



2025 BLUEPRINT

Moving Missouri Forward



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

The *2025 Blueprint: Moving Missouri Forward* explores 17 policy areas in which common-sense reform could immediately and positively impact everyday life for Missourians. Issues covered range from education and healthcare to unemployment insurance and budget reform. Each article identifies a problem that affects the citizens of our state, provides background information and analysis, proposes one or more solutions, and then boils the solutions down into actionable recommendations. We believe that the proposals our policy team has assembled can put Missouri on the path to a healthier economy, a better public education system, and a more vibrant and flourishing civil society.

CONTENTS

Statewide School Choice	4–5
Education Funding Formula	6
School Report Cards	7
Missouri Parents’ Bill of Rights	8
Source of Income Rules	9
Occupational Licensing	10–11
Unemployment Insurance Modernization	12
Economic Development Subsidies	13
Sunsetting the Income Tax	14
Property Tax Reform	15
Budgetary Reform	16–17
Taxpayer Bill of Rights	18–19
Local Government Transparency	20
Free-market Healthcare Reform	21
Healthcare Price Transparency	22
Nuclear Energy	23
Welfare Reform	24–25
Resources	26
Authors	27



STATEWIDE SCHOOL CHOICE

THE PROBLEM

Public school options for Missouri families have improved, but 95% of Missouri students are still limited to narrow district offerings. Meanwhile, most of Missouri's neighbors have passed laws to allow all families to choose where their children are educated.

THE SOLUTION

Fully commit to allowing all Missouri families to direct the education of their children by publicly funding interdistrict choice, the MOScholars program, and charter schools in any district where demand exists.

Interdistrict Choice

As of fall 2024, every Kansas K–12 student can choose to enroll in any public school in the state, regardless of where they live. Participation by districts is mandatory. Districts can claim not to have any open seats, but the Kansas Department of Education plans to audit every district's capacity every year. Just across the Missouri River, parents can either pay tuition to send their children to a school outside of their home district or they can be jailed if they try to cheat the system.

There are innumerable reasons why a family may not want to send their children to their assigned public school. A school may be too big or too small, their children might be bullied, or the school might not meet the terms of their children's Individual Education Plan (IEP), to name a few. Also, many school districts in Missouri lack the resources to offer a comprehensive education to their students. Staffing and administrative difficulties limit the quality and scope of high school coursework. Students who graduate from these high schools will enter the workforce or postsecondary education with peers who have had substantially more preparation.

Missouri should allow students to cross district lines to access any public school. Missouri school districts should be required to allow students to transfer out and to receive students from other districts. Information on available capacity should be posted by class and program on all school web pages. Funding for students wishing to cross district lines

could be determined through a separate foundation formula that would not create a disincentive for districts to participate.

Publicly Funding the MOScholars Empowerment Scholarship Account (ESA) Program

Missouri's private school choice program now allows parents of students with disabilities and low- and middle-income students to receive a scholarship to a private school from Education Assistance Organizations (EAOs) that have scholarship money available. Unfortunately, funding for the scholarship program must be raised by the EAOs, which can solicit donations for which the donor receives a full state tax credit, subject to certain limitations. A cap on the amount of tax credits available, while recently raised from \$50M to \$75M, still restricts the number of scholarships that can be distributed to around 10,000 students (out of a total public school enrollment of more than 850,000).

Open enrollment programs, which allow students to enroll in a district other than the one where they live, now exist in 43 states, and district participation is mandatory in 24.

The Missouri Legislature appropriated over \$3.6B to the foundation formula that, theoretically, guarantees a spending base of at least \$7,185 per student. The legislature could provide that same amount to every family as a scholarship, as 12 other states have done in the past five years, and simply change how those funds are directed.

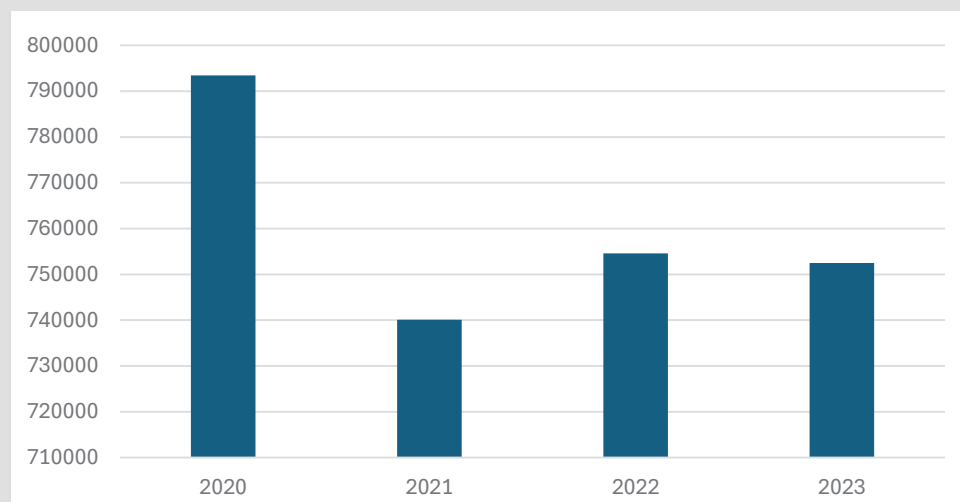
Voter and parent support for school choice programs has been steady and widespread. In a survey of Missouri parents taken in June 2021, some 75% of parents responded that they somewhat or strongly support ESA programs. This support has remained steady. If the legislature supports this program, then it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

Charter School Expansion

In nearly every state, charter schools are available to families in every type of community, and they are most likely to be

TOTAL AVERAGE DAILY ATTENDANCE IN MISSOURI PUBLIC SCHOOLS

As of 2023, attendance had recovered only slightly from the 2021 pandemic low.



Source: U.S. Department of Education, National Center for Education Statistics (NCES), Common Core of Data, Non-fiscal Survey 2023, nces.ed.gov/ccd.

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

The Missouri Legislature can encourage charter schools to form across the state by eliminating any language that specifies which counties require local school board sponsorship of charter schools and which do not. Every Missouri family should be able to access this form of choice.

sponsored by a local school board. In 2022–23, there were 984 rural charter schools enrolling 394,400 public school students nationwide, including 119 schools in communities designated by the Census Bureau as “remote rural.” There were also 2,103 suburban charter schools enrolling 1,139,000 students.

Yet in Missouri, charter schools continue to be primarily a district intervention for poor performance, currently limited to families in just three out of 520 school districts (Kansas City, the City of St. Louis, and Normandy). Recent legislation allows charter schools to open in Boone County, in which all school districts are fully accredited, without the sponsorship of local school boards. This is a step in the right direction, but it isn’t enough.

POLICY RECOMMENDATIONS

- Allow students to choose schools outside their home districts in order to access broader education options.
- Publicly fund the MOScholars ESA program to serve all qualified students in the state.
- Amend Missouri’s charter school law to remove any geographic restrictions on where they can open or who must sponsor them.

Of the 43 states with charter schools, Missouri is the only one with no rural charter schools.



EDUCATION FUNDING FORMULA

THE PROBLEM

Missouri's outdated school funding formula results in the overfunding of some wealthy districts and sends money to districts for students who don't attend school there. Hold-harmless provisions that were intended to ease the transition from an old formula to a new one have been in place for almost 20 years. Finally, the formula only gives additional funding to specific subgroups, such as low-income students or students with disabilities, rather than targeting additional funding to every student who needs it.

THE SOLUTION

Revise the foundation formula to reflect annually updated property values, eliminate outdated hold-harmless provisions, and allow funding to follow students to broader types of educational options.

KEY FACTS

- The foundation formula, which was adopted in 2004 and is designed to equalize spending between property-poor and property-wealthy districts, contains multiple hold-harmless provisions that misdirect funds.
- The Department of Elementary and Secondary Education (DESE) received a \$100 million increase in general revenue funds for the foundation formula in FY 2024–25, including an \$800 increase in the base amount for each student, despite Missouri's steadily declining enrollment.

