



SHOW-ME newsletter

2024 ISSUE 2



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

A MESSAGE FROM THE **CHIEF EXECUTIVE OFFICER**



Brenda Talent

It's time for my annual report on the Missouri legislative session, which ended on May 17. At the Show-Me Institute we try to be upbeat—optimism is in our DNA—so I'm going to be generous and give the session a “C” grade, at least for substance.

Our lawmakers did pass Senate Bill (SB) 727, which provides a qualified victory for school choice. The bill makes it easier to open charter schools in Boone County (where Columbia is located). For the first time we should see charters outside of the two major metropolitan areas in Missouri. It expands the MOScholars program for low-income and disabled students, and most importantly, it greatly expands eligibility for education savings account (ESA) funding to include most middle-income families in the state.

Those were all major breakthroughs, as well as harbingers, we hope and believe, of better things to come for school choice in Missouri.

At the same time, the legislation did not provide public funding for ESAs, which means that though eligibility has been expanded, participation will be capped by the amount of private money that can be raised to support the program. Moreover, the reforms in the bill came at the cost of hefty pay increases for teachers, and the bill did not include open enrollment reforms. (A separate open enrollment bill was advanced but failed to get across the finish line in the last hours of the session. And while there is nothing wrong with increased pay for teachers, in my opinion that decision should be made and funded at the local school district level.)

Reasonable people could argue whether the juice in SB 727 was worth the squeeze, but on balance it represents substantial—if incremental—progress. Each time the legislature breaks through one of the barriers holding back school choice, it becomes easier to overcome the

remaining obstacles. We look forward to further breakthroughs next year.

There were some other victories in the session as well. Awaiting the governor's signature are bills that protect the property rights of landlords and that expand the authority of the state auditor to conduct audits of political subdivisions or other governmental entities.

On the other hand, the legislature enacted a budget that exceeded 50 billion dollars. While the budget is smaller than the 2023 budget, it is still almost double our 2019 budget.

The legislature will not be able to keep kicking the can down the road. The next general assembly will have to consider ideas for saving money, like cutting back on bloated programs such as Medicaid and the state's subsidized childcare program or eliminating the hundreds of millions of dollars in tax breaks to favored businesses.

I don't want to kick Governor Parson on his way out the door; he has avoided the kind of scandals that plagued his predecessor, and I am grateful that he has been willing to sign good legislation when the legislature has been willing to pass it. But when you look at other states around Missouri that are having consistent success, one commonality is strong leadership. Governors in states such as Iowa, Arkansas, and Tennessee have clear ideas for market-based, limited government reforms and have effectively engaged in sustained public campaigns to achieve them.

The legislature gets the headlines, and the blame, during chaotic sessions such as the one that just ended, but Missouri needs the kind of vigorous leadership and vision that has often been lacking during the Parson years.

A governor committed to bold leadership and a legislature focused on getting things done instead of infighting are the keys to a more productive 2025 for Missouri.

I'd love to give the next legislative session an “A.”

A WIN FOR EDUCATION IN MISSOURI

Susan Pendergrass

The 2024 Missouri legislative session brought a laundry list of changes to public education through the passage of a massive omnibus bill, Senate Bill (SB) 727. This bill, signed by the governor in early May, represents true compromise, in that it contains important reforms but also shores up the status quo. Here is some of what's in it.

On the reform side, eligibility for the MOScholars scholarship program for low-income students and students with disabilities has been greatly expanded. There are no longer geographic restrictions for who is eligible. The income limits for eligibility have been raised to include families of four with up to about \$160,000 in annual income. The total amount of tax credits that can be dedicated to the program was also increased from \$50 million to \$75 million. And the scholarship amounts for students who receive free or reduced-price lunch, students with disabilities, or students who are learning English were raised to bring the number in line with the Foundation Formula amounts for similar types of students.

Secondly, charter schools could be coming to Boone County, which includes the city of Columbia. If a group of teachers, parents, or citizens wants to open a charter school and they have a solid application, they can now apply to a university or the Missouri Charter Public School Commission for sponsorship without the approval of a local school board. This provision drew large opposition during the session, but ultimately prevailed.

On the status quo side, there is a change to the Foundation Formula. After a five-year phase-in period, counting students for the purposes of the formula will be based 50 percent on attendance and 50 percent on enrollment; previously, it was just based on attendance. This change will reduce the punishment for districts with high rates of chronic absenteeism—currently a simmering crisis in the state. I would prefer to see the

legislature consider reforming the entire formula rather than throwing tweaks into an omnibus bill, but we'll save that for next year.

