



SHOW-ME newsletter

2025 ISSUE 1



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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

As of this writing in March, we are in the thick of the legislative session in Missouri, and interesting things are happening. We have a new governor with a bold agenda for reform, and some of those agenda items are being debated in the legislature.

We haven't seen any significant victories yet, but there has been movement on some key items. Several bills have been introduced that would reduce the income tax down to zero, but there's still a lot to figure out in terms of how to make the math work. A number of bills also establish some form of open enrollment for Missouri schools. Those bills are divided between some that are simply for show and some that would truly give parents real options for tailoring the education of their children.

With a lot of energy focused on taxes and open enrollment, one important item has flown under the radar: fixing Missouri's education funding formula.

Like many states, Missouri has a formula (known as the Foundation Formula) that determines how education dollars are distributed to school districts. The current formula was passed in 2005 and many of its components are outdated or broken. The general idea of the Foundation Formula is to distribute education dollars in a way that improves equity between wealthy and poor districts while ensuring that an adequate amount is spent on each student. Unfortunately, the existing formula isn't achieving its stated goals. Most importantly, over the last twenty years, the gaps in achievement between poor and wealthy students in Missouri have only grown.

The biggest problems with our funding formula were baked in when it was passed twenty years ago. For example, the formula either uses property values from the prior year or from back in 2005, whichever is lower, to determine how much districts must contribute to school spending, also known as the "local effort." Not surprisingly, all districts had lower property values in 2005 than they did in 2024, which distorts that piece of the formula. Also, the system has funding protections for districts, or "hold-harmless provisions." One of these provisions guarantees districts receive funding based on 2005 enrollment regardless of any enrollment declines since then. Another allows districts to use the highest attendance numbers of the prior three years. These protections have led to more than one third of Missouri districts being "off-formula," meaning they aren't even affected by how the formula is calculated.

There are many more problems with our formula—for a full accounting of these problems, and a discussion of the best ways to fix them, please read Susan Pendergrass's recent report on this subject, which you can find at showmeinstitute.org.

There is hope that fixes to this urgent problem are on the horizon. The governor has indicated that he supports beginning the process of reforming the funding formula—and some of these reforms are present in his proposed budget. We will see what happens as the rest of the legislative session unfolds. Rhetoric and proposals are a good start, but now we need to see some actual results. We'll be watching closely to see if policymakers follow through on their promises and achieve real reform for Missouri's families, whether in reducing their tax burden or fixing a public education system that is mired in the status quo.

THE LOOMING WORKFORCE LITERACY PROBLEM

Susan Pendergrass

Recent assessment results released by the U.S. Department of Education suggest that Missouri has a reading problem. Even though Missouri has committed over \$50 million to a Read, Lead, Exceed initiative to address literacy in kindergarten through 5th grade, the investment doesn't seem to have paid off yet.

The Nation's Report Card is a biannual assessment given by the U.S. Department of Education. The same assessment is given to students in every state and the framework remains the same. So we can use these scores to compare states to each other and over time. The results indicate whether a student can read at the Basic level (partial understanding), the Proficient level (understanding), or the Advanced level. The 2024 results indicate that 4 in 10 Missouri 4th graders did not score high enough to be on the Basic level. They didn't even make it onto the scale.

What does that mean? According to a researcher from the University of Virginia, "students performing below NAEP Basic level have less vocabulary knowledge and less world knowledge, which would limit their inferencing and comprehension capability." Another researcher says: "Below Basic on the NAEP means that a student is performing below the minimum expected level of academic achievement for their grade, indicating a lack of foundational skills and inability to demonstrate even basic mastery of the subject matter being assessed." The 42 percent of Missouri 4th graders who scored Below Basic last year are most likely now in the 5th grade trying to figure out what the heck their textbooks in any subject are trying to teach them.

The graph at the right shows how the performance of Missouri 4th graders has changed over time.