The Formula Is Stuck in the Past

Missouri's school funding formula is not designed for 2024 and beyond. The formula was last revised in 2004, and the educational landscape has changed in the last two decades, particularly in light of the COVID-19 pandemic. The formula should be updated to account for changes that are taking place across public education.

The education foundation formula has several hold-harmless provisions that have outlived their usefulness. Seventy-five percent of small districts receive the same amount of funding that they received in 2005, rather than the amount calculated by the formula, because the 2005 amount is higher. The local effort required of districts is based on the value of its assessed property in 2005.

The 2024–25 school year is the first year that districts can no longer use pre-pandemic attendance numbers. But districts can still use the highest attendance number of the prior three years, even though enrollment had been declining for years prior to the pandemic.

Statewide, average daily attendance (ADA), on which the foundation formula is based, has declined by over 40,000 students since 2020. On a district-by-district basis, it is estimated that attendance numbers from prior years inflated the total foundation formula by over \$200 million in 2023.

At the same time, more families want to choose their children's schools, in some cases paying out of pocket to place their children in an education environment that works for them. A more targeted funding formula that takes educational needs into account for every student would make it easier for state funding to follow students to the school of their choice.

It's time for an across-the-board update to the school funding formula that uses recent property values, doesn't count students who are not enrolled, and allows public money to follow students to a school of their choice.

POLICY RECOMMENDATIONS

- Draft a new foundation formula that is based on current student counts and current local effort measures.
- Target additional foundation funding to students based on their needs and allow state dollars to be spent at the school each student chooses.



SCHOOL REPORT CARDS

THE PROBLEM

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

THE SOLUTION

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

KEY FACTS

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

Parents Are Being Kept in the Dark

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

DESE is required by federal law to produce parent-friendly report cards for every school and district in the state. Technically, it has produced them, but the DESE report cards contain significant language and technical obstacles.

These report cards have undefined acronyms, technical jargon, and navigation troubles that make them very difficult to understand. In 2020 DESE released a Data Dashboard that has contextual information but no simple system of differentiating among schools or districts based on performance.

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

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

The Show-Me Institute created its own website, MOSchoolRankings.org, with letter grades for all schools and districts in the state. It now has three years of academic data and two years of finance data. Ideally, DESE would be required to create something similar.

POLICY RECOMMENDATION

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



MISSOURI PARENTS' BILL OF RIGHTS

THE PROBLEM

Missouri parents have a fundamental role to play in their children's education. Unfortunately, a lack of transparency makes it difficult for parents to determine what (and how well) their children are being taught and how schools are spending taxpayer money. School districts often make it financially prohibitive for parents to access the information they need to hold schools accountable.

THE SOLUTION

The fundamental right of parents to participate in and direct the education of their children should be affirmed in state law with the adoption of a parents' bill of rights.

KEY FACTS

- In 2023, the Heritage Foundation ranked Missouri 46th in educational transparency among the 50 states and Washington, D.C.—still a slight improvement on Missouri's 51st rank in 2022.
- Sunshine Law requests sent in recent years by the Show-Me Institute seeking curricula from Missouri schools and districts often were ignored or met with demands for tens of thousands, and even hundreds of thousands, of dollars to process the requests.

Which Rights Should Be Included in Statute?

At a minimum, parents should have:

- The right to know what Missouri schools are teaching
- The right to know how Missouri schools are performing
- The right to know how Missouri schools are spending taxpayer money

- The right to choose the educational option that works best for their children
- The right to know their children's physical and mental health status and to be consulted when concerns arise. This would include, but would not be limited to, the right to opt out of health measures not required by state order or statute

Public Schooling in Partnership with Parents

Schooling works best when parents and educators work together. Unfortunately, school district policies increasingly undermine such cooperation, in particular through a lack of transparency regarding curriculum. Missouri's Sunshine Law is supposed to provide a level of transparency in public agencies, yet it is commonplace for school districts to demand excessive sums of money to cover the costs incurred when complying with a Sunshine request. These demands make it prohibitively expensive for ordinary Missourians to access the curriculum offered at their local public schools. Similarly, there is a growing trend among public schools to shield student health information from parents.

Unfortunately, few measures are in place to ensure that curriculum and health information is reliably communicated to parents. In fact, the consequences for violating the Sunshine Law are relatively mild.

The state needs to take action to expand access to learning materials and to require sharing of vital health information with parents. School districts that fail to comply should be subject to financial penalties by the state and administrative penalties affecting the privileges afforded districts under state law. The law needs to have strong, unambiguous consequences attached to violations of its provisions.

POLICY RECOMMENDATIONS

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



SOURCE OF INCOME RULES

THE PROBLEM

Cities in Missouri, including our two largest cities of St. Louis and Kansas City, have passed “source of income” laws requiring landlords to accept housing vouchers, the most common of which is the federal “Section 8” low-income housing voucher.

THE SOLUTION

Missouri should pass statewide legislation prohibiting such local ordinances.

KEY FACT

- Three states—Texas, Iowa, and Kentucky—have passed state preemption laws preventing cities from enacting “source-of-income” laws.

The housing voucher program, commonly referred to as Section 8 housing, is a federal program. Federal law does not require that landlords participate. The voluntary nature of the program is one of the reasons for its relative success. People are not forced to participate in it, yet many landlords do.

The following cities in Missouri have passed source of income laws:

- Clayton
- Columbia
- Kansas City
- Maplewood
- Saint Louis
- Webster Groves

There is no documented shortage of low-income housing in Missouri. In fact, one study ranked St. Louis third and Kansas City 11th in a list of the most-affordable metro areas out of 94 major metros internationally.

There are numerous examples of government social programs in which participation is voluntary. Doctors are not forced to accept Medicaid payments, yet many do. Grocery stores are not required to accept food stamps, yet many do. That is how the housing voucher program has worked for many years. Local mandates from Missouri municipalities force landlords either to accept the burden of joining the program against their will or creatively find other reasons to deny potential renters. The state legislature should ban this practice by cities, in the same manner that it has disallowed municipal rent-control rules in Missouri.

Kansas City has gone even further and passed burdensome legislation that restricts how and why landlords can refuse to rent to tenants. For example, a landlord cannot refuse to rent to someone based “solely” on prior eviction history or a criminal record. Landlords are now forced into an elaborate review process over denying people they have every reason to deny or risk being sued by the city. The state should also prohibit cities from enacting additional landlord rules not covered by federal or state law.

POLICY RECOMMENDATIONS

- Prohibit local governments in Missouri from enacting “source of income” laws.
- Prohibit cities from enacting additional landlord rules not covered by federal or state law.



OCCUPATIONAL LICENSING

THE PROBLEM

Needless occupational licensing requirements make it harder for people to work in our state, and loopholes undermine Missouri's universal licensing reciprocity regime.

THE SOLUTION

Review all licensing requirements periodically, eliminate regulations without proven benefits to public safety, reduce the maximum time to receive an out-of-state licensing waiver, and remove the "compact exception" loophole.

KEY FACTS

- Five percent of the U.S. workforce was licensed through state laws in 1950. In 2023, 21.6% are licensed.
- Missouri currently has a universal licensing regime that allows those with out-of-state licenses to have Missouri licensing requirements waived. However, the effectiveness of the policy has been undermined by the adoption of compacts that preempt such broad reciprocity.

Regulations Burden Business and Consumers

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

Most licensing laws are justified based on public safety or ensuring service quality. For ensuring quality, we should first ask why that should not be left to the market. There is little evidence that occupational licensing laws provide any benefit in this regard. The Mercatus Center at George Mason University conducted a meta-analysis of 19 different studies in Florida directly related to licensing and product quality. It found that in only 16% of included studies did researchers observe positive relationships between licensing and product quality.

