



# SHOW-ME newsletter

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



*Brenda Talent*

## A MESSAGE FROM THE **CHIEF EXECUTIVE OFFICER**

In Federalist No. 10, perhaps the most famous of *The Federalist Papers*, James Madison warned about the dangers of factions. Madison thought that factions, acting on impulse and passion, would create laws that were contrary to the public interest and the rights of the people.

That's why the United States is a republic, not a pure democracy. We typically do not make decisions directly, but instead elect leaders who act on our behalf. And those leaders are themselves circumscribed by process rules that make it difficult to pass sweeping new changes in response to the fashions of the moment.

Those principles are currently under stress in Missouri because our rules for allowing initiative petitions are too permissive, and it is getting the state into trouble.

The initiative petition process allows citizens to propose amendments to our state's constitution and statutes. Over the last decade, we've seen an explosion in the number of such petitions filed in Missouri, because it is quite easy for interest groups to get them on the ballot. These groups—or factions, as Madison might say—are often out-of-state interests who have realized that the initiative petition process can be an effective backdoor to push significant policy changes that wouldn't be approved by the legislature or the governor—or by the people either, if they had a fair opportunity to consider all the issues raised by complex ballot propositions.

I believe that most voters make a real effort to cast responsible ballots, but most of us are not lawyers, and few of us have the time to dissect the language of complex ballot issues. How many times, in the days before an election, have you received a frantic call from a friend asking whether you can explain a particular ballot proposition? How often have you made such a call yourself?

There are also legitimate concerns about “ballot candy.” Ballot candy is a tactic that combines in one amendment

very popular proposals with other, highly contentious ones. The group behind the amendment then campaigns only on the popular proposals when it is the contentious proposals that are really the motive for the amendment.

Here's a recent example. In 2024, voters approved a proposition that raised the minimum wage, but also mandated paid sick leave. The sick leave provisions created a complicated web of rules and regulations for employers to navigate. It's highly unlikely that voters understood the full ramifications of the ballot language. Then, in this year's legislative session, the legislature passed a bill that would undo some of the changes created by the ballot measure. There is already an effort underway to put language on the ballot in 2026 that would undo the legislative changes and reinstate the original 2024 ballot language.

Needless to say, an escalating, tit-for-tat battle between voters and the legislature is not how laws or constitutions should be written.

Constitutions should be enduring documents that set forth the structure of government and guarantee certain basic rights of the people. They are not the normal place for enacting particular legislative policies. Yet largely because of initiative petitions, the Missouri Constitution has been amended 125 times.

So I am pleased that the legislature has proposed reforming the initiative petition process by requiring that citizen-led initiatives to amend the constitution be approved not just by voters statewide but also by majorities in each congressional district. This seems to be a reasonable compromise; it will still allow amendments to our constitution to be directly enacted but only by a consensus that respects the different needs and opinions of voters in each region of the state. It is a major step towards sanity and stability in our constitution, and I hope the voters of Missouri will agree.

# MISSOURI'S PUBLIC SCHOOL ACCOUNTABILITY LANDSCAPE

*Cory Koedel*

“School accountability” has meant different things over time. Traditionally, it has referred to inputs—such as requiring districts to hire certified teachers, provide sufficient resources, and follow state guidelines. These measures ensure schools are equipped to educate students but are only indirectly related to student outcomes. The 2002 federal No Child Left Behind Act (NCLB) marked a major shift by emphasizing student performance. Since the passage of NCLB, the term “school accountability” is widely understood to mean accountability for student outcomes, and rightly so.

By tying funding to compliance, NCLB pushed states to hold schools responsible for student achievement. However, the federal emphasis on student outcomes weakened when NCLB was replaced by the Every Student Succeeds Act (ESSA) in 2015, and today it has nearly disappeared.