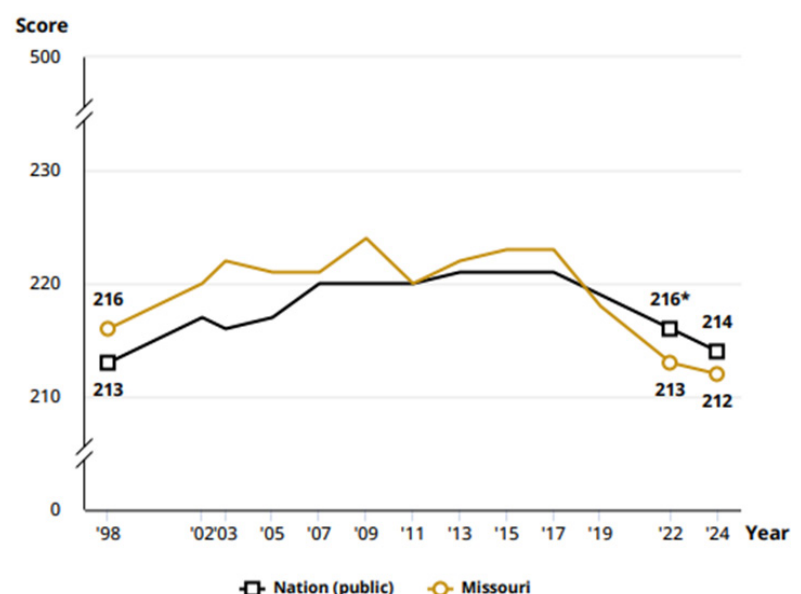
Rather than showing levels of achievement, this graph shows scale scores (NAEP uses a scale from 0 to 500). While Missouri's average 4th grade scale score was hovering just above the national average until 2017, it began a steep slide before the

pandemic that has yet to level out. Sadly, in 2024, we outperformed just five states—Oregon, Alaska, New Mexico, Oklahoma, and West Virginia.

Twenty-six years ago, we outperformed Mississippi by 16 scale score points. Now, Mississippi is ahead of us by 7. What explains the "Mississippi Miracle"? Mississippi instituted a rigorous early reading program that brought the science of reading into every classroom. It also limited promotion to higher grades for students who were reading well below grade level. Missouri's Read, Lead, Exceed program, on the other hand, emphasizes the training of teachers over classroom application..

The ramifications of sending students who can't read off to middle school and beyond are serious. What will Missouri look like in 15 years when almost half of 25-year-olds are barely literate? We won't be able to provide a workforce in the future if we don't address this as the crisis that it is now.

AVERAGE SCORES FOR STATE/JURISDICTION AND THE NATION (PUBLIC)



MISSOURI'S HEALTHCARE ACCESS ROADBLOCK

Elias Tsapelas

Every year that Missourians continue struggling to access the healthcare they need is a year too long. What's worse, the Show-Me State's shortage of physicians and nurses is projected to get worse in the coming years. Fortunately, there are concrete steps we can take to address these issues—if there's the political will in Jefferson City to do so.

One proven way to address the physician shortage, besides getting more to move to Missouri, is to empower advanced practice registered nurses (APRNs) to help fill the void. APRNs are trained to treat many of the ailments people would normally visit the doctor for, but current Missouri law unnecessarily prevents them from practicing to the full extent of their medical training.

Some of Missouri's bordering states, such as Illinois, already allow nurses far more freedom to treat patients than our state does. Making it easier for nurses to provide more care not only helps address a state's healthcare access issues; it also increases nurses' pay (because they're doing more) which in turn makes the state a more desirable place for them to locate. But the inverse is also true. Restricting what nurses can do, and thus restricting their earning potential, discourages nurses from working here, which further exacerbates the current nursing shortage.

Expanding telemedicine services would also improve access to healthcare. The good news is that states have tremendous flexibility in deciding the extent to which telemedicine can be employed. For example, states can decide which providers are allowed to treat patients via telemedicine, which ailments can be treated, and

even which forms of communication they can use for that treatment. The bad news is that Missouri is more restrictive than necessary in each regard.

Addressing Missouri's healthcare access issues doesn't have to be difficult, because numerous other states have already shown promising paths for safely expanding the supply of providers. Removing our state's requirement that APRNs enter collaborative practice agreements with physicians within geographic proximity to them is an easy place to start. It's 2025—if nurses need a collaborative practice agreement at all, being five or 200 miles apart shouldn't remain a barrier given modern technology.



