



TESTIMONY

March 25, 2025

SENATE BILL 177

Requires charter schools to obtain a certificate of need issued by State Board of Education in order to be eligible to operate

By Susan Pendergrass

Testimony before the Missouri Senate Education Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Thank you for the opportunity to testify. My name is James Shuls. I am a senior fellow at the Show-Me Institute. I am submitting this testimony on behalf of Susan Pendergrass, Ph.D., Director of Research and Education Policy for the Show-Me Institute, and myself. The Show-Me Institute is a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are Susan's and are offered in consideration of proposals that will affect charter schools in Missouri.

INTRODUCTION

Regarding the proposed Certificate of Need (CON) requirement for charter schools in Missouri, as proposed in

Senate Bill 177 and drawing from economic principles and regulatory precedents, including the findings on CON laws in healthcare, it is the case that such a policy would hinder educational access, restrict competition, and ultimately fail to achieve its stated goals. Furthermore, it is clear that this proposal is nothing more than retribution for last year's law that allows charter schools to operate in accredited districts, an effort designed to undermine school choice and maintain the status quo at the expense of Missouri's students.

LESSONS FROM HEALTHCARE REGULATION

Missouri's existing CON laws for healthcare have been shown to restrict competition, increase costs, and limit access to services without delivering meaningful quality improvements. According to research from Show-Me Institute analysts, these laws create artificial barriers to entry, protecting

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established providers at the expense of new entrants and consumer choice.¹ Applying a similar framework to education would result in similar negative consequences.

CHARTER SCHOOLS AND THE NEED FOR COMPETITION

Charter schools were created to provide alternatives to traditional public schools, fostering innovation and responsiveness to student needs. Senate Bill 177's CON requirement would stifle this purpose by granting bureaucratic agencies undue power over school creation and expansion. Just as CON laws in healthcare favor incumbents and limit access to new facilities, a CON for charter schools would empower existing school districts to block competition, reducing opportunities for students and families.

ECONOMIC AND EDUCATIONAL IMPACT

1. **Restricts School Choice:** Families deserve access to diverse educational options. Senate Bill 177 would place unnecessary hurdles in front of prospective charter operators, reducing the number of quality choices available to parents and students.
2. **Limits Market Responsiveness:** Charter schools are designed to address community needs quickly and effectively. A CON process would slow approvals, making it harder to open schools in underserved areas where they are most needed.

¹ Patrick Ishmael. End Certificate of Need in Missouri. Show-Me Institute, April 2019, https://showmeinstitute.org/wp-content/uploads/2019/05/20190405%20-%20Certificate%20of%20Need%20-%20Ishmael_0.pdf.

3. **Creates Anti-Competitive Protections:** Just as hospitals use CON laws to limit competition, traditional school districts could use the process to block charter expansion, prioritizing institutional interests over student outcomes.
4. **Fails to Ensure Quality:** Research shows that market-based accountability—where parents and students can choose among competing schools—is more effective at ensuring educational quality than government-imposed entry barriers.²

CONCLUSION

Missouri has seen firsthand the economic and accessibility downsides of CON laws in healthcare. Extending such a model to charter schools through Senate Bill 177 would only replicate these failures in education. Instead of implementing restrictive and anti-competitive policies, we should be encouraging educational diversity and parental choice. I urge this committee to focus on policies that expand, rather than restrict, educational opportunities for Missouri's children.

Thank you for your time, and I welcome any questions.

² Huriya Jabbar, et. al. The Competitive Effects of School Choice on Student Achievement: A Systematic Review, *Journal of Education Policy*, Volume 36 Issue 2, March 2022.



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