In Missouri, top-down regulatory accountability—from the federal or state government—is now largely absent. Persistently underperforming districts can in principle be unaccredited, triggering state oversight and giving families the right to transfer elsewhere. But despite many districts that would meet any reasonable definition of “persistently underperforming,” no Missouri districts are unaccredited. The combination of softer federal rules, resistance in education to maintaining high standards, and the convenient cover of the COVID pandemic has left regulatory accountability in Missouri effectively nonfunctional.

At the Show-Me Institute, policy analysts are making the case for the state to reassert its accountability role. We’re also promoting other forms of accountability for our schools: democratic accountability and market-based accountability. Unfortunately, both of these forms of accountability are also currently weak in Missouri.

Democratic accountability stems from local school board elections. In principle, voters can replace boards that

fail to deliver. However, in practice, voter turnout in school board elections, which are typically held off cycle, is very low. This allows interest groups to dominate outcomes. Thus, while the appearance of democratic accountability exists, in practice it is weak. While I view democratic accountability as the least promising form of accountability, it can be strengthened in two ways. First, school board elections could be aligned with general elections, which would boost voter participation and reduce the influence of special interests. Second, transparent reporting about local school performance could foster a more informed and engaged electorate.

Market-based accountability works by empowering parents to choose where their children attend school. Schools that fail to meet families’ needs lose students, and those that succeed thrive. While there is tremendous political resistance to school choice, this is the type of accountability we rely on for most things. For instance, restaurants don’t need a regulator or an election to keep standards high—people choose where to eat, and the market responds by providing what we want.

Missouri’s school choice environment is improving slowly. In 2024, charter schools were authorized to open in Boone County, and in 2025 lawmakers provided \$50 million in public funding for school choice through the MOScholars program. However, we have a long way to go. Charter schools are still effectively banned in most of the state, and even with the infusion of public funding, MOScholars can only support a very small share of our K–12 student population.

Market-based accountability is the big fish. We already know it works—the evidence is all around us in other sectors of the economy. Increased choice will put school accountability in the hands of parents, who I trust more than anyone to demand the best of our schools.



# WE HAVE MET THE ENEMY, AND THEY ARE THE CONSULTANTS

*David Stokes*

In my position with the Show-Me Institute, I am blessed to be able to attend more meetings of obscure governmental bodies than most people. Okay, probably more than anyone. I have attended two meetings of the St. Louis City Port Authority in the past two years—enough said.

A Creve Coeur Community Improvement District meeting? Been there.

Sewer board meetings in Festus and Crystal City on the same night? Done that.

A trip to Springfield for a Transportation Development District meeting? Delightful.

Lake of the Ozarks in winter for a tax-increment financing (TIF) board hearing? Loved it.

One of the usual presences at these various hearings is the consultants. They are hired by various boards or councils to provide advice and guidance on whatever convention center, tax subsidy, or other thing that government wants to build or enact.

One would hope that these consultants would provide guidance that considers economic concepts such as trade-offs, deadweight loss, and unintended consequences. You would also hope that elected officials would want such things considered.

As someone who had sat through enough of these meetings that I get “time served” in purgatory, I can tell you that you can ask about trade-offs or tax bases. But to quote the late P.J. O’Rourke, you can ask the consultants to jump through a flaming hoop with a leg of mutton in their mouths for all the good it’s going to do you. The consultants are there to say what the officials who hired them want them to say; nothing more and nothing less.

The law actually requires this dog and pony show in many instances. To qualify for TIF subsidies, a project must have an economic development consultant study the situation and determine that, yes, the project indeed qualifies for the subsidies. How often do you think the consultant says “no, it doesn’t qualify”? I’ve never seen it happen, and at the Show-Me Institute we have been following these deals for 20 years.

At the St. Louis Port Authority board meeting that I recently attended, the consultant hired by the developers to help them get a special port sales tax provided factually incorrect information to the board about the plan. Is there a price to be paid for providing that erroneous information? Of course not.

I have watched economic development consultants provide ludicrous predictions of economic growth time and time again. The quality of the analysis is so bad that Washington University economics professor and former Show-Me Institute Fellow Michele Boldrin said in a deposition once (regarding a contested subsidy) that if one of his students brought work that was this bad to him, he would throw them out of his office.