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Embracing modern technology with respect to telemedicine services would also represent a significant step forward. Expanding the available modes of communication to include audio-only or even text-based technologies would provide immediate benefits to those living in

areas with poor broadband access, or in situations where video isn't needed for treatment. In addition, if Missouri is struggling to attract enough physicians, why not let willing doctors in other states treat Missouri patients?

It's time for Missouri's elected officials to recognize that the state's healthcare shortages aren't going away. There's a plethora of options available for states to safely expand healthcare access, but they require abandoning the status quo. How much longer will Missouri patients need to suffer before the unnecessary barriers restricting care are removed?

MARCH MADNESS IN EDUCATION

Avery Frank

Surviving and advancing. Taking on the next opponent. Moving forward, round by round. This is what it takes to win a championship in March Madness. The road is never easy—it will test your endurance and bring both elation and new expectations with every victory.

As a Tennessee Volunteers fan, I remember last year's tournament well. After years of struggling to break through, we finally pushed past the Sweet Sixteen and into the Elite Eight. It was a major step forward, and I was thankful, but there is still more to achieve. The same is true for education reform in Missouri.

Progress in education policy is not a one-time victory—it requires persistence and determination. Key bills in the House and Senate many times “survive and advance,” often by the slimmest of margins. But like March Madness contenders, many of these bills don't make it all the way—they end up falling short and never become law.

In the area of education freedom, other states are finding ways to get it done. Across the country, states are making bold plays for robust educational choice for their families. Here are a few recent examples:

- ✓ **Tennessee** passed the Education Freedom Act of 2025, which offers 20,000 vouchers worth \$7,296 each to help students attend state-accredited private schools.
- ✓ **Alabama** passed the CHOOSE Act in 2024, which grants up to \$7,000 per student in the form of an Education Savings Account (ESA) to help students attend accredited private or out-of-district schools. The program is currently targeted to low-income students but is set to expand to all students by 2027.
- ✓ **Louisiana** passed the GATOR Scholarship Program in 2024, which is open to all students, regardless of income. Families can use funds to attend a private school, hire a tutor, purchase instructional materials, and more.
- ✓ In **Texas**, Governor Abbot is proposing a \$1 billion ESA program. The Texas Senate recently passed a bill that would offer \$10,000 scholarships for private school students and \$2,000 for homeschoolers.

Last year, Missouri made progress with the passage of Senate Bill 727, which expanded our ESA program, broadened charter school access in Boone County, and created a path for differentiated pay in hard-to-staff subject areas and schools. We can be thankful we advanced another round, but there is still much to be done:

- X Charter schools exist but remain severely limited.
- X Missouri's ESA program (MOScholars) helps some families but lacks the public funding necessary to serve more students.
- X Open enrollment has passed the Missouri House four years in a row, yet it cannot get over the hump in the Senate.

In March, success can come down to a special player, a team getting hot at the right time, or simply the right circumstances aligning. With a new governor and strong momentum both nationally and in Missouri, there is a real opportunity to take the next step. Let's not settle for past wins—we can create a truly robust educational marketplace that gives students and families the ability to pick a school that meets their needs.

MISSOURI LEGISLATURE MUST CUT SPENDING

Patrick Tuohey



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In late January, Missouri Governor Mike Kehoe delivered his State of the State address. While these speeches often serve as little more than a list of priorities, they do offer insight into a governor's early-term agenda.

Kehoe importantly stated his commitment to cutting taxes. Specifically, he said he was directing the Missouri Department of Revenue "to work with my staff on a sustainable and comprehensive plan to eliminate the individual income tax once and for all." This is a good and welcome commitment.

Missouri's income tax discourages work, innovation, and investment. Eliminating it would make the state a more attractive place to live and work. Missouri is in a competitive environment with its neighbors, and the income tax is an albatross. In Kansas City and St. Louis, the additional 1% earnings tax is one more reason for people and employers to locate just outside the city limits as they have been doing for decades.

Missouri's economic stagnation demands bold action. Our state's population is not growing as fast as the

national population. Between 2004 and 2023, Missouri ranked 11th in population share decline. As a result, we lost a congressional district after the 2010 Census. Missouri is also less productive; we accounted for 2% of the national gross domestic product in 1997; in 2023 that had dropped to 1.5%.