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

Missouri Occupation	Education/Experience Required for License/Certification (Days)
Emergency Medical Technician	26
Manicurist	93
Makeup Artist	175
Skin Care Specialist	175
Barber	233

Source: *License to Work*, 3rd edition. Institute for Justice. ij.org/report/license-to-work-3.

It is difficult to explain why it takes over six times as many training hours to work as a makeup artist as it does to work as an EMT.

Existing practitioners benefit from laws that make it more difficult for newcomers to enter a profession. Excessive licensing also leads to higher prices for consumers. The effects are particularly harmful for low-income individuals; they not only have to pay more for services, but they also have potential avenues to employment cut off, as many cannot afford the time and money required for training.

Weaknesses in Missouri's Licensing Reciprocity Regime

2020 marked the establishment of Missouri's licensing reciprocity regime. Under current law, any person who has held a valid license issued by another state for at least one year can practice in Missouri at the same occupation or level with all Missouri licensing requirements waived. However, two problems with the law remain.

First, the oversight body can wait up to six months to issue a waiver; a worker considering relocation to Missouri might not be able to wait half a year before starting work.

Second, according to Missouri’s reciprocity statute, licensing reciprocity “shall not apply to an oversight body that has entered into a licensing compact with another state for the regulation of practice under the oversight body’s jurisdiction.” Missouri’s licensing reciprocity regime would normally apply to licenses issued in any other state, but compacts extend reciprocity only to the other states participating in the compact. Therefore, joining licensing compacts may actually increase red tape.

For example, take the Cosmetology Licensure Compact and the map at right. Licensed cosmetologists from every single blue and red state who have been licensed for at least one year at the same practice level as Missouri are eligible to have their licensure requirements waived if they relocate here.

Due to the “compact exception,” joining this compact would reduce licensing reciprocity to only the red states.

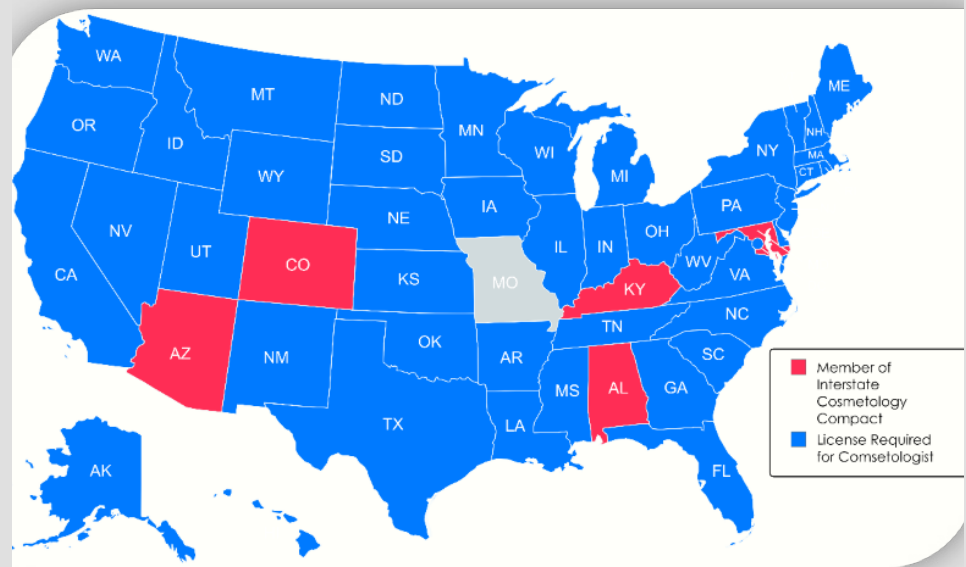
Sensible Reform for Licensing Requirements

Many licenses are created and then exist for years without scrutiny. An automatic sunset provision would force policymakers to consider the costs and benefits of each occupational license and any corresponding regulations every five years.

Additionally, the maximum time to review a license waiver application should be reduced from six months to two months or even one month. Lastly, the “compact exception” that allows compacts to override our state’s licensing reciprocity regime should be removed. While there are benefits to entering compacts, they often come at the expense of those interested in relocating to our state.

COSMETOLOGY LICENSING BY STATE

Currently, Missouri’s licensing reciprocity regime extends to the blue and red states. Joining the cosmetology compact would shrink it to the red states only.



Source: *License to Work*, 3rd edition. Institute for Justice. ij.org/report/license-to-work-3; Council on Licensure, Enforcement and Regulation (CLEAR). <https://www.clearhq.org/news/more-states-approve-cosmetology-licensure-compact>.

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

POLICY RECOMMENDATIONS

- Establish a staggered sunset and review period for all professional licenses and licensing boards.
- Reduce the maximum waiver review time from six months to 45 days.
- Remove the “compact exception.”



UNEMPLOYMENT INSURANCE MODERNIZATION

THE PROBLEM

With the labor market rapidly cooling in Missouri and nationwide, Missouri's poorly designed unemployment insurance (UI) system is ill-prepared to keep workers connected to the labor market and to prevent temporary assistance from turning into long-term government dependence.

THE SOLUTION

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

KEY FACTS

- Unnecessary and excessive UI benefit extensions in 2021 that paid most jobless workers more to remain unemployed than to get a job contributed substantially to labor shortages and the lingering inflation crisis.
- The UI system incentivizes joblessness, subsidizes layoffs, discourages job creation, and is a source of major fraud, 60% of which comes from people continuing to collect benefits even after accepting a job.

A Weakening Job Market

The labor market nationwide and in Missouri has cooled substantially over the past two years. The number of job vacancies per unemployed worker is now below pre-COVID levels. Moreover, the unemployment rate in Missouri has risen by 1.5 percentage points and now sits at April 2017 levels.

Unemployment Insurance Design Flaws

Currently, benefit extensions are triggered based on the unemployment rate without any reference to the number of job vacancies.

In addition, the UI payroll tax only applies to the first \$11,000 in wages and is not indexed to the average state wage or to inflation, which forces the tax rate to be steep to raise sufficient revenue. The combination of a narrow base and high rate makes the UI tax a particularly strong disincentive to hiring and encourages layoffs during downturns.

Missouri's compressed UI tax structure causes businesses with stable employment to subsidize those with more frequent layoffs and also makes the trust fund more likely to run short after a recession, prompting tax increases on all firms to restore solvency.

The 100% benefit offset rate causes workers to lose \$1 in benefits for each \$1 they earn if they work part-time while looking for a full-time job. This steep penalty discourages part-time work, leading to weaker labor market attachment and longer jobless duration.

Finally, UI fraud is a pervasive problem, both from workers not seeking employment and from workers collecting unemployment benefits even after accepting a new job.

POLICY RECOMMENDATIONS

- Prohibit UI benefit amounts from exceeding 100% of a worker's previous wages and tie the duration of benefits to economic conditions.
- Tie UI benefit extensions to the ratio of job vacancies to unemployed workers instead of only looking at one half of the equation by tying benefit extensions to the unemployment rate itself.
- Reduce the benefit offset rate for partial unemployment benefits from 100% to no higher than 50%.
- Strengthen enforcement of work search requirements and insist that employers immediately report hires to the Missouri Department of Labor.
- Explore options to create unemployment accounts similar in concept to health savings accounts that allow workers to build retirement savings and have more skin in the game during jobless spells.



ECONOMIC DEVELOPMENT SUBSIDIES

THE PROBLEM

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

THE SOLUTION

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

KEY FACTS

- The Border War truce legislation between Missouri and Kansas is up for renewal in 2025.
- Five counties in Missouri now use county-level TIF commissions instead of municipal TIF commissions, which are often dominated by myopic city officials unconcerned about other taxing bodies.

An Abysmal Track Record

Subsidies like TIF rarely deliver on promised economic benefits. Research shows that 84% of firms would choose the same state regardless of incentives offered by other states. The same is true at the local level. Nationwide studies show that these subsidies typically fail to keep their promises of job creation and economic growth.

