policy*

I am a living testament to the opportunities provided by a “free” education – even if, in my case, it was not one provided by taxpayers.

When I was growing up in Kansas City, Missouri, in the 1990s, the public schools were swimming in money but still in terrible disarray.

A landmark desegregation ruling in 1984 essentially wrote a blank check to the district, allowing it to construct an Olympic-quality pool, planetarium, mock courtroom, working farm, and Model United Nations hall with simultaneous translation capabilities. The school district’s budget nearly doubled from \$125 million per year in 1985 to \$233 million in 1988, and then again to \$432 million in 1992. The district had the lowest ratio of students to instructional staff (12 to 1) of any major school district in America. Even so, according to social scientists evaluating that time period, these expensive perks “hadn’t changed any of the measurable outcomes” of student achievement in my hometown. Only a small minority of students graduating from Kansas City public schools were anywhere close to being college-ready.

By the time I started kindergarten in 1989, my family did everything it could to keep me out of those schools.

My parents had the option of sending my brother, sister, and me to parochial schools. I attended St. Elizabeth’s School for free (or, to be fair, for the tithe my parents

paid to the parish, which was well below the real cost). When I entered high school, I qualified for a work-study program at the city’s all-male Jesuit prep school, Rockhurst High School, and paid off a large chunk of my tuition working as a janitor, calling alumni and asking them for money, and working odd jobs in the music department. Upon graduation, I won a full scholarship to Saint Louis University. From there I went on to earn a master’s in education at the University of Notre Dame—followed by two years of teaching in an inner-city Catholic school in Montgomery, Alabama, which helped to defray the cost of my master’s degree. Finally, I obtained a Ph.D. in education at the University of Arkansas. I paid for my doctorate through my work as a research assistant.

I share this brief personal history to make clear that I would not be where I am today if it were not for the outstanding, but still affordable (and mostly “free”) education that I received coming from a family of modest means.

A further lesson I would draw from my own story is that, just as money cannot buy happiness, it does not offer a sure-fire solution to the problem of obtaining a good education.

If more money were the answer, students in Kansas City should be doing significantly better now, right? Nationwide, according to the Census Bureau, average current expenditures per pupil topped \$11,000 in 2014 (the most recent year for which nationwide data are available.) And yet, for the class of 2016, only 26 percent of students in the nation who took the ACT met college readiness standards in all four tested subjects by the end of high school (a score which gives them a 50% chance of obtaining a B or higher or a 75% chance of obtaining a C or higher in that subject’s corresponding credit-bearing college course). The Missouri Department of Elementary and Secondary Education also found that in the 2016 class, only 35.2 percent of eighth-graders scored proficient or better on the state accountability exam in English language arts, and only 23.8 percent scored proficient or better in math.



Clearly, the issue involves much more than just the level of financial investment in the system. I wholeheartedly believe that the American education system can improve to the degree that children nationwide have the opportunity to receive a high-quality education. That is not to say that all of them will take the opportunity. But it is possible to put them in a position to succeed. New education options may not look like the schools we attended in our youth, but by expanding our horizons and welcoming innovation we can discover new solutions to decades-old problems.

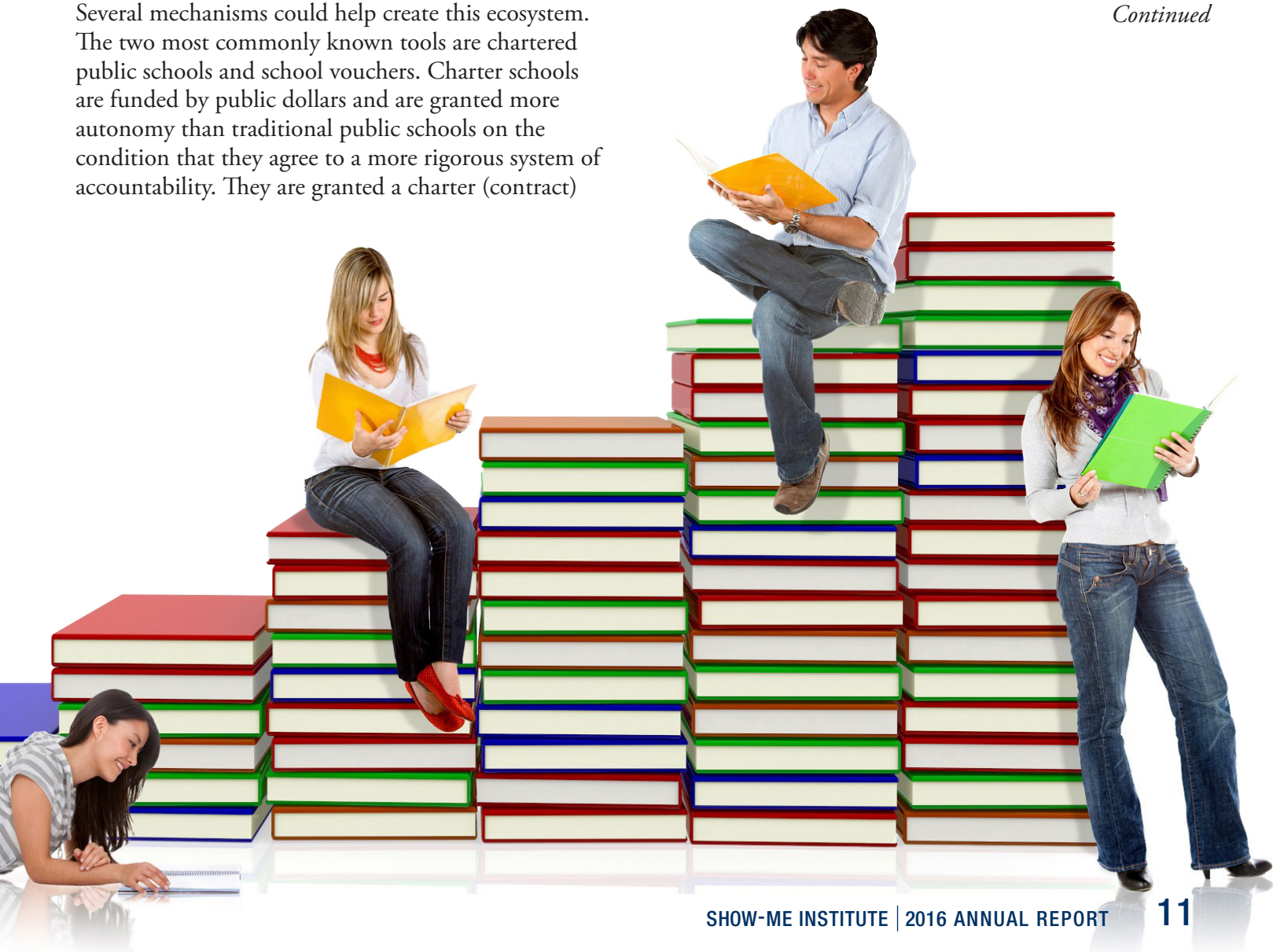
So how do we produce a better-educated populace? A vibrant marketplace of education options is the most effective means of developing the schools necessary to meet the needs of students today and in the years to come.