Unfortunately, Professor Boldrin isn’t on a TIF board.

The various boards and councils want to hear what they hire the consultants to tell them. Is the new city-funded convention center a good idea? Of course it is. Will the new tax abatement pay for itself with economic growth? Obviously. Will the new film tax credits create jobs and grow the industry? Yes, and you’ll see yourself in the movies, too.

Plenty of consultants have figured out that making money by promising the illusion of certainty to elected and appointed officials is a great business. It’s certainly a good gig for the consultants. It’s a far worse deal for the taxpayers.

# FREE MARKET FORCES IN THE ENERGY SECTOR

*Avery Frank*

It is certainly no secret that the government exerts heavy influence over the energy sector. One of the primary drawbacks of such heavy government involvement is that it distorts competition, diminishing the incentive to innovate and often leading to overinvestment in unprofitable or outdated technology. Take electric vehicle charging as an example: Governments across the country have mandated the installation of public Level 2 charging stations that still take four to ten hours to fully charge a vehicle. Without subsidies incentivizing this technology, might the free market have delivered something better?

In an era of rapidly rising electricity demand—driven largely by data centers, artificial intelligence, and electrical manufacturing—the need for new power plants and innovative solutions to energy problems is urgent. What if Missouri helped open the door to a free-market solution?

Consumer-regulated electricity (CRE) is an emerging idea that would allow private companies to build their own power plants and transmission lines to serve new customers without all the usual regulations. These private grids would be scaled specifically to meet demand growth from large consumers. For a CRE entity to operate effectively, it would need to be free from restrictions imposed by the Missouri Public Service Commission (MPSC). (However, it should be noted that CREs would still be subject to regulations from agencies such as the Nuclear Regulatory Commission and the Environmental Protection Agency). It remains to be seen how CRE would interact with different MPSC safety regulations for different energy sources.

Rising electricity demand creates a market that could attract private investors in search of profit. Companies such as Microsoft, Google, Amazon, and Meta are scrambling to quickly acquire power to meet energy needs.

These private grids, which would face far less red tape than those subject to regulations from the MPSC, could be developed more quickly and allow market forces and innovative, profitable solutions to be infused into the energy sector.

The benefits of allowing CRE could be multi-faceted:

- Meeting rising electricity demand growth
- Attracting investment to Missouri
- Assisting in national security objectives
- Lightening the burden on utility grids and ratepayers to build and pay for new power plants.

Recently, New Hampshire became the first state to sign CRE into law, allowing “off-grid electricity providers” to generate, distribute, transmit, or sell energy without being subject to utility regulations. Missouri ought to follow suit and become a leader in innovative, free-market energy policy. It’s a big opportunity to attract significant investment, fortify our energy grid, and ease the pressure on ratepayers. Let’s see if lawmakers seize the moment.

# WELFARE REFORM INCOMING

*Elias Tsapelas*

Ready or not, big changes are soon coming to Missouri's welfare programs. In July, President Trump signed the "One Big Beautiful Bill Act" (OBBA) into law, and it includes some of the most significant reforms to the nation's welfare programs in decades.

The two programs that will be seeing the biggest changes are Medicaid, the health coverage program for low-income individuals, and the Supplemental Nutrition Assistance Program (SNAP), which is often referred to as food stamps. For Medicaid, the OBBA requires that states begin checking their enrollees' eligibility more frequently. This means ensuring that the more than one million Missourians receiving expensive health benefits are actually eligible to receive them. Though this may sound like an obvious thing to do, it's something the federal government made illegal for several years, which cost Missouri taxpayers untold millions in unnecessary spending.

For SNAP, the OBBA's reforms focus on reducing state payment error rates. Last year, the national overpayment error rate for SNAP (awarding benefits to people who don't qualify or offering more benefits than the recipient is eligible for) approached 10%, with Missouri not far behind at 8.16%. Perhaps the most surprising thing about the prevalence of errors is that the overpayment rate is approximately six times higher than the rate for underpayments both nationally and in Missouri. When you consider that more than 650,000 Missourians receive food stamps, it's easy to see how expensive the cost of these errors could become.