The Border War

In 2019, Missouri passed key legislation that renewed the agreement with Kansas limiting the use of tax subsidies by both states in the Kansas City metropolitan area. The agreement is set to expire in 2025. The use of tax subsidies to lure businesses across state lines had been shrinking the tax base of the region without leading to any economic growth. The truce, which was first passed in 2014 and renewed in 2019, has been a success. Despite the recent actions by Kansas to

use subsidies to lure the Chiefs and Royals across the state line, which was a violation of the spirit, if not the letter, of the agreement, Missouri should still renew the Border War truce legislation.

Missouri should clarify that the Chiefs, Royals, and other professional sports teams are included in the Border War truce legislation as part of its renewal.

Change the Decision-making Process

A major flaw in the TIF process is that in most cases, cities decide on the tax subsidies that affect other taxing districts. Cities can approve a TIF project that may benefit the city but is harmful to other taxing districts, such as schools. School districts should be able to opt out of TIF projects like emergency districts can. One way to address this problem is to continue the trend of moving such decisions to county TIF commissions, where the county appoints most of the members. County officials are responsible to all the residents in their county and are more likely to weigh the costs and benefits of the proposed subsidy for the entire region. Currently, there are county TIF commissions in five counties: St. Louis, St. Charles, Jefferson, Clay, and Cass.

It is also too easy to create a new TDD or CID. Currently, property owners (often just one) can vote by signature to create a district or create one via a simple court filing by drawing CID or TDD districts that have no residents. With such little oversight and public involvement, malfeasance runs amok with these taxing districts as state audits have repeatedly documented.

POLICY RECOMMENDATIONS

- Renew the provisions of RSMO 135.1670 (the Border War truce legislation), which is set to expire on August 28, 2025, and include professional sports teams in the provisions.
- Move TIF decision-making to the county level in many more counties around Missouri and allow school districts to opt out of TIF and other tax subsidy programs, as fire districts are allowed to do.
- Require public votes by the entire city or county when new TDDs or CIDs are proposed.



SUNSETTING THE INCOME TAX

THE PROBLEM

Missouri has steadily lost economic stature and prestige over the past few decades as people and dollars have flowed away from the state. Missouri's reliance on the damaging income tax to fund growth in government has been a significant contributing factor.

THE SOLUTION

Sunset the state income tax and local earnings taxes to make Missouri a top destination for those in search of economic opportunity and those responsible for creating it.

KEY FACTS

- Missouri collects around two thirds of state revenue through the income tax, which is the third most lopsided ratio among states, just after New York.
- Missouri's contribution to national GDP has been on a long, gradual slide from 2% in 1997 to only 1.5% in 2023—the ninth-worst fall among states.
- Missouri had the 11th-worst decline in population share between 2004 and 2023, and in a head-to-head contest, far more people move from Missouri to pro-growth states like Texas, Florida, and Tennessee than in the opposite direction.

Missouri's Damaging Reliance on Income Taxes

Missouri's sliding economic performance over the past three decades threatens to make it the "Show-Me State" of what not to do in the arena of taxes and spending. For decades, Missouri had a nationally uncompetitive 6% income tax rate, which it has belatedly but admirably begun to reduce in recent years, putting the rate on a glide path to 4.5%. Unfortunately, Missouri has the third-worst reliance on income taxes as a share of state revenues, just behind perennial economic basket case New York. It is no coincidence that

during the period between 2004 and 2023 Missouri experienced the ninth-worst decline in national GDP share and 11th-worst decline in population share. Missouri's reliance on the income tax also fuels the special interest tax-credit lobby, which has managed to stake a claim to hundreds of millions of dollars of taxpayer resources annually with no evidence of any positive effect on economic growth over multiple decades.

Learning from Boom States

Missouri would be wise to take a page from the playbooks of boom states like Florida, Texas, and Tennessee, which have been magnets for attracting and retaining people, jobs, and investment. The proof is in how people vote with their feet. For example, 70% more Missourians (6,697) moved to Tennessee in 2021 and 2022 than the number of Tennesseans who moved to Missouri (3,936). These states have plenty of resources to fund government, but they choose to do so from sources that are less harmful to job creation and investment.

POLICY RECOMMENDATIONS

- Restrain government spending and allow the state income tax to fall below 4.5% with the goal of sunseting it completely.
- Put tax credits on budget instead of treating them as opaque revenue offsets, thereby enhancing transparency and accountability.



PROPERTY TAX REFORM

THE PROBLEM

Property taxes are a vital and efficient source of revenue for local government, but various factors, including harmful exemptions and inconsistent assessment practices, have eroded trust in the system.

THE SOLUTION

Missouri assessors should more uniformly assess residential property by using an average-based system instead of individually assessing every property, which leads to increased variances between neighbors and undermines trust.

KEY FACTS

- The 2023 Jackson County reassessment cycle has been and is a procedural disaster, leading to distrust in the system, lawsuits by cities, and intervention by the state tax commission.
- Missouri local governments rank third among the 50 states for reliance on personal property taxes.

Rolling Back Tax Rates in Kansas City

Families and property owners within the Kansas City 33 School District have been hit particularly hard by the continuously mismanaged assessment process in Jackson County and the unique rate-rollback exemption for that large school district. In 2023, when assessments in the school district went up 24%, the school board kept the tax rate exactly the same. That placed a significant burden on homeowners who saw their property taxes skyrocket.

Change the Underlying Property Tax Base

Property taxes work best when the item being taxed is immobile. Taxing cars, boats, livestock, grain, and business equipment—which are easier to move than real property in order to avoid paying property tax—is not sound tax policy. While there is no way of knowing how many of the people who move to Missouri from Illinois, Kansas, or Arkansas keep their cars registered in their former state of residence to

avoid paying Missouri's personal property tax, the number is likely high. Missouri should phase out personal property taxes in a revenue-neutral manner by replacing them with slightly higher real property taxes.

Free the Livestock

Missouri farmers, ranchers, and tax assessors spend significant time counting and calculating the taxes owed on livestock, but the amount of tax revenue generated hardly justifies the effort. The total tax revenues raised for all governments on all livestock throughout Missouri is approximately \$11 million. Missouri should eliminate the personal property tax on livestock and replace it with a slightly higher tax rate on farmland.

Going in the Wrong Direction

In an effort to address the impact of higher property taxes in Missouri, the legislature passed Senate Bill 190 in 2023 and amended it (for better and worse) in 2024. That bill allows counties to freeze property taxes for senior citizens, starting at the surprisingly youthful age of 62. There are many problems with this bill. It is harmful simply because it reduces the property tax base. Unless local governments cut services in response to the enactment of this plan, it will almost certainly lead to higher tax rates on properties that are not subject to the property freeze.

POLICY RECOMMENDATIONS

- Remove the Kansas City 33 School District's exemption from property tax rate rollbacks (Missouri Constitution, Article 10, Section 11(G)).
- Eliminate personal property taxes or, at a minimum, require that those tax rates roll back like real property taxes and expand RSMo §92.040 (which allows lower personal property taxes on business equipment) to more cities than just St. Louis and Kansas City.
- Eliminate personal property taxes on livestock as the process is a wasteful expenditure of time and effort.
- Repeal or substantially amend the laws allowing for senior citizen property tax freezes.



BUDGETARY REFORM

THE PROBLEM

Missouri's budget has nearly doubled in size over the past five years. If this troubling trend of government spending growth continues it could soon prove disastrous for state taxpayers.

THE SOLUTION

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

KEY FACTS

- Missouri's government is growing faster than inflation, wages, and the state's population.
- Currently, state budgeting practices actually encourage greater spending.
- Most state budget documents aren't easy for citizens to find, nor are they available in a form that is easy to use.
- Missouri awards more than \$900 million each year in tax credits, which is the fiscal equivalent of state spending, completely outside of the normal budgeting process.
- According to Moody's Analytics, Missouri is one of the least-prepared states in the nation for an economic downturn.