Several mechanisms could help create this ecosystem. The two most commonly known tools are chartered public schools and school vouchers. Charter schools are funded by public dollars and are granted more autonomy than traditional public schools on the condition that they agree to a more rigorous system of accountability. They are granted a charter (contract)

that agrees to particular performance targets from a state board, local university, or other organization authorized by the state. As long as they meet these standards and enroll a sufficient number of students, they keep their charter and continue to operate. If they fail to meet the established targets, they can lose their charter and be forced to close. Chartering has spawned many of the most successful urban school networks, including the Knowledge Is Power Program (KIPP) schools and Democracy Prep schools.

School vouchers give a portion of the tax revenue levied to fund a child's education to that child's parents to pay for tuition at a private school of their choosing. School vouchers date back to small towns in Maine and Vermont in the 1860s. When these towns didn't have a sufficient number of students to justify building a

Continued



EDUCATION AND OPPORTUNITY—CONTINUED



Eugene Kim/Creative Commons 2.0

school, they instead used their funds to pay the tuition for students to attend private schools in neighboring towns.

The modern voucher movement began in Milwaukee, Wisconsin, with the launch of the Milwaukee Parental Choice Program, a voucher program that has grown from 340 students in 1990 to more than 25,000 in 2013. But other emerging mechanisms can help drive this marketplace as well. Tuition tax credit programs are cropping up in states across the country and often take one of two forms. In the first, individuals or corporations making donations to nonprofit organizations granting scholarships to students to attend private schools can get that amount (or some percentage of it) credited against their tax bill. In the second, families that pay private school tuition can get the amount they pay (or some percentage of it) credited against their tax bill.

Recently, other promising free-market options have emerged. Education savings accounts, for example, allow states or districts to place money in a flexible spending account (functioning much like a health savings account) that parents can then use for tuition, fees, tutoring, supplemental services, or any number of other qualified expenses. There are also course-access programs that allow students to take a portion of the money allocated for their education to qualified providers for one or more of the classes they take in a given day.

Education savings accounts and course-access programs leverage two functions of markets in order to drive better performance. First, they allow parents to match their preferences and their children's unique needs to

the school environment best suited for them. Decades of cognitive science have demonstrated that different children thrive in different learning environments and, perhaps most importantly, learn at different rates. While some children can pick up a new math concept with very little practice, others need more. Similarly, schools have different pedagogical and cultural approaches. Some stress strict discipline, while others allow more freedom. Some schools emphasize math and science, others literature and the arts. There is no proven “right” way to educate students. Parents should be allowed to find a model that works for their children.

Second, these programs more efficiently allocate resources to productive ventures. Because money is allowed to follow children rather than being centrally allocated to schools by set formulae, as is done today, the resources go to programs people actually want to use. Thirty years ago, Kansas City built a farm, courtroom, Model United Nations, and Olympic-quality training facility before having any idea how many children, if any, would actually want to use those resources. School districts do this all the time, starting new “themed” schools or investing in technologies that end up sitting dormant. But if children and families drive such decisions instead, money is more likely to be spent efficiently. If less money is wasted, more money makes it into the classrooms that actually educate kids. But while these tools may be necessary for creating a vibrant education marketplace, they are far from sufficient.

Too often, my free-market brethren like to say that giving every student in America a voucher would result in the type of education system necessary to create opportunity for all children in America. I do not believe this is true. Why not? Well, if the United States decides to move its education system from government-monopoly control to private management, it would by no means be the first time something like that has happened. In fact, since the collapse of the Soviet Union in the late 1980s, countries all over the world have decided to move sectors of their economy out from under government control. In places such as Vietnam, China, the Baltics, and Central Europe, this change has been a positive development. Yet in others, such as Russia, many parts of Africa, and regions of South America, it hasn't proved successful, because there are other problems markets can't solve on their own –

particularly in developing countries. Also needed are government institutions to set and enforce laws, access to capital, and educated workers. Only where these requirements are met can markets operate effectively.

As a market-oriented approach to education, school choice is a necessary, but by no means sufficient, condition for the success of a state's or a nation's education system.

What are the specific requirements for a state's or a nation's children to benefit from the opportunities offered by school choice? I think our system needs to be reformed to possess three central characteristics:

1. A funding mechanism that makes a quality education affordable for low-income people while allowing prices to be set in a market-oriented manner;
2. A regulatory framework that provides the kind of stability and accountability needed for parents and students to exercise school choice wisely; and
3. Complementary institutions that can encourage market improvement.

Unfortunately, even many school choice programs lack these features. Vouchers and charter schools essentially act as coupons with a fixed dollar value. Schools have no incentive to provide services that cost less than that value, and strong disincentive to provide services that cost more than that value, whatever amount it is. Many voucher programs have essentially imported the same testing and accountability regimes as traditional public school systems under the assumption that the regulations that govern a monopoly will work just as well governing a marketplace. And too few teacher and leader training programs are geared towards preparing professionals to thrive in schools of choice.

In short, even though we are seeing victories across the nation in the field of school choice, with more and more states adopting some kind of program that allows families to decide where their children go to school, our work is far from over. We must continue to study and adjust how we fund, regulate, and support families and the schools they choose. Then, and only then, will more students have access to "free" schools that are as supportive as the ones I attended.



"FEARLESS GIRL" VS. "CHARGING BULL": REFLECTIONS . . .



Brenda Talent

What, more street theater along the lines of "Occupy Wall Street?" Do we have to endure another example of progressives hurling false accusations at free-market capitalism?

That was my first thought upon seeing the pictures of the small bronze statue named "Fearless Girl." Seemingly out of nowhere, on March 7, 2017, she popped up in Manhattan's financial district, placed squarely and

defiantly in front of another bronze, the massive and world-famous "Charging Bull," a symbol of the power of American capitalism.

Lacking only the cape and sword, "Fearless Girl" stands her ground like a matador, ready to impose her will upon her much larger adversary – forcing it to kneel down, roll over, and play nice. And what is it that she wants the newly tamed bull to do?

From reading news stories, we learn that her creators – State Street Global Advisers (SSGA), a Wall Street firm with almost \$2.5 trillion under management, and McCann New York, its ad agency – want to pressure thousands of big corporations across the country to accede to progressive demands for "gender parity" in their

board rooms. At the same time, SSGA clearly wants to gain publicity for itself (this being a multimillion-dollar ad campaign) as being a "thought leader" in promoting "diversity" or "inclusion" in corporate board rooms.