In addition, the minimum teacher salary was raised from \$25,000 to \$40,000 for all teachers and from \$33,000 to \$46,000 for teachers with master's degrees. Also, districts are now able to fill teaching positions in hard-to-staff schools and hard-to-staff subjects by placing teachers higher on the salary schedule than they would normally have been placed.

Overall, this bill represents a nice trade-off between increasing options for Missouri students who need them and investing in the system. The legislature had no shortage of personal and political drama this year, but at least in this case they were able to put aside the squabbling and send some much-needed reforms to the governor.



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IN MISSOURI TRANSIT, TAXPAYERS — BUT NOBODY ELSE — ARE BEING TAKEN FOR A RIDE

David Stokes

We've seen a depressing litany of transit policy mistakes in the last decade or so in Missouri.

Free transit ridership in Kansas, MetroLink expansion in St. Louis, and trolleys supposedly to connect St. Louis with an inner ring suburb. All these ideas fulfill the utopian dreams of urban planners, but at a high cost to taxpayers, and they fail to achieve what should be the only real goal of transit: effectively moving people, especially lower-income people, to the places they need to go.

Let's examine the record.

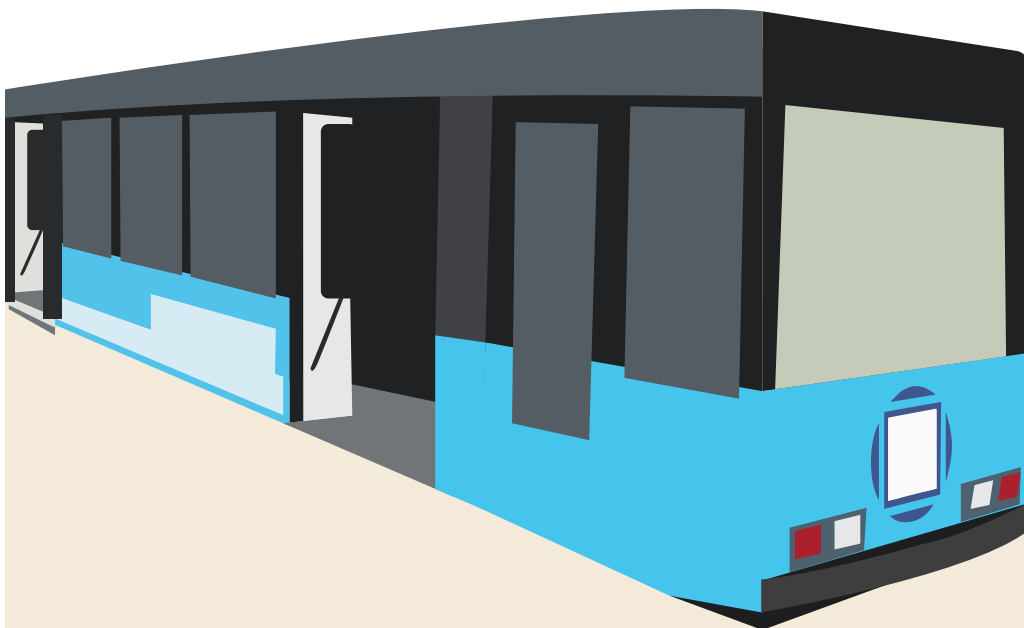
Start with Kansas City's brilliant decision four years ago to make all transit free. That made the system entirely dependent on taxes, mostly paid by people who don't use transit. This shift also attracted vagrants, addicts, and criminals, whose presence prevents other people from using the system for more reputable purposes, like getting to work. Not surprisingly, the system is now short of funds, and Kansas City officials are therefore reconsidering "free" transit.

It turns out that with transit, like most things in life, you get what you pay for. Who could have known?

Speaking of getting what you pay for, St. Louis is poised to spend a billion dollars to expand its MetroLink light rail system on a new route along Jefferson Avenue that even the system leaders admit won't attract many riders. Metro (St. Louis's transit authority) predicts 5,000 boardings, which equals about 2,500 individual riders each day. Even if that turns out to be correct—and keep in mind that all prior estimates of MetroLink ridership have been far too optimistic—that is a wildly insufficient number of riders for the billion dollars that the new route will cost. But hey, the federal money is there for the taking, so why not try to spend it? Hopefully, the federal government will see through this nonsense and not select this MetroLink proposal for federal funds.

In other news, the St. Louis Loop Trolley has reopened for the summer. As our readers should know, to state that the Loop Trolley has been a failure is like saying Egypt had a few locusts. The trolley did not go anywhere that was not already well served by multiple other transportation options, and it went to those places slowly. Its ridership totals were so bad that St. Louis's regional leaders tried to kill it, only to be told by the federal government that if they did the region would be on the hook for all the misspent federal funds. It's the policy failure that keeps on failing.