Spending at Record Levels

Missouri's budget has been growing for years, which will ultimately prove unsustainable. It looks like the FY 2024 budget may be the first in a decade that's smaller than that of the year before. Despite this apparent reduction, the state's budget has still nearly doubled over the past five years. What were once thought to be protections against unchecked government growth, the provisions of Missouri's Hancock Amendment, have proved incapable of meaningfully constraining spending. In fact, Missouri's budget growth continues to drastically outstrip both inflation and population growth.

Current Practices Encourage More and More Spending

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

You Can't Fix What You Can't See

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

Missouri leads much of the nation in the subsidization of private entities with state tax dollars, yet there's little to no mention of these subsidies in the yearly budget. Last year, Missouri awarded more than \$900 million through its various tax credit programs with little to show for it. These tax credits are the fiscal equivalent of state expenditures, but since the state forgoes revenue instead of spending it, they are allocated completely outside the state's normal budgeting process. The exclusion of tax credits from yearly scrutiny also removes them from the calculations lawmakers must make when tasked with balancing the state's budget. A truthful accounting of all tax obligations is required if Missouri is to right its fiscal ship.

Missouri Isn't Ready for the Next Recession

The boom-bust cycles of state finances create budgetary chaos. Each economic downturn forces elected officials to make difficult spending decisions that can be at odds with the state's long-term funding priorities. As a result of the

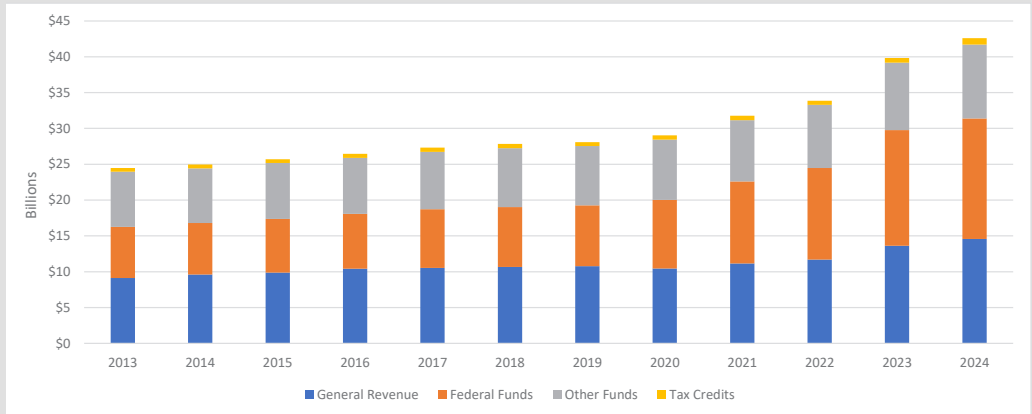
2007–2009 Great Recession, general revenues fell by over \$1.2 billion, leading to abrupt cuts in education, corrections, and other spending that lasted for several years after the recession. Almost every other state in the country has a rainy-day fund to help weather these situations, but Missouri’s Budget Reserve Fund is too small and too hamstrung by restrictions to be used in a downturn. In fact, it’s never once been used for this purpose.

POLICY RECOMMENDATIONS

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

BUDGETARY GROWTH: FY 2011–2022

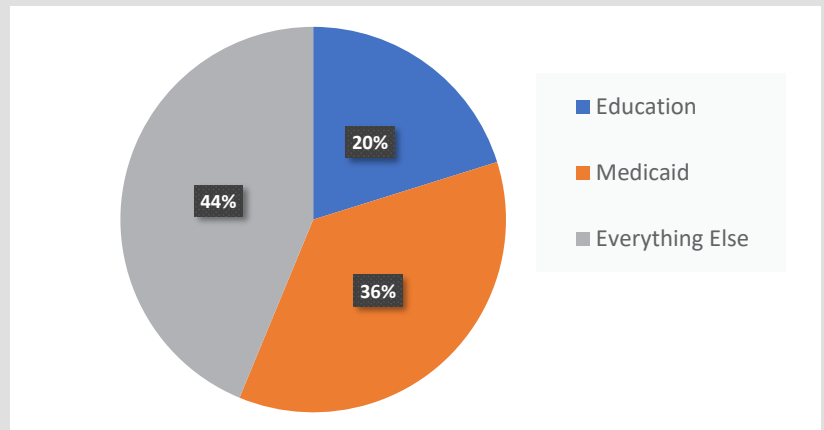
Missouri’s spending has grown by nearly \$10 billion since State FY 2011.



Source: Missouri House of Representatives Budget Fast Facts.

FY 2023 OPERATING BUDGET

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



Source: Missouri House of Representatives Budget Fast Facts.



TAXPAYER BILL OF RIGHTS

THE PROBLEM

Missouri's primary tax and expenditure limit, commonly referred to as the Hancock Amendment, is no longer providing an effective check on government growth.

THE SOLUTION

Adopt a taxpayer bill of rights that stops runaway government, boosts economic growth, and cuts taxes.

KEY FACTS

- Missouri added the Hancock Amendment to the state constitution in 1980 to limit the burden of government.
- The Hancock Amendment imposed a ceiling on state revenues as a fraction of personal income and promised to refund surpluses to taxpayers.
- Unfortunately, policy design flaws have allowed lawmakers to grow government. State spending has risen 40% in just five years, and taxpayers have not received refunds in over 20 years.
- A taxpayer bill of rights would limit the annual change in total state spending and revenues to the rate of population growth plus capped inflation and automatically use surplus revenues to cut the income tax rate.
- Lawmakers would have the flexibility to change spending priorities, but only voters could approve a net increase in government size.
- The taxpayer bill of rights would also extend current property tax protections to personal property, ensuring that property tax rates fall whenever property assessments rise faster than paychecks or consumer prices.

Missourians Unprotected from Growth in Government

State government spending in Missouri has surged by 40% in just the past five years. It wasn't supposed to be this way.

In 1980, and then again in 1996, Missouri voters approved amendments (the original amendment is commonly referred to as the Hancock Amendment) to the state's constitution aimed at limiting the government's ability to raise and spend tax dollars. But due to policy design flaws, the amendment has not delivered on its promises.

One of the amendment's main pillars was to impose a ceiling on state revenue as a fraction of personal income and, in the event that revenue collections exceed this limit, to refund the difference to taxpayers. However, loopholes and outdated formulas have allowed lawmakers to rapidly grow government and avoid issuing tax refunds for over two decades. In fact, the prospects of voters ever receiving a tax refund from the Hancock Amendment are very slim.

A New Commitment to Putting Taxpayers First

Missouri needs stronger, more resilient taxpayer protections that enshrine the following rights:

1. **Missourians have the right to reject unwanted and inflationary government growth:** If total revenues increase by more than the sum of population growth and a capped measure of inflation, automatic income tax rate cuts go into effect unless voters explicitly authorize a suspension of the tax cut in favor of a total increase in the size of government.
2. **Missourians have the right to live without fear of getting taxed out of their property:** If property values increase faster than paychecks or consumer prices, the property tax rate will automatically be cut unless voters approve a net increase in government.
3. **Missourians have the right to fiscal responsibility, transparency, and honesty:** The state will be required to plan for downturns, put spending and tax credits on a level playing field, and supply better budget data.

A taxpayer bill of rights would accomplish each of these goals. Additionally, such a measure would move our state to the front of the national pack for fiscal stewardship by providing Missourians the strongest tax and expenditure limit in the country. The ideal taxpayer bill of rights would be designed to stand the test of time and would contain definitions strong enough to avoid the political gamesmanship that has plagued the Hancock Amendment for decades.