As street theater, "Fearless Girl" is an inspired creation. Day and night, she is mobbed by crowds of tourists. We may admire her pluck. Chin up and fists on her hips, she displays coolness and courage in a seemingly dangerous situation.

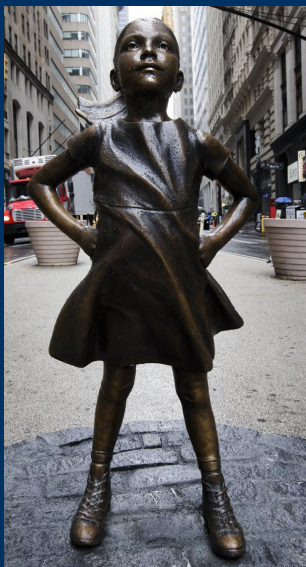
However, speaking as a female executive and CEO of a free-market think tank concerned with policy issues, I must add a caveat. This is one girl who needs to be turned around and pointed in a whole new direction. I will say how in just a moment.

But first let's begin with the recognition that changing the bull from a symbol of the power of American capitalism into a symbol of male chauvinism and oppression is, to put it bluntly, a lot of bull of another kind. Free-market capitalism, as practiced in America, has created more opportunity for more people – men and women – than any other economic system in the history of the world. Ours has been the most *inclusive* as well as the most *productive* economy in world history. New York already has a famous statue, erected long before "Fearless Girl," that celebrates the amazing inclusiveness of the story of free enterprise in America. I speak, of course, of the Statue of Liberty.



The biggest danger to the future functioning of this economy comes not from capitalism run amok – but from progressivism gone bananas. Just look at the list of favorite ideas from the progressive litany. These include free-and-easy college loans, doubling the minimum wage, and spending billions of dollars of taxpayer money on trolleys and rail systems to serve

FROM A (FEMALE) FREE-MARKET THINK TANK CEO



IPKat.com

lightly populated or largely abandoned neighborhoods.

Want to raise the cost and lower the quality of going to college? Stuff more taxpayer money into students' pockets and promise early loan forgiveness. Want to make finding a job harder for entry-level workers? Double the minimum wage. Want to increase the public debt with little or no return in useful public services? Build transportation systems that no one will use.

In great detail and clear language, our policy analysts and scholars at the Show-Me Institute have pointed out the folly of those and other progressive policy prescriptions. The call for an all-out drive for gender parity in corporate board rooms stands as one more example of wrongheaded and impractical progressive thinking.

Taken seriously – as more than wishful thinking or stirring rhetoric – such a goal would lead to massive tokenism as corporations scrambled to replace male directors with female or to expand their boards to include more women. Do we really need more quotas and tokenism to help women get positions of power whether they have earned them or not?

And if gender parity is to be the new norm, why stop there? According to the latest Census Bureau data, women in the 25–34 age group now greatly outnumber men in having a bachelor's degree or higher (37.5 percent compared to 29.5 percent). Does this require us to launch a similar but diametrically opposed campaign to favor males over females in college admissions?

Now let us move from college admissions to campus free speech.

As a free-market think tank, the Show-Me Institute does more than scrutinize fiscal and economic policies; we also defend free speech, which has come under unrelenting attack from the left, especially on college campuses. That brings me to a final word on “Fearless Girl.”

I would hate to see a symbol of fearlessness and courage go to waste. She really does need to be pointed in a new direction – not against market forces but against those who are loudly and violently opposed to free speech and open debate.

It would be great to see her on college campuses – a lone girl standing athwart a mob of students and imported agitators preparing to silence a speaker who dares to contradict their view of the world.

The biggest danger to the future of this economy comes not from capitalism run amok – but from progressivism gone bananas.

Now that would be real “girl power” – a true act of bravery caught in bronze – one that might inspire college professors and administrators who pay lip service to free speech but who lack the intestinal fortitude or moral clarity to confront its enemies face to face.

It's appropriate for me to make this proposal, because standing for freedom is what the men and women at the Show-Me Institute do. We do it unapologetically, no matter what the odds, no matter whom we might offend.

We speak for many who have a hard time making their voices heard: low-income parents who want to send their kids to a good school, people of modest means who are forced out of their homes and businesses through the use of eminent domain, the single mom who wants to work braiding hair but can't afford to comply with cumbersome government licensing requirements, and the senior citizens whose taxes are going up because their municipalities have diverted tax revenues to deep-pocketed developers to build fancy shops and luxury apartment buildings.

If “Fearless Girl” could slip the bonds of political correctness, we would welcome her as an ally in the ongoing battle for greater freedom and liberty for all.

WHERE'S THE OUTRAGE . . . AT HOW PUBLIC POLICY IN KANSAS



Patrick Tuohey
*Western Missouri Field
Manager*

When looking at public policy in Kansas City, it helps to consider a line from William Faulkner: “The past is never dead. It’s not even past.”

Modern urban development tools have the toxic if unintended effect of picking up where shuttling blacks to the backs of buses left off – providing separate and unequal treatment to haves and have-nots.

For example, tax increment financing (TIF) is a widely used economic development program in Missouri. It was originally proposed as a way to spur development in economically distressed areas. Under a TIF program, the city redirects the increased taxes paid on improved property back to the developer. In areas where the return on investment is questionable, public funds can help reduce risk. It sounds like a great idea.

Unfortunately, as practiced in Kansas City, TIF exacerbates racial inequality and socio-economic division. As Michael Rathbone and I found in our 2014 paper, “Urban Neglect: Kansas City’s Misuse of Tax Increment Financing,” TIF is overwhelmingly used in already-wealthy and economically vibrant (and predominantly white) parts of town. Kansas City has used TIF to subsidize the world headquarters buildings of successful corporations such as H&R Block, JE Dunn, Burns & McDonnell, and Cerner. We’ve funded

an entertainment district downtown only to have it accused of enforcing a dress code that discriminated against African Americans. Taxpayers have subsidized luxury high-rise apartment buildings in a community where, in 2014, 90% of public school students qualified for free or reduced lunch.

To add insult to injury, most of the tax dollars diverted back to developers would otherwise support the Kansas City Public School District (where 57% of students are black). The district estimates that the annual cost to it is about \$25 million and rising. When a wealthy developer requested TIF to renovate a building in the trendy Crossroads district—so that she could charge higher than usual rent to a successful architectural firm—opposition was led by public school parents tired of seeing the urban district bled of much-needed resources.

This reverse—Robin Hood subsidization, which redirects tax revenue away from the poor to benefit the rich, hits poor and minority populations twice. Not only are they denied funds for schools, libraries, and other services, but they see few options other than to increase their own taxes to make up for money diverted to developers. In one example, a community improvement district (CID) was created around a grocery store on Independence Avenue in Kansas City to charge a one percent sales tax to provide security and “general maintenance of public

S CITY TAKES FROM THE POOR AND GIVES TO THE RICH?



areas,” services ordinarily provided by local government. As a result, the sales tax rate at this urban grocery store is higher than elsewhere in the city.