While the move to zero out the income tax is a welcome one, it will not be easy. According to Missouri's Office of Administration, the income tax accounts for just under three fifths of total revenue—one of the higher shares of all states.

The governor vowed to cut taxes but made no mention of spending cuts. He introduced a budget larger than the previous, and in his remarks he detailed a number of places where he wanted to increase spending, from police and public safety to education and veteran benefits.

The tab comes to \$53.4 billion, \$450 million more than the previous year's budget.

Even a casual observer can see the problem: You can't keep increasing spending while eliminating your primary revenue source. It is no comfort that Kehoe also called for "aggressive economic development efforts." History has shown us those efforts offer no significant benefit to taxpayers.

My fear is the plan is just to achieve spending cuts by starving the beast. Letting tomorrow's legislature struggle with what to cut and how isn't a plan. It's the Lap-Band approach to state budgeting, and it's both financially and politically risky.

If Missouri is to reverse its relative decline in population and productivity, things must change. We must adopt a more dynamic method for generating the revenue necessary to provide the limited yet vital functions of government. Cutting taxes is one part of that, but cutting taxes without cutting spending is a recipe for failure. If the governor and the legislature are serious about turning the state around, both must be willing to make the hard choices their predecessors avoided.

BRING BACK THE SEWER SOCIALISTS AND THE CROOKED ASSESSOR!

David Stokes

There is a crisis of competence in City of St. Louis government right now. From fraudulent applications to development grant programs to the abysmal response to the recent snowstorms, citizens are rightly wondering if the current mayor has any ability to operate the mechanisms of municipal government. Even the low-hanging fruit the mayor has proposed, such as consolidating the city's three 911 emergency systems (which I support, for the record), has been stalled by bureaucratic opposition and poor management of the changes.

Politicians can be work horses or show horses, and the ubiquity of social media has made it seem that the show horses are dominant.

It doesn't have to be this way. There has always been room, especially at the local government level, for competent city management to be appreciated by citizens. The Socialist party dominated Milwaukee city politics from 1910 to 1960. Philosophically and politically, they were committed left wingers. But in their operation of Milwaukee city government, the socialists were pragmatic and efficient. They were called "sewer socialists," which was a disparaging term for them coined by other socialists who grew tired of hearing about how great Milwaukee's new sewer system was. Those other socialists wanted to focus on expanding left-wing politics globally. The Milwaukee socialists wanted to run a city. Guess which side actually won elections in America?

The last thing I want in Missouri is socialists running our governments. But I am willing to accept the obvious—the leadership in our largest cities is usually going to be less free market-oriented than I prefer because that's what residents often want. But I can appreciate city leadership that focuses more on practical, effective management than ideological expression or purity. The City of St. Louis has had that kind of leadership in the not-too-distant past.

On the other side of the state, operational incompetence is basically the defining characteristic of the Jackson County Assessor's office. It's 2025, and this year's biannual reassessment is starting before lawsuits over the 2023 reassessment are finalized. The Jackson County Assessor (which is an appointed position) has failed to get the basic requirements of the overall process done right, and taxpayers are paying the price.

In San Francisco in the 1970s, the long-time assessor went to jail for taking bribes. His replacement, a more modern California progressive, started raising people's assessments like they were helium balloons. People were so fed up with it, bumper stickers started appearing around the city that read, "Bring back the crooked assessor."

One of the proposed solutions to address political failures in St. Louis is to install a city manager position, making city government more professional and less political. One of the proposed solutions for Jackson County is to make the assessor's office an elected position, making the office more political and less insulated from public pressure. I don't know which idea is correct. Both may be. The fact that the two plans are moving in opposite directions makes sense when you realize they are both changes to systems that, at present, aren't working for local residents. A local government that works is all most people want from their city or county, even if it takes a crooked assessor or a sewer socialist to do it.



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ESTABLISHING A MISSOURI OFFICE OF GOVERNMENT EFFICIENCY (MOGE)

MOGE

Missouri Office of Government Efficiency

The size of Missouri's government has nearly doubled over the past five years, and given the recent commitment from President Donald Trump to establish a Department of Government Efficiency at the federal level, the time is right for Missouri to establish its own Missouri Office of Government Efficiency (MOGE) to rein in excess spending and unneeded regulations.

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