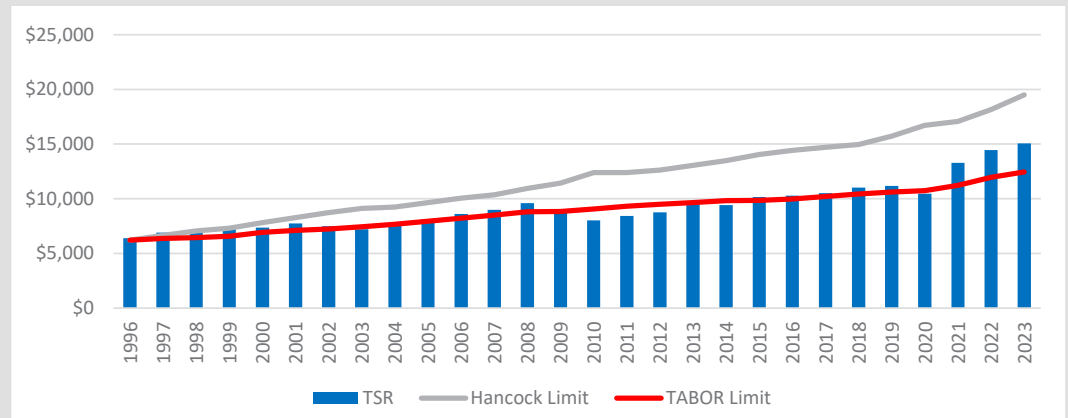
Such a taxpayer bill of rights would also extend the property tax rate rollback requirements to the two property taxes that the Hancock Amendment currently exempts (three if you count the general exemption from this requirement for all property taxes levied by the Kansas City School District). Personal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

POLICY RECOMMENDATIONS

- Adopt a taxpayer bill of rights that more effectively realizes the spirit of the Hancock Amendment through robust limits on state spending and revenues and stands the test of time.

HANCOCK REVENUE LIMIT VS. LIMITS FROM A TAXPAYER BILL OF RIGHTS

Missouri is currently more than \$4.4 billion below the Hancock-established revenue ceiling



Source: Missouri State Auditor's Office and author's calculations.

- Ensure that government cannot grow in scope without voter input, and that if revenues exceed the defined limit, taxpayers receive automatic tax cuts or refunds.
- Expand the Hancock Amendment's property tax rate rollback provisions to include personal property taxes and the commercial surtax.
- Guard against runaway inflation by protecting taxpayers from drastic property assessment increases.



LOCAL GOVERNMENT TRANSPARENCY

THE PROBLEM

Local governments often hide documents and spending records from the taxpaying public despite legal requirements for meaningful transparency under the Sunshine Law.

THE SOLUTION

Mandate that local governments report spending information and that local school districts report on curricula.

KEY FACTS

- Missouri already has two programs through which local governments may report their spending to facilitate oversight by the public, but participation is voluntary and thus far has been insufficient.
- One of the few ways for many taxpayers to obtain detailed information about their government's expenditures is through the submission of a Sunshine Law request, but this system is fraught with government roadblocks and weak consequences for statutory violations.

A Checkbook for Missouri

The creation of the Show-Me Checkbook in the state treasurer's office in 2018 and the passage of House Bill 271 in 2021 were positive developments for transparency, establishing voluntary reporting programs in the state for local governments. But those developments should be the beginning, not the end, of transparency and accountability for local government in Missouri. Local governing bodies should be required to report their spending.

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

Accountability Pays Dividends

From a good-governance perspective, online transparency portals ensure that rather than responding to Sunshine Law requests seeking these data, local governments can simply refer requestors to the continuously updating online resource. At the same time, taxpayers will be able to see in an understandable format where their money is going, and they will be able to keep tabs on the activities of elected leaders and bureaucrats when they choose—not when government chooses to give them spending and curricula information. The public deserves to know where their tax dollars are going. After all, taxpayers are the bosses of government, not the other way around.

Empowering the Auditor

Missouri adopted House Bill 2111 in 2024 to increase the authority of the state auditor to investigate reports of malfeasance in local government. This law will improve accountability by giving the state auditor the ability to audit local governments without a formal request or a petition drive in cases where financial irregularities are suspected.

Next, the state should consider adopting requirements and standards for local county auditors in Missouri's larger counties (charter and first- and second-class counties). Moreover, the stricter financial reporting standards for municipalities in St. Louis County should be expanded to include all Missouri municipalities.

POLICY RECOMMENDATIONS

- Make the reporting of local government spending data to the Show-Me Checkbook and the Missouri Accountability Portal database mandatory rather than voluntary.
- Establish (and mandate reporting to) a similar database for school districts that would track curricula.
- Expand the financial reporting requirements in RSMo §67.287 for municipalities in St. Louis County to all municipalities statewide.
- Create a Missouri parents' bill of rights. (A parents' bill of rights is discussed in more detail on page 8.)



FREE-MARKET HEALTHCARE REFORM

THE PROBLEM

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

THE SOLUTION

Enact reforms to increase the availability of care across the state while also lowering healthcare prices.

KEY FACTS

- Missouri needlessly restricts many medical professionals' scopes of practice, overregulates telemedicine, and has complex licensing requirements that reduce healthcare access across the state.
- During the COVID-19 pandemic, Missouri was a national leader in waiving numerous laws and regulations that placed unnecessary limits on healthcare access.

Remove Unnecessary Barriers

“Scope of practice” defines what medical professions can do in a state, given their training. More treatment options for patients means more competition among providers, which is good for consumers in terms of service and price. This is especially important in rural areas where doctors may not always be available or nearby. Some states have broadened the scope of practice for nurses, especially in rural areas; Missouri should take a similar approach.

For the sake of public health during the pandemic, Missouri temporarily loosened the regulations that govern who can see a physician online (known as telemedicine) and under what circumstances. The loosening of these regulations should be made permanent.

Licensing in some instances is clearly necessary. Unfortunately, licensure can often act as a barrier to entry, especially for qualified doctors from other states. The expansion of license reciprocity in Missouri in 2020 increased access to both in-person care and telemedicine. Missouri should not

give up these benefits in favor of exclusive licensing compacts with other states that might limit reciprocity.

Repeal Certificate of Need

Missouri's Certificate of Need law restricts healthcare competition by requiring many healthcare providers to get state approval before entering new markets or expanding services offered in existing facilities. This restriction hampers market newcomers and puts upward pressure on healthcare prices by restricting supply.

Retake a Top Spot

At the start of the COVID-19 pandemic, Missouri quickly became a national leader in expanding healthcare access. Governor Parson waived numerous laws and regulations regarding scope of practice, license reciprocity, telemedicine, and even Certificate of Need requirements. For nearly two years, Missourians enjoyed expanded healthcare access with little to no evidence of any adverse effects. But in the years since, the waivers were allowed to expire, and Missouri's legislature has taken minimal action to address the issue.

Missouri's laws and regulations that specify what the state's providers are allowed to do and where they can practice play a key role in the recruitment of new state residents and workers. Several of Missouri's surrounding states place fewer unnecessary restrictions on healthcare providers, allowing them to practice to the extent of their training. If Missouri's elected officials are serious about addressing the state's healthcare access issues, making healthcare employment in Missouri competitive with neighboring states is required.

POLICY RECOMMENDATIONS

- Remove the unnecessary barriers to healthcare access that were previously waived during the COVID-19 pandemic, such as expanded provider's scope of practice and easier use of telemedicine.
- Remove the statutory delays to reciprocity licensure and end the “compact exception” to licensure reciprocity in the state. (Licensing compacts are discussed in more depth on pages 10–11.)
- Repeal Missouri's Certificate of Need laws.



HEALTHCARE PRICE TRANSPARENCY

THE PROBLEM

The lack of transparency in healthcare pricing means that patients don't know the price of the treatment they receive until they get the bill and that hospitals are shielded from competition.

THE SOLUTION

Arm consumers with the information they need to make healthcare decisions.

KEY FACTS

- In Missouri, prices for the same service can differ widely depending on a patient's insurance. For example, the price of a pelvic CT scan at a single hospital can vary by a multiple of 20.
- According to a 2021 *Wall Street Journal* article, uninsured patients—who tend to be among the poorest—are routinely charged the highest prices.