There are other examples. The Mid-Continent Library system recently successfully sought to increase its tax levy to make up for money lost due to the city’s generous support of developers. And just last April, activists in Kansas City’s urban core petitioned for and won a one-eighth-cent citywide sales tax to be used for development in their own neighborhoods. Of course, consumers will bear the cost of this tax.

Yet despite this economic development spending, a number of studies demonstrate that there is little to no benefit to the communities in which these subsidized projects take place. According to a May 2016 study by the Saint Louis Development Corporation, TIF does not rejuvenate neighborhoods or lead to additional investment, and there is little relationship between incentives and job growth. The policy just doesn’t work.

If anyone benefits from TIF and tax abatement in Saint Louis City, it is affluent people living in the “central corridor” connecting downtown Saint Louis on the east with the Washington University campus on the west. This part of the city has attracted the overwhelming majority of incentives that helped to build fancy

apartments, upscale retail establishments, and new office space. According to a commonly accepted theory, the strengthening of the city’s central corridor should lead to follow-up developments benefitting poorer people in the northern and southern portions of the city. But that has never happened.

So where is the outrage against the transfer of tax revenues from their originally intended beneficiaries (the urban poor) to wealthy developers and affluent urban dwellers who live, work, and shop in buildings constructed with the help of subsidies?

The short answer: It’s almost nowhere to be seen among the movers and shakers of either of our two biggest cities. They are unshaken by all of the repeated failures – continuing to believe in a lethal mix of policies that raise taxes on the many (including the urban poor) while forging ahead with government-directed subsidies or specialized tax relief schemes that go only to the politically favored few.

That’s life in the big city today – at least in Kansas City and Saint Louis.

KEEP THE LINE MOVING



Patrick Ishmael

*Director of Government
Accountability*

Kauffman Stadium, the home of the Kansas City Royals, is a large baseball park by almost any standard. The long arc from the park's foul poles converges on a straight-away centerfield distance of 410 feet, the fourth longest center field in the majors. In total acreage of fair territory, Kauffman is larger than all but one major league stadium. It's a truly massive field.

Faced with the reality that home runs can be hard to come by in such a cavernous ballpark, the two-time World Series winners have still managed to find success. During their most recent post-season runs, the team took on the mantra “keep the line moving” – doing the small things right, hitting singles, and building momentum over time rather than trying to get the job done all at once. As it turns out, the dimensions of a baseball park don't determine a team's success; how a team plays within those constraints does.

That perspective is helpful in understanding the 2017 legislative session in Missouri. In January, free marketeers had high expectations for a state government completely controlled by conservative legislators, and rightfully so. Not only did conservatives hold supermajorities in the state House and Senate following the 2016 elections, but they also held the governor's office. It was an historic

moment with historic opportunities that most of us thought should not be wasted.

But as it turned out, the fences of Missouri's policy ballpark were a bit farther out than many observers thought they would be. By February the Legislature had passed Right to Work, the long-sought labor reform that a majority of states had already adopted, but shortly thereafter much of the work in the Capitol ground to a halt, thanks to gridlock in the state Senate.

Entire commentaries could be written about the failures of the Senate this year—among the lowlights were the outrageous and immature behavior of some of its members and the chamber's unwillingness to set aside petty fights to advance taxpayer interests. Senators had time to sing “Kumbaya” on the floor of the chamber; they didn't have time to pass dozens of bills that would have improved the lives of countless constituents.

But while the Senate squandered several big opportunities in 2017, free-market proponents did manage to push a few runs across. Along with Right to Work, those victories included the reform of the state's Project Labor Agreement laws, a harmonization of the minimum wage statewide, and transportation network reforms to allow companies like Uber and Lyft to serve Missouri customers.

Taken on their own, none of these reforms was a base-clearing home run. Taken together? They constituted policy singles, doubles and, ultimately, runs on the board for Team Free Market.



We have to remember that, in context, the 2017 session was part of a longer game—one that will require more runs to guarantee a win for the people of Missouri. And that win will only come if key policy items important to the state, and long overdue, come to fruition.

Tax reform in particular is uniquely positioned to make major strides in 2018. With the appointment of the governor's Committee on Simple, Fair and Low Taxes, big reforms appear on the way that include an earned income tax credit, state and local tax incentive reform, and lower taxes for the individuals and businesses that are building the state every day. We have long advocated for the government to get out of the game of picking winners and losers in the tax code and returning more power and money to the people who make the state work. We are closer than ever to seeing a big step in that direction.

It is by empowering the market that the state has its best shot at real growth and prosperity. Markets are people—people trying to make their lives better and their communities stronger. When we say we believe in markets, we are really saying that we believe in people. And that's a powerful idea.

Former Secretary of State Condoleezza Rice has said that education reform is “the civil rights struggle of the day,” and that is why education reform also looms large on the horizon of policy reforms in the state. While the 2017 session saw significant legislation for both course access and education savings accounts come close to passage, those bills died late in the session. The Legislature did fully fund the K-12 formula that it has imposed on itself

by law, but full funding of the formula is no substitute for actual reform.

People-empowering and parent-empowering changes must come sooner, not later. With a continued commitment from supporters of such reforms, the question is not if, but when, those education victories will come.

And the list of needed reforms goes on and on. The state must move away from the licensing cartels that prevent qualified practitioners from easily plying their trades and prevent consumers from getting the goods and services they deserve. That includes ending the state's antiquated Certificate of Need laws and troubling hair braiding license requirements. The state must make further strides in the realm of labor reform, including the ending of the state's prevailing wage laws and the reform of government unions. And legislators must also ensure that the state's roads and bridges are sufficiently and sustainably funded for the foreseeable future.

To achieve these goals, however, the Missouri legislature must keep the line moving. It's fair for supporters of free markets to expect the occasional policy home run, but our game plan is based on steady progress over the long haul—progress that takes advantage of each opportunity presented to advance the interests of our people.

Today, the opportunity for positive change in Missouri is enormous. It's time to run up the score.



WHO "LOST" THE SAINT LOUIS RAMS? – A CASE STUDY ON URB



Andrew B. Wilson
*Fellow and Senior
Writer*

The real test of a think tank is to change the way people think. That is not an easy challenge; bad policy ideas can be extraordinarily tenacious. But if, in Lincoln's words, a small organization like ours can persuade people to "think anew and act anew," then it is the real deal – a think tank worthy of the name.