Busses want to be the little vehicles that could. Busses can provide affordable, quality transportation that many cities need. Instead, transit planners waste hundreds of millions, if not billions, of taxpayer dollars in a failed quest to change society instead of just being content to serve the people who need and use public transit.



WHAT PRICE PRIDE?

Patrick Tuohey



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Supporters of public subsidies for professional teams in St. Louis and Kansas City often cite team pride as a reason to spend public money on behalf of privately owned businesses. They may argue that sports bring together communities with diverse cultures, politics, and demographics

The costs of such subsidies are easy to measure; the team owners know exactly what they are getting. But what are the supposed benefits to the public worth?

Not much, it turns out. In late 2023 the *Journal of Policy Analysis and Management* published a study addressing just this concern. In the paper, titled “Public policy toward professional sports stadiums: A review,” the authors sought to measure those intangible social benefits. Using survey data, property value data, and the results of public votes on stadium proposals, they found “intangible social benefits of hosting professional sports teams are well below levels needed to justify typical subsidies.”

Moreover, public subsidies could lessen the incentive of owners to produce winning teams. A team that performs well will often see ticket sales, merchandise sales, and broadcast revenue increase. Team owners profit more from winning than losing—and a community with a winning team presumably experiences more pride than a community whose team has a losing record. But

economic subsidies are guaranteed whether the team wins or not.

Any business would welcome free money from taxpayers without any performance requirements. But it seems ironic that we’d extend such subsidies to businesses whose reason for existence is competition. If the argument in favor of subsidies is increased community pride, should team owners return money to the taxpayers when the team performs below expectations?

Here’s an idea: How about generating community pride by providing good public services that everyone can enjoy and that create an atmosphere of safety, economic growth, and opportunities for recreation in which everybody can participate? Why not use public funds for public purposes, like schools, parks, libraries, well-maintained roads, effective transit systems, and fair and effective policing and criminal justice? Why not aim for pride in providing all those things while also keeping tax rates low?

Nothing is wrong with sports teams, of course. I’m a fan myself. But the bottom line is this: professional sports teams are multi-billion-dollar businesses. Their owners are among the richest people in the country. Players in the modern era of professional sports do very well. None of them needs our help, and we have no reason to take pride in subsidizing their profits.

BUDGETING WITH FIRE

Elias Tsapelas

Missouri's General Assembly flirted with disaster on this year's budget. Not only did state lawmakers barely pass the budget before the constitutional deadline of May 10th, but they did so by foregoing the transparency required of the normal legislative process. What's worse, they continued the trend of exorbitant spending instead of reckoning with the serious budgetary crisis that lies ahead.

Lawmakers have known for years that this budget would be a consequential one. For the past decade, Missouri's elected officials have ignored the state's fiscal reality and continued passing record-breaking spending plans. What made this budget different was that the federal government told the state years in advance that the well of federal funds that helped fuel the budgetary growth would soon be running dry. Meanwhile, state tax revenues are projected to decline or remain stagnant over the next few years. In other words, it was clear that Missouri's government needed to begin rightsizing this year to avoid a future budget crunch.

How did Missouri's elected officials respond? With one of the worst budgets and budget processes in memory. This year's legislative session began with Governor Parson presenting a budget that continued the state's streak of excessive spending, recommending more tax dollars be spent than are taken in. A couple of months later, Missouri's House of Representatives released its budget that was marginally smaller, but was built upon potentially overly optimistic assumptions, such as enormous but unlikely Medicaid savings. Then, the state Senate ran out of time to pass a budget of its own, meaning the traditional conference process—where the differences between the House, Senate, and governor's budgets are publicly reconciled—would be skipped altogether.

Ultimately, the general assembly met its constitutional deadline, but unsurprisingly, the approved budget leaves much to be desired. The best thing I can say about the budget is that it does mark the first time in a decade that

Missouri's legislature approved a budget smaller than the year before. But that was a given because Missouri has to balance its budget, the federal government is pulling back its COVID funding, and state tax revenue growth is slowing.

Perhaps the worst, and most deceptive, part of the budget is the way that savings are achieved. First, the savings are almost entirely federal funds. The approved budget entails spending more state tax dollars than are expected to come in, further requiring the drawing down of reserves to make ends meet. To generate the federal savings, lawmakers declined to fund some components of Senate Bill (SB 727), the education reform bill passed earlier in the session. They also included optimistic assumptions in the budget that Medicaid enrollment would continue to decline. What this means is that despite the budget being smaller today, there's a good chance the legislature will have to add significant funds to the budget later in the year.