What We Don't Know Is Costing Us

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

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

- It allows patients to compare providers.
- It forces hospitals to compete with each other on price and quality.
- It helps insurers negotiate lower rates.

- It aids employers in offering cost-effective plans to workers.
- It facilitates alternatives to fee-for-service payment models.
- It enables physicians to partner in cost-containment efforts.

Hospitals Are Ignoring Transparency Rules

In June 2019, the Trump administration issued an executive order requiring hospital price transparency. Since January 2021, hospitals have been required to provide not only list prices but also negotiated charges for 300 shoppable services. Hospitals must make this information available both in machine-readable and consumer-friendly formats. However, as of February 2024 only 25% of hospitals in Missouri and 34.5% nationwide are fully compliant. Moreover, the *Wall Street Journal* has reported that hundreds of hospitals embedded code in their price transparency websites that prevents search engines from returning pages with the price lists. Furthermore, hospitals aren't the only providers of care; clinics, imaging centers, and other providers should be bound by transparency requirements as well. Until patients can be informed consumers of the care they purchase, we can't expect to keep the cost of medical services under control.

POLICY RECOMMENDATIONS

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



NUCLEAR ENERGY

THE PROBLEM

Nuclear power is primed for a revival in the United States, as federal regulations and public opinion continue to improve, but Missouri’s Construction Works in Progress (CWIP) law acts as a roadblock to new nuclear construction.

THE SOLUTION

Repeal the CWIP law, which makes it unnecessarily difficult to complete nuclear construction projects in Missouri.

KEY FACTS

- The Callaway Energy Center, Missouri’s only nuclear power plant, has reliably operated since 1984 and generated nearly 14% of the Show-Me State’s electricity in 2023.
- The U.S. Department of Energy recently forecasted that electricity demand could increase by 15–20% in the next decade and double by 2050.
- Ameren Missouri is planning to shut down all its coal plants by 2045. These comprised 66% of its generation portfolio in 2022.

The State Of Electricity Demand

Electricity demand is on the rise, driven primarily by data center growth, a boom in electrical manufacturing, and electric vehicles.

While electricity demand is rising, Ameren Missouri plans to take all its coal generation offline by 2045 (currently 66% of its portfolio) and replace it with clean power. The Show-Me State needs a lot more energy, and nuclear is reliable, powerful, and clean. To replace existing demand and meet new rising demand, Missouri needs to be able to harness nuclear power.

Nuclear Momentum Is Building

Seventy-one percent of Americans “definitely agree” that we should build more nuclear power plants—up from 47% in 1998. This sentiment is reflected on Capitol Hill, as Congress passed the ADVANCE Act this year with near-unanimous support. The bill will streamline the process for converting “covered sites” (former coal plants and factories) into nuclear reactor sites. It also expedites the regulatory process for applying to construct a reactor at existing nuclear sites.

The CWIP Law Creates Immense Financial Risk

The CWIP law was passed in 1976. It prevents utilities from being able to bill ratepayers for power plants that are still under construction. It’s very difficult for utilities to complete capital-intensive projects that cost billions of dollars and years to complete solely with loans (and the accompanying interest) or cash on hand. CWIP is particularly problematic for nuclear projects because they are the most capital-intensive energy projects, most of the costs come up front, and they take a long time to complete.

Repealing CWIP will diminish the risk of bankruptcy during construction, allowing utilities to recoup the cost of capital gradually during the construction phase, as opposed to recovering it all upon completion.

POLICY RECOMMENDATION

- Repeal the CWIP law and allow the nuclear industry to expand in Missouri.



WELFARE REFORM

THE PROBLEM

As many Missouri businesses struggle to find workers, the state's welfare programs are fostering government dependency.

THE SOLUTION

Reform Missouri's welfare programs to incentivize self-sufficiency while minimizing waste, fraud, and abuse.

KEY FACTS

- More than one in five Missourians are enrolled in government-sponsored health coverage through Medicaid.
- Medicaid is Missouri's single largest government-run program, and its costs are growing unsustainably.
- Estimates suggest that upwards of 20% of current welfare recipients may be ineligible to receive services.
- Despite state laws mandating it, Missouri doesn't enforce work requirements for able-bodied recipients of the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families program (TANF).

Continuing Growth

As government spending has grown in recent years, so too has enrollment in Missouri's various welfare programs. Today, Medicaid is Missouri's largest government-run program, with more than 1.2 million Missourians enrolled, or approximately one fifth of Missouri's population. This represents an increase in enrollment of approximately 50% since the beginning of 2020. Medicaid is not the only program growing in size. Approximately 660,000 Missourians are enrolled in the Supplemental Nutrition Assistance Program (SNAP). There are also more than 20,000 children in Missouri whose childcare costs are being

fully subsidized by taxpayers. For the past several years, federal policy was the primary driver of welfare program growth, but now it is the responsibility of Missouri's government to right-size the program rolls. Estimates suggest that more than 20% of current Medicaid enrollees are no longer eligible to receive services, and there's little reason to doubt that the situation is similar in other welfare programs.

Change Incentives to Change Outcomes

Welfare programs shouldn't encourage dependency, but far too often they end up trapping recipients on government support. For years, it was understood that if you were healthy enough to work, receiving welfare benefits should depend on working or at least trying to find gainful employment. But in recent years, Missouri has stopped enforcing work requirements for both the SNAP and TANF programs.

The government should be incentivizing welfare recipients to become self-sufficient, but it often fails to do so. To qualify for most welfare programs, a recipient's income must be below a certain point. Once their income exceeds that point, presumably because they've gone back to work, they'll no longer qualify for benefits. This means that many recipients face the difficult decision of whether taking a job or promotion is worth more to them than keeping their benefits. Needless to say, Missouri's government should reform its welfare programs to ensure that no recipient is ever disincentivized from furthering their career.

Reform Can't Wait

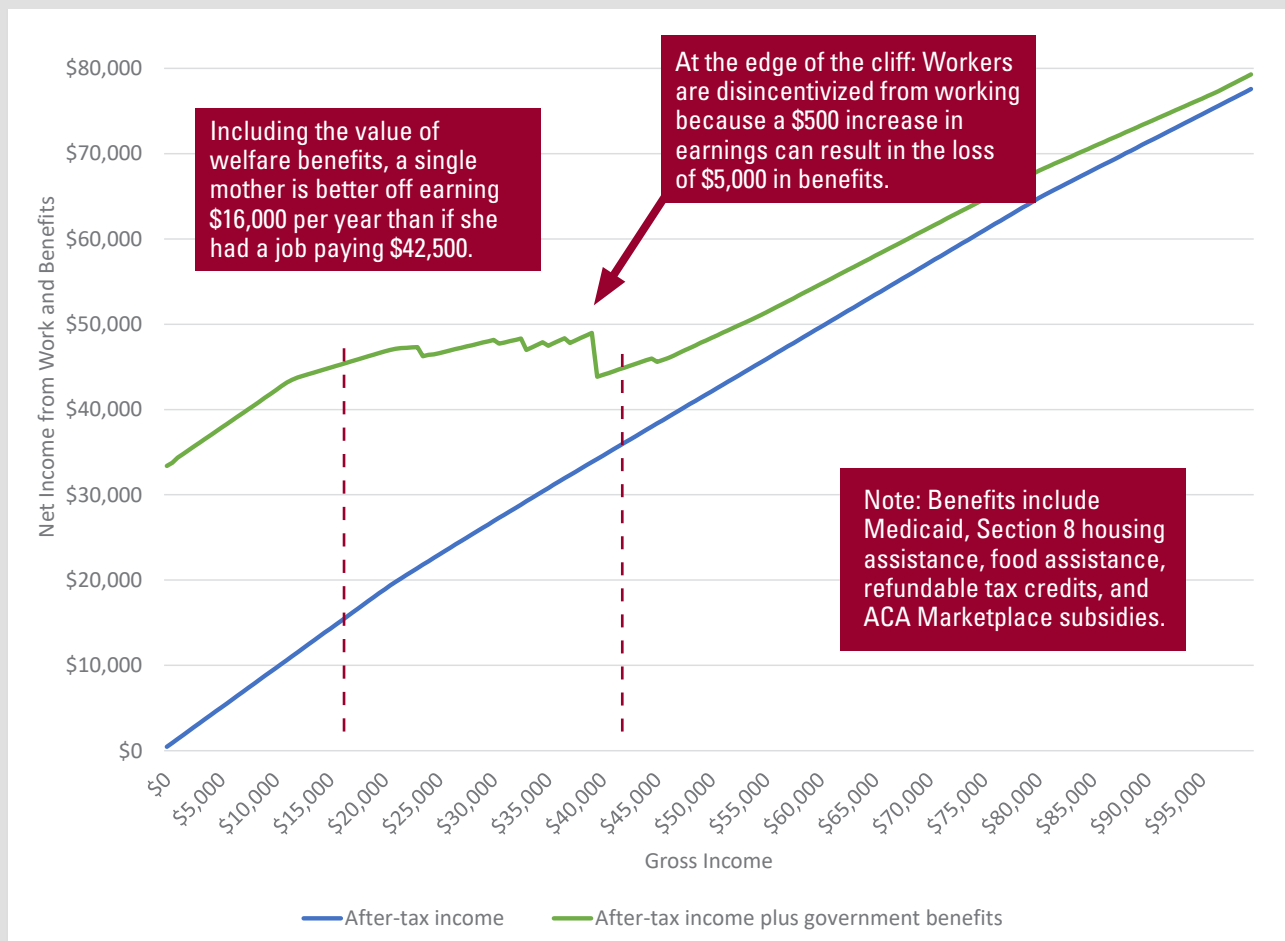
Missouri already has federally provided flexibility for administering its welfare programs that it is not taking advantage of, whether that be through Medicaid innovation or SNAP administration waivers. Missourians would be much better served if the state legislature abandoned the status quo and pursued real reform. A streamlined, efficient welfare system that promotes self-sufficiency is within reach, and that will be better not only for program recipients, but for taxpayers and employers as well.