In advancing market-based solutions across a wide range of public policy issues, the Show-Me Institute has

demonstrated that capability on several memorable occasions. Most recently, the Institute played a key role in the public demolition of a very bad idea: the idea that spending over one hundred million dollars of taxpayer money to attract a professional soccer team was anything other than a colossal waste of money.

But first, some historical perspective leading up to this change in thinking: Imagine a city that would do almost anything to attract another kind of professional sports team – a city that would be willing to hock the family silver and go deeply into debt to get it . . . and then again, some years later, to try to keep it. That describes the thinking of a broad cross-section of the leadership of the City of Saint Louis for a quarter of a century.

In the early 1990s, city and state officials decided to build a 100 percent publicly financed football stadium entirely *on spec* – in the *hope* of attracting a National Football League franchise to replace the football Cardinals, which departed for Phoenix in 1988. After spending \$480 million to build a state-of-the-art football stadium that might stand empty for years – or even forever – the city fathers were forced to play giveaway.

To capture the runaway Los Angeles Rams and rebrand them as the Saint Louis Rams, they offered the owners of the franchise what amounted to rent-free accommodations for 30 years – from 1995 to 2025.

As if that weren't enough, they went even further. They promised to build a *brand-new stadium* – or spend hundreds of millions of dollars to upgrade and improve the existing facility – if the owners of the Rams began to tire of their new home after 20 years, thinking it did not rank in "the top tier" of NFL stadiums in luxuriousness, comfort, and overall wow factor. In that event, the owners would be free to pack up and leave ten years before the expiration of the original lease agreement.

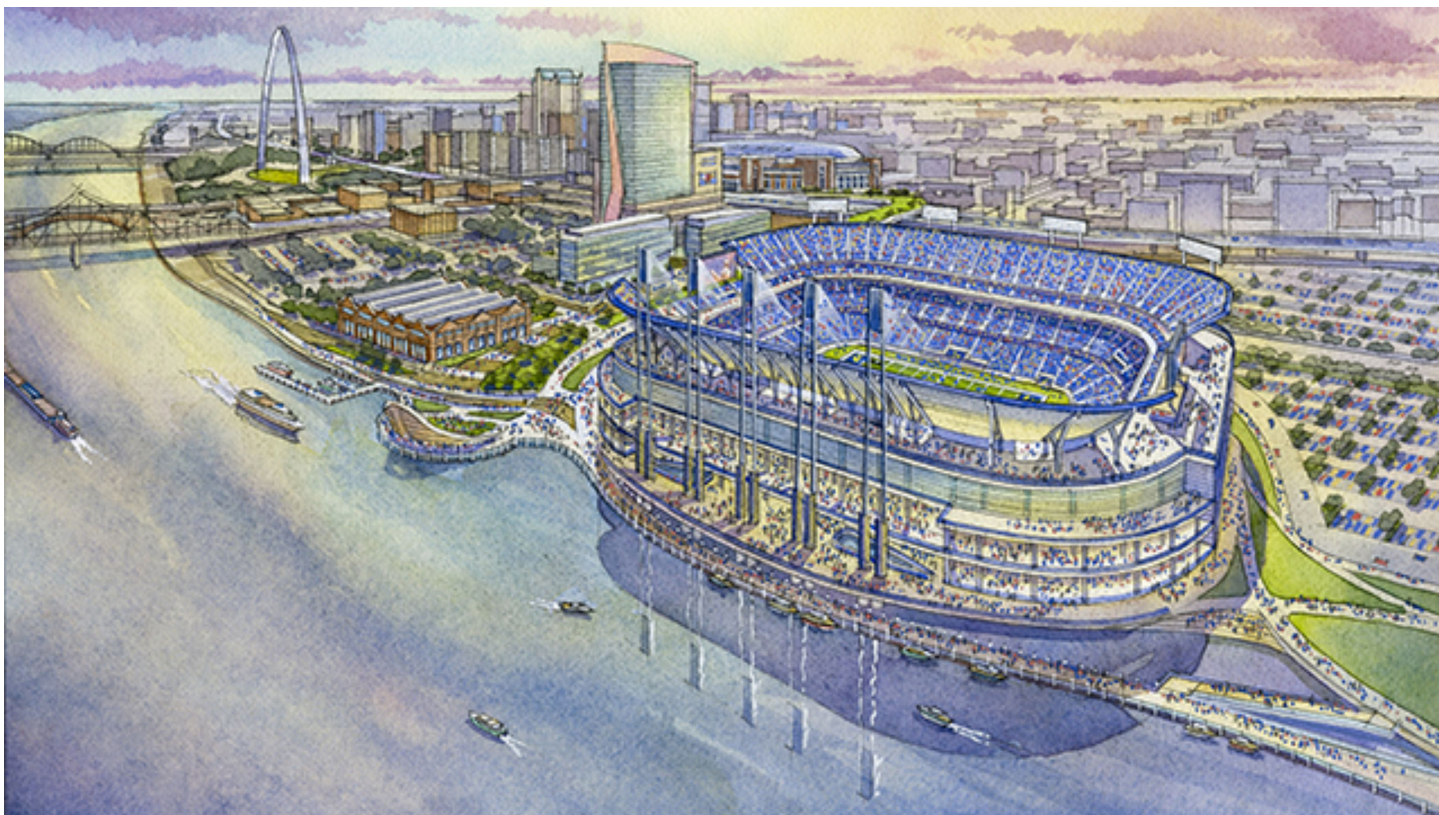
Thus, 2015 became the witching hour, when the magic coach carrying the treasured team might turn into a pumpkin . . . or – to switch metaphors – into a tenant-less white elephant.

Oh, there was joy in Mudville when the Rams agreed to come to Saint Louis. To read through old newspaper accounts is to see the leaders of the city acting as one in clapping themselves on the back for a job well done. It was agreed that having an NFL team in a spanking new stadium would keep Saint Louis City from falling into further decline. It would power the revitalization of downtown, create thousands of new jobs, and lead to a new era of growth and stability.

Fast forward then to the drama that unfolded as 2015 was drawing to a close. This was truly a case of *déjà vu* all over again. A new generation of political and civic leaders had come to the fore. But that made no difference. Like the Bourbons of old – who returned to the French throne following all of the traumatic events of the Revolution and Napoleonic era – the city's leaders had "learned nothing and forgotten nothing."

A different mayor (Francis Slay) and a different governor (Jay Nixon) cobbled together a plan and a set of arguments remarkably similar to the ones used in the early 1990s. The plan called for taxpayer support for \$400 million out of the \$1 billion cost of building a brand-new, state-of-the-art stadium just a few blocks away from the existing stadium; the same old arguments were trotted out, including claims that the \$400 million would be an "investment" in economic development that would pay for itself several times over through the same litany of alleged benefits (downtown revival, job creation, etc.).

