



SHOW-ME newsletter

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

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As the COVID-19 crisis drags on across the nation and a presidential election approaches, it's easy to lose track of Missouri-specific news. But the pandemic has been a real-life lesson on the importance of state and local government, and what's happening (or isn't happening) in Jefferson City is affecting lives across the state in significant ways.

Since the coronavirus first appeared in Missouri, Show-Me Institute analysts have kept a close eye on how policymakers have responded to the pandemic. In some cases—particularly involving regulation—state policymakers have taken encouraging steps in the right direction. With regard to public education, however, our state leadership has failed our children in a time of crisis.

Let's look at the good news first. We mentioned license reciprocity in our previous newsletter, but now it's official. On July 6, the governor signed House Bill 2046 into law, significantly expanding unilateral licensing reciprocity in Missouri. Unilateral licensing reciprocity means Missouri will generally recognize licenses from other states. Now you can move to Missouri and work without jumping through bureaucratic hoops. We've been fighting for this reform for years. The impact of this law will reverberate across Missouri, benefiting thousands of medical professionals, teachers, cosmetologists, and other licensed professionals, not to mention consumers.

Contrast the progress here with education, which is a complete mess right now. Show-Me Institute analysts have been warning for months that the Department of Elementary and Secondary Education (DESE) needed to move quickly to ensure districts, schools, and students were prepared for the fall. Instead, DESE offered very little guidance to parents and districts regarding how to manage the fall semester. As a result, we have confused and angry parents, districts that are creating rules on

the fly and then changing them a week later, and many students stuck in circumstances that, to say the least, are not conducive to learning.

In addition to holding DESE and the Missouri education establishment accountable for these failures, we've tried to help parents navigate this deeply confusing terrain. We recently posted a resource page with links and information for parents who might be interested in homeschooling, micro-schooling, or full-time virtual education.

One silver lining is that the Missouri Course Access and Virtual School Program (MOCAP) is gaining in popularity as parents turn to online options. But the next step is to change the process for MOCAP approval. Currently, school districts must give their approval for students to move from in-person learning to MOCAP courses. That needs to change. School districts don't own the kids in their districts, and they shouldn't be able to veto parents who want an educational experience that better fits their children's needs.

As we approach the fall, next year's legislative session will be here before we know it. We've learned a lot of lessons from this pandemic and adjusted as necessary in many areas. Some of these lessons should lead the state to new, permanent reforms that empower students and their parents. We're going to work hard to make sure it happens.

—Brenda Talent

AS WE REOPEN, PROTECT MISSOURI'S SMALL BUSINESSES FROM FUTURE PANDEMIC OVERREACH

Patrick Ishmael

The coronavirus pandemic has impacted us all in different ways. The physical threat the disease poses to ourselves and our loved ones certainly sits in the front of the minds of millions of Americans. We have changed how we school, how we work and how we socialize to mitigate the spread of the virus. Time will tell whether those measures were successful or, in some cases, even necessary.

But time is not something many small businesses have a lot of. Over the past six months, Missouri entrepreneurs have gotten a front row seat not only to the physical threats the virus imposes, but to how terrifying the government response to it can be for their livelihoods. Countless small businesses in the state and across the country were deemed “not essential” and shut down by local bureaucrats as a way to reduce the spread of the coronavirus. Big businesses, however, did not typically suffer a similar fate. Big-box corporations like Walmart were permitted to stay open throughout the pandemic in the Show-Me state, with their employees interacting with thousands of people every day. Those people were of course also customers, many of whom would have “shopped local” but whose local shops and food establishments had been shut down.

While the pandemic's start was not that long ago, it can be easy to forget how uncertain those first days of the outbreak were for policymakers and the public. What seems obvious now may not have seemed so obvious then. But with the benefit of time, it's clear that it was a mistake for local officials to victimize smaller businesses by shutting them down or wantonly reducing their ability to do business while leaving Walmart and big business players open.

How do we know this? Throughout the pandemic, all of Missouri's gun shops, large and small, have remained open, thanks to a law protecting Missouri's second amendment rights during state emergencies. Although the purpose of the law wasn't to demonstrate that big and small retailers can operate safely during a pandemic,

that is in fact one of its main benefits. Big chains like (Missouri's own) Bass Pro Shop stayed open safely to meet the self-defense needs of thousands of Missourians, but local mom and pop gun shops like Frontier Justice in Kansas City also stayed open—and also delivered their services safely to customers.

If gun shops can do it, then small candle shops, and coffee shops, and apparel stores, and all the rest can do it, too.

To ensure small businesses aren't victimized again, the state should pass a law that establishes that if big corporate stores can stay open, small businesses can, too. We know large and small businesses can both operate safely during a pandemic because gun stores in Missouri have operated safely throughout the coronavirus outbreak. Those protections should be extended to all businesses—and soon.

If Walmart is essential, its competition is essential. Going forward, that should be the rule.