POLICY RECOMMENDATIONS

- Continue upgrading state information systems to encourage greater accountability by minimizing waste, fraud, and abuse.
- Take advantage of currently provided flexibility to meaningfully reform welfare programs and encourage more efficient administration.
- Pursue additional federal flexibility to tailor welfare programs to meet Missouri's needs.

WELFARE BENEFITS CLIFFS FOR SINGLE MOTHER OF ONE

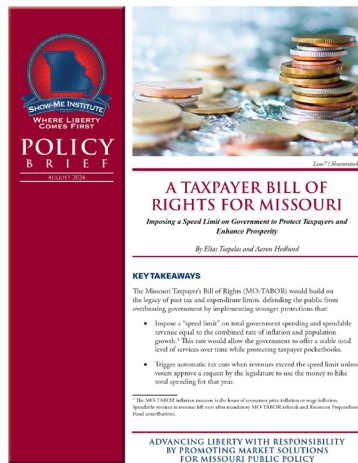
Welfare programs often disincentivize work by offsetting increases in earnings with benefit reductions.



Source: BenefitsCliffs.org.



RESOURCES



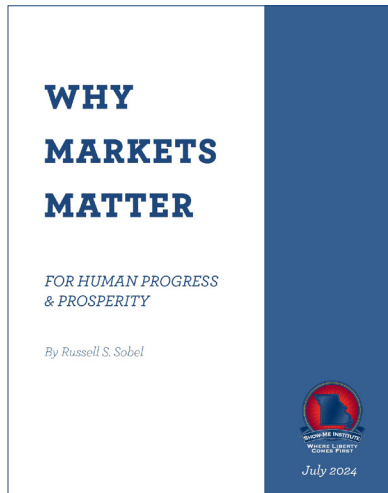
MISSOURI TAXPAYER BILL OF RIGHTS

The Missouri Taxpayer Bill of Rights (MOTABOR) would build on the legacy of pay raise and expenditure limits, shielding the public from overreaching government by implementing stronger protections that:

- Impose a "spend limit" on total government spending and spendable revenue equal to the combined rate of inflation and population growth. This rate would allow the government to offer a stable level of services over time while preserving taxpayer protections.
- Trigger automatic tax cuts when revenues exceed the spend limit unless voters approve a request by the legislature to use the money to hike total spending for that year.

The MOTABOR's balanced revenue is the base of government prior inflation or wage inflation. Such increases to revenue will only be available after TABOR's reduction of Excessed Revenue Fund contributions.

also strengthen property tax protections and establishes a Recession Preparedness Fund to stabilize the state's budget during economic downturns.



WHY MARKETS MATTER FOR HUMAN PROGRESS & PROSPERITY

This report by Russell S. Sobel highlights the critical role free markets play in fostering economic growth and improving quality of life. It explores how choice, competition, and price

systems drive innovation and prosperity, while warning against the dangers of government overreach and central planning. The report highlights the long-term benefits of free markets for human progress, using examples from around the world where free-market systems have succeeded in raising living standards and promoting entrepreneurship.



MISSOURI SCHOOL RANKINGS

The Missouri Department of Elementary and Secondary Education (MO DESE)

continues to fail to provide the necessary transparency regarding student performance and the use of taxpayer funds. This transparency is crucial for building an education system focused on raising standards, reducing achievement gaps, and promoting accountability. In response, the Show-Me Institute created MoSchoolRankings.org to provide an accessible, data-driven platform for parents, educators, and policymakers to evaluate school performance and advocate for meaningful reforms.



MISSOURI'S MODEL POLICY PLAYBOOK

The playbook serves as a guide for policymakers, providing model policies backed by data-driven research. Each section outlines practical reforms that can be implemented at the state and local level to improve economic growth, education, healthcare, and government transparency in Missouri.



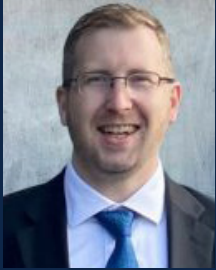
SHOW-ME INSTITUTE PODCAST

Each episode features discussions and interviews about free-market solutions to key issues affecting Missourians. Topics include expanding educational freedom, enhancing government transparency, reforming tax policy, and more.

Listen and subscribe to the Show-Me Institute Podcast on SoundCloud, Spotify, and Apple Podcasts.



AUTHORS



AARON HEDLUND

aaron.hedlund@showmeinstitute.org

- *Healthcare Price Transparency*
- *Sunsetting the Income Tax*
- *Taxpayer Bill of Rights*
- *Unemployment Insurance Modernization*



SUSAN PENDERGRASS

susan.pendergrass@showmeinstitute.org

- *Education Funding Formula*
- *School Report Cards*
- *Statewide School Choice*



DAVID STOKES

david.stokes@showmeinstitute.org

- *Economic Development Subsidies*
- *Property Tax Reform*
- *Source of Income Rules*



ELIAS TSAPELAS

elias.tsapelas@showmeinstitute.org

- *Budgetary Reform*
- *Free-market Healthcare Reform*
- *Taxpayer Bill of Rights*
- *Welfare Reform*



AVERY FRANK

avery.frank@showmeinstitute.org

- *Nuclear Energy*
- *Occupational Licensing*



PATRICK TUOHEY

patrick.tuohey@showmeinstitute.org

- *Economic Development Subsidies*



JAMES SHULS

james.shuls@showmeinstitute.org

- *Missouri Parents' Bill of Rights*

SHOW-ME INSTITUTE

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



Visit Us:
showmeinstitute.org



Find Us on Facebook:
[Show-Me Institute](https://www.facebook.com/showme)



Follow Us on X:
[@showme](https://twitter.com/showme)



Watch Us on YouTube:
[Show-Me Institute](https://www.youtube.com/showme)

**Advancing Liberty with Responsibility
by Promoting Market Solutions
for Missouri Public Policy**