As Missouri's legislators are fond of saying, passing the budget is the general assembly's sole constitutional responsibility. Given the gravity of the assignment, it's disheartening that the process played out the way it did. The legislature is playing with budgetary fire. Unless financial responsibility makes a comeback in Jefferson City, the state is going to get burned.



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ARE OUR TEACHERS BEING TAUGHT WELL?

Avery Frank

This summer, a new batch of teachers will be looking for the right place to start their careers. But how well are teachers prepared in Missouri?

Many of Missouri's students are struggling to read. In 2022–2023, only 30 percent of our 4th-grade students scored proficient or advanced on the National Assessment of Educational Progress (NAEP) in reading. This remains below our pre-pandemic (2019) level of 34 percent. Missouri clearly needs to do a better job in reading instruction. A good place to start fixing the problem is to use the science of reading (phonics) more effectively.

Numerous studies from independent researchers, the National Literacy Institute, and the congressional-sponsored National Reading Panel have indicated that systematic and explicit phonics instruction is more effective in helping students learn to read than non-systematic (balanced literacy) or no phonics instruction. However, many school districts do not employ phonics in their day-to-day instruction.

Why is that the case? Many teachers believe phonics instruction is incredibly boring, drives the love of reading out of children, and is hard for teachers to learn and teach. Additionally, it is hard for teachers to use phonics methods in their classrooms when they were not taught the method in college.

The National Council on Teacher Quality (NCTQ) conducted a survey to evaluate which universities are implementing scientifically based reading instruction into their curriculum for future teachers. As indicated in the table in the next column, many Missouri universities seem to be disregarding this proven method to strengthen reading skills:

University Name	Grade on NCTQ Report
Central Methodist University	F
Hannibal-LaGrange University	F
Northwest Missouri State University	F
Southeast Missouri State University	F
Missouri Southern State University	F
University of Central Missouri	F
Lindenwood University (Graduate)	D
Missouri Western State University	D
University of Missouri–St. Louis (Undergraduate)	C
University of Missouri–St. Louis (Graduate)	C
Lindenwood University (Undergraduate)	B
Lincoln University	B
University of Missouri-Kansas City	A

**The following schools declined to participate in the survey: College of the Ozarks, Columbia College, Drury University, Evangel University, Fontbonne University, Harris-Stowe University, Maryville University, Missouri Baptist University, Missouri State University, Missouri Valley College, Park University, Rockhurst University, Southwest Baptist University, St. Louis University, Truman State University, University of Missouri–Columbia, Washington University, and Webster University.*

If we want our students to be stronger readers, we need to equip our teachers with the best material possible—and it seems that many of our colleges aren't doing that.

Senate Bill 727, despite being a mixed bag overall, made some needed improvements to K-12 education in our state. But we cannot forget about higher education. The reading scores for students in our state are simply not acceptable. Our colleges and universities ought to be helping future Missouri teachers learn how to teach phonics to ensure our students have the tools they need to succeed.



5297 Washington Place
Saint Louis, MO 63108
314-454-0647

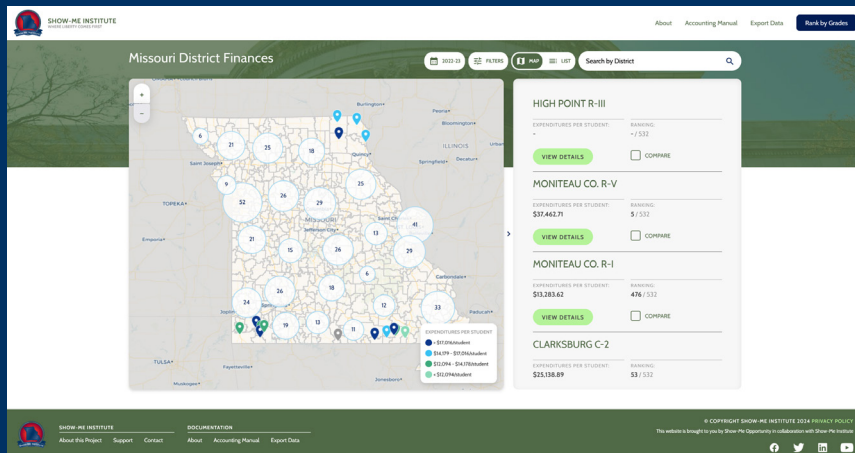
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MOSCHOOLRANKINGS.ORG



In response to the Missouri Department of Elementary and Secondary Education's (DESE) failure to perform one of its most basic functions, we launched **MoSchoolRankings.org**. The website makes student performance and spending data more transparent by providing parents, policymakers, educators, and taxpayers with access to easy-to-understand information about every Missouri school and school district in order to motivate actions that will result in dramatic reforms to Missouri's education system.

2023 Data Now Available!

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