To be clear, there could be myriad reasons for the errors. It's also important to note that the federal government currently covers the entire cost of SNAP benefits, leaving Missouri to cover only half of the cost of administering

them. Are states trending toward overpayments because they aren't responsible for the cost? We will know the answer to that soon, because the OBBA requires states that can't get their error rates below 6% to start bearing some of the cost of benefits.

Another important change coming to both Medicaid and SNAP is that able-bodied recipients will have to begin complying with "community engagement requirements," which is the new term for benefits being contingent on work. Individuals who are capable of working and who don't have dependent children under the age of 14 will soon need to complete 80 hours of work or several other specified activities per month to keep receiving benefits. These are not merely punitive measures; they are intended to help capable recipients get back into the workforce as soon as possible.

All told, the OBBA includes some of the most substantial welfare reforms approved by Congress in a generation. After several decades of creeping government growth, the OBBA takes steps to move America's safety net back toward encouraging self-sufficiency instead of fostering government dependence. While I would have preferred that Missouri reform its welfare programs years ago, the OBBA provides lawmakers with a new opportunity to transform the state's welfare programs into something that better serves both recipients and taxpayers alike. Here is to hoping that Missouri's elected leaders are ready to meet the moment.

# KANSAS CITY'S EXPENSIVE EXPERIMENTS SHOULD BE A WARNING, NOT A MODEL

Patrick Tuohey

Kansas City has been in the news a lot lately—and not for the right reasons.

Sure, the celebrity romance between a pop star and a football player is fun. And it's nice when an Apple TV series films here. But beneath the cultural buzz, troubling public policy choices are being made.

No, I'm not talking about the clumsy stadium negotiations or the city's soaring violent crime rate, which now lands Kansas City on some lists of the nation's most dangerous cities.

I'm talking about free buses and subsidized grocery stores.

In 2020, Kansas City became the first major U.S. city to eliminate bus fares. The decision was based not on rigorous analysis, but on an unpublished and flawed internal study. Since then, ridership has stayed flat, assaults on drivers have surged, and security costs have ballooned. A short-lived celebration of "equity" collided with fiscal reality. Now, with federal COVID relief funds gone, the city council has reinstated a \$2 base fare and is calling for financial audits. Even the transit authority has admitted fares are returning.

This was predictable. A 2002 study by the Center for Urban Transportation Research warned that fare-free transit in large cities tends to increase disorder, raise costs, and reduce service reliability. Yet Kansas City forged ahead, offering a universal subsidy that included wealthier riders while failing to improve the issues that matter most to low-income riders—namely safety and dependability.

The city's grocery store experiment followed a similar script. In 2018, the city spent \$17 million to renovate a shopping center and launch a Sun Fresh grocery store in

a struggling neighborhood. Private investors had passed on the site for years, but the city plunged in anyway. By 2024, the city was pouring in another \$750,000 to cover debts and restock shelves. Foot traffic fell by two thirds. Crime surged. Shelves sat empty. The store closed.

Even the *Kansas City Star* editorial board—often sympathetic to city spending—called the project “a financial gamble for taxpayers.” They were right. There were already grocery stores in the area. The problem wasn't supply—it was safety and demand. And subsidies didn't fix that.

These failures reflect a deeper issue: policymaking driven by symbolism rather than strategy. Free buses and subsidized groceries sound good, especially when wrapped in sweeping rhetoric about equity. But without accountability and clear goals, such efforts often waste taxpayer dollars and fail the very people they claim to help.

Kansas City's recent policy experiments aren't cautionary because they were progressive. They're cautionary because they were poorly structured or beyond the scope of government. Cities tempted to follow Kansas City's lead (I'm looking at you, New York City) should look past the headlines and examine the results.

People need competent government more than they need pie-in-the-sky policy.



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