AN "REVITALIZATION" GONE TERRIBLY WRONG



In truth, whether in Saint Louis or in other cities, none of the standard arguments made by political and civic leaders to justify public investment in sports stadiums holds up to economic scrutiny. As one University of Chicago economist put it, “building a football stadium is probably one of the worst expenditures of taxpayer money there is.”

Saint Louis leaders should have been able to figure that out on their own – even before Rams owner Stan Kroenke rejected their plan – without having to read up on the economic literature. They had the example of the existing stadium staring them in the face. The arrival of the Rams in 1995 had no noticeable effect on tax revenue, aside from a small increase in income tax receipts. As for urban regeneration, the area immediately north of the stadium, known as the Bottle District, is an empty lot. There has been no dome-centered growth.

Nor has there been any noticeable benefit for the overwhelming majority of city residents. The use of public money to build a sports stadium diverts entertainment spending from the many to the few. It

takes spendable income out the pockets of taxpayers (including large numbers of low-income city dwellers who cannot afford a family outing to an NFL game), while channeling unwarranted benefits to wealthy owners of sports franchises and their affluent customers in luxury boxes.

The *St. Louis Post-Dispatch* editorial board acknowledged as much in endorsing the Slay/Nixon plan for trying to keep the Rams in Saint Louis. In the annals of journalism, few “endorsements” have been as pained or lukewarm as this one – delivered just prior to a critical vote of the Saint Louis Board of Aldermen in November 2015:

So it's not fair and it's not right, but the city ought to do it anyway.

Are there any lessons learned from the collapse of the downtown stadium plan to keep the Rams in Saint Louis?

I can think of two.

Continued

WHO "LOST" THE SAINT LOUIS RAMS? — CONTINUED



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One is the incorrigibility of public officials. Within weeks of being thwarted in their plan to support a new football stadium, the former mayor and the former governor latched onto the idea of spending a large if lesser amount of taxpayer money to bring a Major League Soccer team to Saint Louis through the construction of a new soccer stadium.

The second is the willingness of many others – including the news media and the public at large – to change their minds when presented with opposing views that suddenly begin to make a lot of sense.

The Show-Me Institute's Joseph Miller was quick to urge the policymakers and the public to learn from what had happened with the Rams. On the very day the Rams announced their decision to leave Saint Louis, he wrote:

Let's not repeat past mistakes. . . . It's not time for regional leaders to build another football stadium or build a soccer stadium. It's time to stop.

Miller and others at the Show-Me Institute wrote numerous newspaper commentaries and blog posts and appeared on many radio shows pointing out the reasons for saying “No” to public funding for sports stadiums. Having done so, we couldn't help notice a difference in tone as well as substance when the *Post-Dispatch* editorial board delivered its opinion on Proposition 2 in the April 4, 2017 city elections. Proposition 2 would have authorized the use of taxpayer money to help build the proposed soccer stadium. This time around, the editorial writers were no longer choking on their own words. They said:

It's troubling that the [soccer] league has never turned a profit. We've already got one empty stadium. . . . There are far more urgent needs – fighting crime, for one – for the \$4 million a year [in tax receipts] that would back stadium bonds.

As it happened, Saint Louis voters turned thumbs down on the measure. We at the Show-Me Institute were pleased to think that we had helped them make the right choice.

Come to think of it, we may even have influenced Mayor Slay's thinking. Back in August 2015 – when he was still promoting a megabucks expenditure of public money for a new riverfront football stadium to replace the Dome – he admitted that the project might not make sense from an economic viewpoint. He said:

I'm not going to sit here and say that we can prove that money going into this – that we're going to get out, in dollars and cents, what we're putting into it. . . . People like NFL football. They want a team they can support, whether they go to the games or not. It has a lot to do with big-city pride.

Dare we say that pride goeth before the fall – especially in the case of elected officials who think that they have better judgment than the marketplace in being able to pick winners and losers? The surest sign of a private business venture that *won't* succeed is one that *can't* fly without public support.