PUBLIC SCHOOLING IS CURRENTLY A MESS

Susan Pendergrass



In late July and early August, school districts started announcing their reopening plans for the 2020–21 school year. Many of them landed with a thud. To make matters worse, the plans seemed to change every few days. Extreme frustration is leading to the formation of parent unions, with many calling for a “breakup” with traditional education.

Unhappy parents everywhere are pulling their children out of public schools. In Nebraska, requests to homeschool are up 21 percent. In Wisconsin, they have doubled. The National Home School Association, which typically receives between 5 and 20 requests for information on any given day, received more than 3,400 requests on a single day in July. As of early August, nearly 1,500 Missouri parents had requested to enroll their child with one of the approved providers in the Missouri Course Access Program (MOCAP).

But homeschooling isn't for everyone. With textbook Toquevillian can-do attitudes, parents across the country are getting together with friends and neighbors and creating micro-schools. These parents are taking matters into their own hands—creating their own schools and hiring teachers.

Of course, many parents can't afford either of these options and are stuck with whatever their district

provides. And these parents are most likely the ones who need for their children to be in an in-person setting so that they can work. What could, or should, Missouri be doing to help all parents during this upheaval?

Number one, we need leadership. The Missouri Department of Elementary and Secondary Education (DESE) has only released reopening health guidelines. DESE is acting as though this is just another normal school year. Should we expect that all 520 school districts will figure out a great plan on their own? Meanwhile, Nebraska has created a website (Launch Nebraska) with comprehensive planning guides and toolkits. Texas and Florida have made extensive resources available to districts.

Number two, we should be making several easily accessed choices available to parents. At least one district, Maplewood-Richmond Heights, is allowing parents who want a virtual education to enroll their students with one of the state-approved virtual providers under the Missouri Course Access Program (MOCAP). Other districts should follow its lead. This is not a year for inventing things from scratch. Parents should also be able to easily choose in-person enrollment at a private school. There are a number of apps, such as Class Wallet, that the state could use to provide parents with funds to purchase tuition. This is not a good year to settle the public-versus-private debate. This is a year to get kids back to learning.

Finally, accountability and transparency must not be allowed to fall to the wayside. For the past six months, public school districts have been held financially and academically harmless from consequences. If this continues much longer, children will be the ones to suffer and achievement gaps will grow.

Parents were put in the driver's seat last spring whether they liked it or not. And now they're supposed to give the wheel back to public school districts that seem to not even know how to start the car. It's not at all surprising that they're fed up.

MEDICAID EXPANSION IS COMING

Elias Tsapelas

Over the past decade, Missouri's elected officials resisted the temptation to expand the state's Medicaid program. On August 4, Missouri's voters decided it was time to give in. Starting next July, our state will be the 38th in the country to grow the program under the Affordable Care Act. But before expansion can be implemented, Missouri's elected officials will be tasked with a series of consequential decisions that will shape Missouri's economic outlook for years to come.

Expanding Missouri's Medicaid program is more complicated than a single vote. Official estimates from the state's Department of Social Services suggest that more than 280,000 people will enroll in the expanded program within the first year, which would cost nearly \$2.7 billion. This expense will be on top of the current Medicaid program, which costs around \$11 billion per year, and is already the state's biggest expenditure. The task for policymakers is to figure out how to best prepare for expansion without destroying the rest of Missouri's budget.

As Show-Me Institute researchers have been saying for years, the answer to reining in runaway spending is structural reform of the current Medicaid program. A serious effort to improve the program is now more important than ever, because the issues plaguing it today will only be exacerbated by the influx of enrollees that come next year. At the very least, steps should be taken to make the program more accountable. With the program's cost poised to grow by billions of dollars, it's essential to put state tax dollars to good use.

Another benefit of Medicaid reform is that many of the ideas for improving the current program, such as block grants and federal funding, would also be beneficial for the expansion population. In fact, major Medicaid reforms could be easier to implement for the newly covered individuals. In the past, one of the primary roadblocks to Medicaid reforms has been the federal government, but it generally allows states more flexibility in administering Medicaid expansion.

Studying similar states that have recently expanded such as Idaho, Nebraska, and Oklahoma should offer insights to Missouri's elected officials. From block grants to health savings accounts, federal waivers are a path worth pursuing. If approved, they would allow Missouri to better tailor its Medicaid coverage in ways that best meet the needs of the program's recipients, and offer additional protection for state taxpayers in the process.

Make no mistake, even with substantial Medicaid reform, expansion will still blow a hole in Missouri's budget. There's no getting around the simple fact that providing the same health coverage to hundreds of thousands of additional Missourians will cost more money. And given Missouri's current budget crunch as a result of the COVID-19 pandemic, financing a larger Medicaid program means there will be less money available for other state priorities. The decisions made by our policymakers over the next ten months will surely be difficult, but there's still a path toward making the most out of this undesirable position.



LAWMAKERS SHOULD STAY OUT OF BUSINESS DECISIONS

Corianna Baier

The St. Louis Board of Aldermen passed an ordinance in July that contains several egregious measures relating to food delivery services. The most concerning part of the new law is a mandate that caps delivery fees that third-party delivery services can charge restaurants in the city at twenty percent for a specified period. This is much less outrageous than the indefinite five-percent cap that was originally proposed, but it's still a governmental overstep. Why is government getting involved in agreements between private businesses?

For those unfamiliar, third-party apps like DoorDash and Postmates will deliver food to customers on behalf of restaurants, but they charge restaurants a delivery fee for the service. These delivery fees are agreed upon by the restaurant and the food delivery service and can be as high as 50 percent of the food cost. But restaurants aren't being duped here. They're not forced to work with delivery services; they agree to do so in order to serve more customers.

The current rates, no matter how high, are the product of negotiations in the market. The city's twenty-percent cap is an arbitrary number that allows lawmakers to alter a market and pick winners (restaurants) and losers (delivery services). The ordinance also contains

preferential treatment in the form of specific exemptions for delivery services that only operate in the city and serve fewer than 40 establishments. The government is quite literally handpicking winners in this market.

Not only does this ordinance err by interfering in the free market, but the actual language of the ordinance doesn't even accomplish the intent of its proponents. The intent of those crafting the law was to have the cap apply during and after a health emergency order. As the ordinance currently reads, the cap only applies for 60 days after a health emergency order is lifted—they couldn't even get their overreach right!

This ordinance could affect those of us using food delivery services. If delivery fee caps are implemented, who would make up the lost revenue for delivery services? It seems unlikely that food delivery services would continue business as usual. It's much more likely that delivery services would increase fees for consumers (since they can't increase fees for businesses) or reduce their now-unprofitable business dealings in St. Louis City. That means higher prices or fewer options for delivery customers. We could also see lower pay and fewer job opportunities for delivery drivers as food delivery services try to make up for lost earnings. Restaurants may be hurt as well. If there are fewer delivery options or fees get too high, customers may simply stop ordering delivery from local restaurants.

Though intended to help small businesses, this ordinance is government overreach, plain and simple. Businesses and food delivery services have been operating with mutually agreed upon rates for years. I realize that we are living in unprecedented times, but we should stop this bad habit of allowing lawmakers to control our markets. Prices should be set in the market by supply and demand and consumer preferences; lawmakers do not belong in business and market decisions.



IS THIS TOWN BIG ENOUGH FOR THE TWO OF US?

Jakob Puckett



How much space should Missouri dedicate to energy production? This may seem like an odd question, but it highlights an often-overlooked aspect of electricity generation—land use.

A key factor in energy operations is power density. Power density is a measure of the amount of land needed to produce a given amount of energy. Each energy source has its own power density. Fossil fuels are quite power dense by nature, whereas wind and solar power are less dense by several orders of magnitude. In fact, wind and solar energy can require up to 100 times more space than a natural gas plant to generate an equivalent amount of electricity.

Power density implications are important for Missouri. Land use for energy purposes was a contentious topic this past legislative session, with overt and covert attempts to block the developers of a wind energy transmission line from using eminent domain to acquire land. But while the tradeoffs for fossil fuels are well known, green energy's tradeoffs are less apparent, and many of them stem from power density.

Land is scarce and has competing uses. Currently, Missouri's Renewable Energy Standard mandates that an increasing amount of electricity—15 percent by next year—be generated from renewable energy sources, which are the least power-dense sources. An initiative petition circulating proposes to increase this requirement to 50 percent by 2040.

Such green energy expansions will inevitably affect other sectors that require large amounts of land, such as agriculture, livestock production, and forestry. As

farmlands constitute two-thirds of Missouri's land area, this is not something to be overlooked.

The amount of land required presents other issues. A wind energy project in Barry County was recently canceled over concerns that the turbines would affect the regional airport. Wind turbines can create turbulence several miles away, posing hazards for nearby flights.

The same project also raised ecological issues, as local naturalists expressed concern that the wind plant would threaten eagles and an endangered bat species. In fact, the conflict between green energy and wildlife conservation has been widespread. Green energy poses ecological threats to birds of prey and bats, among other animals, and reduces biodiversity by uprooting large landscapes.

While some communities find these tradeoffs manageable, others do not. For instance, earlier this year Buchanan County decided these tradeoffs were not worthwhile and banned wind farms entirely.

Ultimately, the challenges of generating electricity from the least power-dense sources will only grow as larger amounts of such power are added to Missouri's energy system. As scholars writing in the academic publication *Electricity Journal* note, efforts to create a "renewables [dominated] future are, in effect, a commitment to building the largest electric power system possible."

Given the complications involved, Missourians should be wary of green energy mandates. Shouldn't energy and land use be driven by fair competition and markets rather than government mandates?



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