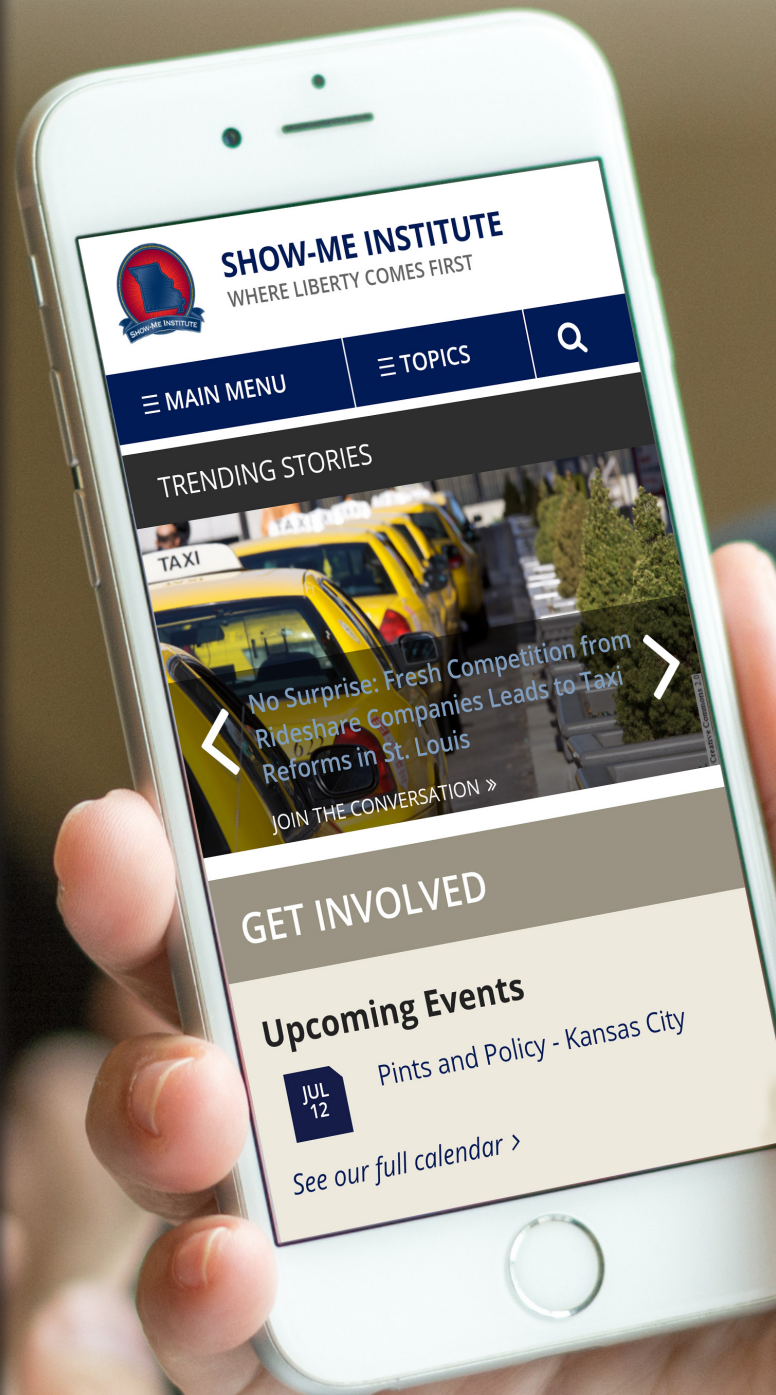
THE SHOW-ME INSTITUTE IN THE MEDIA

Serendipity plays a role in the lives of institutions as well as individuals. Following last November's elections, many of us at the Show-Me Institute had a strong sense of being in the right place at the right time. In January, this sense was reinforced when the incoming Governor's State of the State Address touched on several of our long-standing priorities, including right-to-work legislation, tax-credit reform, and expansion of school choice through course access and education savings accounts. New leadership in Jefferson City may well set the stage for free-market reform across several policy areas—time will tell. In the meantime, we remain committed to increasing public awareness and support for these reforms through an aggressive outreach operation.

The Show-Me Institute's presence grew across a variety of outlets in 2016. Traditional media hits (radio, television, and print) were up 15 percent compared to 2015, with our policy analysts and scholars appearing on influential radio and television programs across the state. The growth in digital media was even more striking. Compared to 2015, we had 17 percent more website hits, 93 percent more YouTube hits, 31 percent more Facebook "likes," and 69 percent more Twitter followers.

Achieving free-market reform begins with our research, which is respected by policymakers across the political spectrum for its rigor and integrity. But it takes more. Our analysts also provide clear explanations of the research findings and their implications through op-eds and media appearances. Finally, we personalize issues by showing real people whose quality of life is affected—for better or worse—by policy decisions. A Show-Me Institute video released back in April told just such a story about a child with Asperger's syndrome who blossomed academically when he enrolled in a charter school that provided a support system tailored to his needs.

This combination—thorough research, clear explanation of its implications, and establishment of a human connection—has served the Show-Me Institute well. Expect to see more of it across the policy spectrum during the rest of 2017 and beyond.



PUBLICATIONS

COMMENTARIES 2016

January 11: “Deflate-gate in Saint Louis: Air Goes Out of a Plan for a New Subsidized Football Stadium,” by Andrew Wilson.

January 13: “Missouri Is Leaving Its African-American Students Behind,” by Michael McShane.

January 13: “Regional Leaders Should Keep Their Word over Stadium Plan,” by Joseph Miller.

February 1: “The Illusory Goal of a Fully Funded K-12 Formula,” by James Shuls.

February 18: “A Tale of Two Taxes,” by Joseph Miller.

March 8: “Making Regulations Count,” by Michael McShane.

March 9: “Reaping the Whirlwind in Columbia,” by Michael McShane.

March 14: “Learning from Our Mistakes—A Funding Formula Cap,” by James Shuls.

March 30: “Is Missouri’s A+ Program a Model for the Nation?” by Michael McShane.

April 14: “The Great Urban School District that Wasn’t but May Be Soon,” by Michael McShane.

May 10: “Local Control in Education, Properly Understood,” by Michael McShane.

May 10: “An Informed Public: Poor Policy’s Worst Enemy,” by Patrick Tuohey.

May 16: “The Missing Element in the 2016 Legislative Session,” by Andrew Wilson.

May 26: “Know-it-all Government Undermines Growth and Jobs,” by Andrew Wilson.

June 13: “The Never-Ending School Finance Wars,” by Michael McShane.

June 13: “Free Speech Under Fire at Colleges and Universities,” by Crosby Kemper III and Rex Siquefield.

June 13: “Missouri’s Pension System Must Change,” by James Shuls and Michael McShane.

June 20: “Leadership Lessons from Attila the Hen,” by Andrew Wilson.

June 20: “The Infectious Optimism of Education Entrepreneurs,” by Michael McShane.

July 8: “Outsourcing Public Education,” by James Shuls.

July 20: “For Better Health Care Access, Pursue Interstate Licensing,” by Patrick Ishmael.

August 15: “North-South MetroLink Expansion: Snake Oil for Saint Louis,” by Joseph Miller and Graham Renz.

August 15: “If You Give a Developer a Subsidy,” by Michael Highsmith.

August 15: “Rebooting Missouri—with a Fast Look at Britain’s New Playbook,” by Andrew Wilson.

August 17: “Recess—Something So Loved Only Bureaucrats Could Kill It,” by James Shuls.

August 31: “A Labor Day Salute to the Missouri Mule,” by Andrew Wilson.

September 6: “A New Agenda for Cities Must Come from Cities,” by Patrick Tuohey.

September 30: “Education Policy for Our Fractured Republic,” by Michael McShane.

October 10: “Unionization: The Wrong Solution for UMSL Faculty,” by James Shuls.

October 12: “The Consequences of Bad Policy,” by Patrick Tuohey.

October 19: “Two Thumbs Down for MetroLink Expansion,” by Andrew Wilson.

October 25: “A Skunk at the Pre-K Garden Party for Cigarette Taxes,” by Michael McShane.

October 26: “Of Underfunding and Overpromising,” by Michael Highsmith.

October 27: “The Dismal Recovery,” by Rex Siquefield.

October 28: “Creating a Field of Dreams for the American Royal,” by Michael Austin.

November 21: “Straight Talk on Kansas City’s Incentive Reform,” by Graham Renz.

November 22: “Education Reform Should Be Top Priority for Missouri’s Leaders,” by Michael McShane.

December 21: “Listen Up Lawmakers: Here Are Seven Resolutions for 2017,” by Andrew Wilson.

Financial Report*

STUDIES PUBLISHED IN 2016

February

"Funding the Missouri Department of Transportation and the State Highway System," by Joseph Miller.

April

"Weak Economic Growth in Missouri's Largest Cities Is Holding Down Statewide Growth Rates," by Michael Podgursky and Nick Pretnar.

"Rural School Reform," by Michael McShane.

July

"Estimating the Fiscal Impact of a Tax-Credit Scholarship Program," by Marty Lueken and Michael McShane.

October

"Demand Supply: Why Licensing Reform Matters to Improving American Health Care," by Patrick Ishmael.

"Amendment 3: The Good, the Bad, and the Ugly," by Michael McShane.

November

"Kansas City—Genuinely World Class: A Competitive Analysis," by Wendell Cox.

December

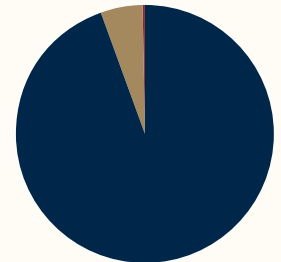
"Births, Deaths, and Economic Growth: How Important is Churn for State Growth?" by Joseph Haslag.

REVENUE

Individual Donations	\$2,358,517.00	94.66%
Foundation Grants.....	\$132,300.00	05.31%
Other Income.....	\$793.00	00.03%

TOTAL: \$2,491,610.00

- Individual Donations
- Foundation Grants
- Other Income

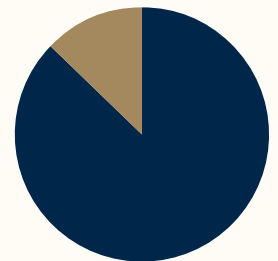


EXPENSES

Overhead	\$296,087.00	12.92%
Program	\$1,995,727.00	87.08%

TOTAL: \$2,291,814.00

- Program
- Overhead



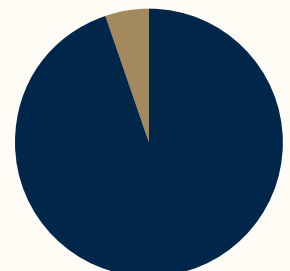
Note: The board of directors covers the overhead expenses of the Show-Me Institute. Since 2006, donations from supporters have funded education and research exclusively.

STATEMENT OF FINANCIAL POSITION

Current Assets	\$1,707,762.00	94.85%
Fixed Assets	\$92,743.00	05.15%

TOTAL: \$1,800,505.00

- Current Assets
- Fixed Assets



*Show-Me Opportunity, a supporting organization, is included in this consolidated financial report.

BOARD OF DIRECTORS



Crosby Kemper III - Chairman

Crosby Kemper III is executive director of the Kansas City Public Library and former CEO of UMB Financial Corporation. He cofounded and is chairman of the Show-Me Institute. He is the editor of, and a contributor to, *Winston Churchill: Resolution, Defiance, Magnanimity, Good Will*. He has served on the boards of the Thomas Jefferson Foundation, the Kansas City Symphony, the Black Archives of Mid-America, Union Station Kansas City, and Lapham's Quarterly. He helped Marilyn Strauss found the Heart of America Shakespeare Festival and was its first board chair. He also founded and chaired the Saint Louis Shakespeare Festival. He received a bachelor's degree in history from Yale University.



Rex Sinquefield - President

Rex Sinquefield is cofounder and former co-chairman of Dimensional Fund Advisors, Inc. He also is cofounder of the Show-Me Institute. In the 1970s, he coauthored (with Roger Ibbotson) a series of papers and books titled *Stocks, Bonds, Bills & Inflation*. At American National Bank of Chicago, he pioneered many of the nation's first index funds. He is a life trustee of DePaul University and a trustee of the St. Vincent Home for Children in Saint Louis, and serves on the boards of the Saint Louis Symphony Orchestra, the Saint Louis Art Museum, the Missouri Botanical Garden, Opera Theatre of Saint Louis, and Saint Louis University. He received a B.S. from Saint Louis University and an M.B.A. from the University of Chicago.



Kevin Short - Vice Chairman

Kevin Short is managing partner and CEO of Clayton Capital Partners. In addition to contributing to various national trade and business publications, he is the coauthor of *Cash Out Move On: Get Top Dollar and More Selling Your Business*. He is chairman of the Today & Tomorrow Educational Foundation, past president of the Board of Education and current chairman of the Finance Council for the Archdiocese of Saint Louis, board member of the Children's Scholarship Fund, and past member of the boards of the Chess Club and Scholastic Center of Saint Louis.



W. Bevis Schock - Secretary

Bevis Schock is a lawyer in solo practice in Saint Louis. He founded the Shrink Missouri Government PAC, which challenged the constitutionality of Missouri's campaign contribution limits before the United States Supreme Court in 2000. He received a B.A. in history from Yale University and a J.D. from the University of Virginia.



Joe Forshaw - Treasurer

Joseph Forshaw is the immediate past president and CEO of Forshaw of St Louis, Inc., a family-owned business founded in 1871. He served for 15 years as an advisory director for Commerce Bank, and prior to his retirement served as the managing partner for several family real estate partnerships. Forshaw received both his B.A. and J.D. degrees from Saint Louis University.



Stephen F. Brauer - Director

Stephen Brauer is chairman and CEO of Hunter Engineering Company. From 2001 to 2003, he served as U.S. Ambassador to Belgium. He has served on numerous charitable and civic boards, including the Saint Louis Area Council of Boy Scouts, the Saint Louis Art Museum, and the Missouri Botanical Garden. He is a trustee of Washington University in Saint Louis, a member of its executive committee, and a part owner of the Saint Louis Cardinals.



James G. Forsyth III - Director

James Forsyth is president and CEO of Moto, Inc., which operates the MotoMart chain of gas stations and convenience stores. He is also president and CEO of two other family-owned businesses: Forsyth Carterville Coal Company and Missouri Real Estate. He serves on the boards of St. Luke's Hospital, YMCA of Southwestern Illinois, and Commerce Bank of Saint Louis. He has served on the boards of Webster University and Forsyth School. He holds a bachelor's degree in economics from the University of Virginia.



Louis Griesemer - Director

Louis Griesemer is president and CEO of Springfield Underground, Inc. He previously served as chairman of the National Stone, Sand, and Gravel Association. He currently serves on the advisory board for UMB Bank in Springfield and on the board of Burgers' Smokehouse in California, Missouri. He holds a bachelor's degree from Washington University in Saint Louis.



Hon. Robert M. Heller - *Director*

Robert Heller is a retired judge who served for 28 years on the Shannon County Circuit Court in Missouri, where he presided over a broad range of civil and criminal cases both locally and throughout the state. He has served as a member of several Missouri court-related committees and as a district chair for the Boy Scouts of America. He holds a J.D. from the University of Missouri–Columbia and a B.A. in philosophy from Northwestern University.



Gregg Keller - *Director*

Gregg Keller is the principal of Atlas Strategy Group and is widely regarded as one of the preeminent public affairs professionals in the country. A former executive director of the American Conservative Union, the Conservative Political Action Conference (CPAC), and the Faith & Freedom Coalition, Keller has been an advocate for free-market public policy at local, state, and national levels for 15 years.



Michael Podgursky - *Director*

Michael Podgursky is a professor of economics at the University of Missouri–Columbia, where he served as department chair from 1995 to 2005, and is a fellow of the George W. Bush Institute. He has published numerous articles and reports on education policy and teacher quality. He serves on advisory boards for various education organizations, and editorial boards of two education research journals. He earned his bachelor's degree in economics from the University of Missouri–Columbia and a Ph.D. in economics from the University of Wisconsin–Madison.



Gerald A. Reynolds - *Director*

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