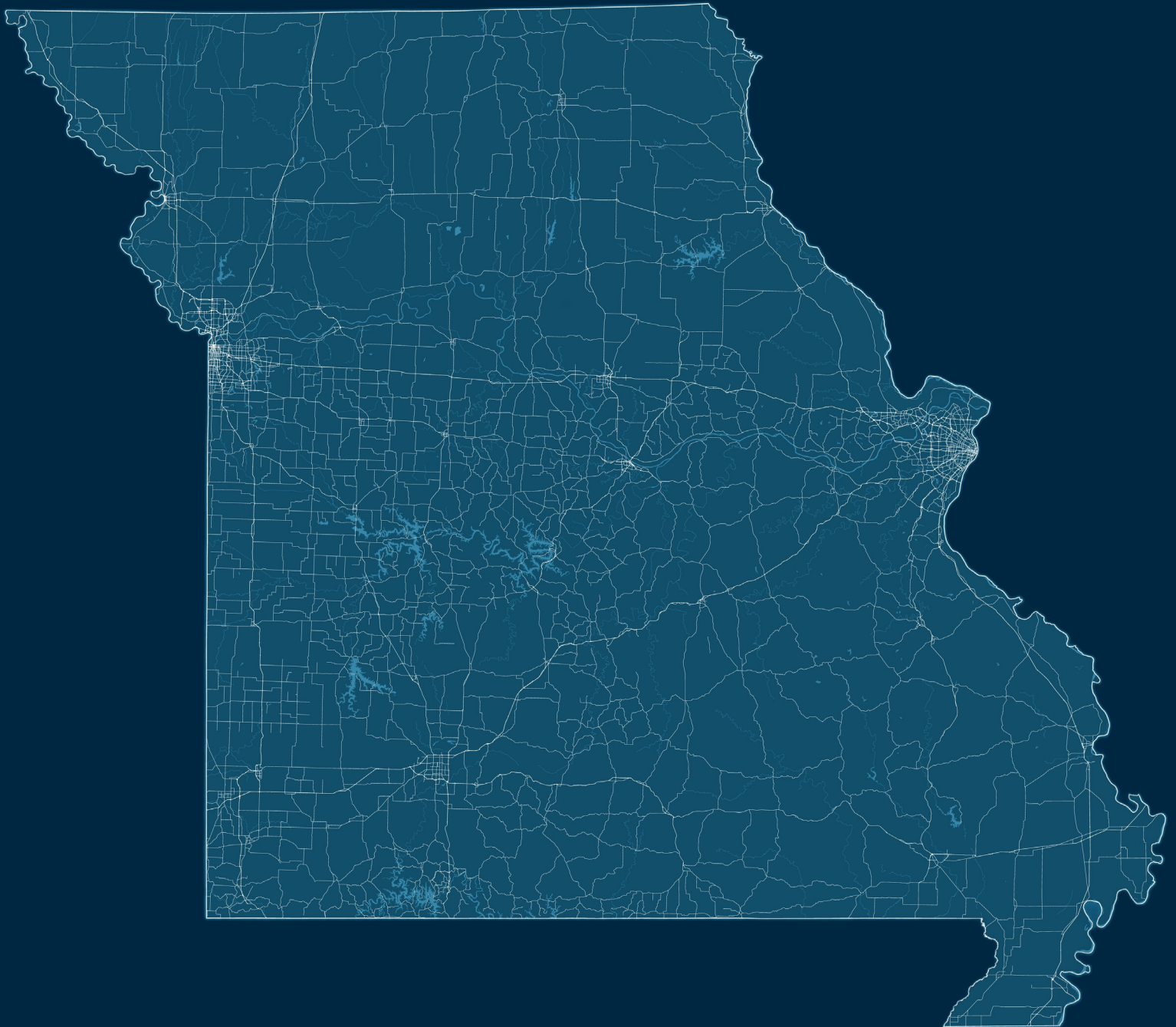




2026 BLUEPRINT

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 *2026 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 property taxes 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.

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STATEWIDE SCHOOL CHOICE

THE PROBLEM

The school choice landscape in Missouri is improving, but most students are still limited to narrow district offerings.

THE SOLUTION

Fully commit to a modern school-choice landscape by requiring all school districts to participate in statewide interdistrict open enrollment, increase funding for the MOScholars program, and remove barriers to charter schools in any school district where demand exists.

KEY FACTS

- Because Missouri does not offer interdistrict school choice, students here are required to attend a school assigned to them based on their address, even if that school chronically underperforms academically or is persistently dangerous.
- As it is currently funded, the MOScholars program can provide scholarships for only about 20,000 of Missouri's 880,000 public school students.
- Students have access to charter schools in just three of Missouri's more than 500 school districts.

Interdistrict Choice

Under Kansas's new interdistrict open enrollment law, every K–12 student can attend any public school in the state, regardless of where they live, as long as there are available seats in the desired school. School districts must participate in the program, and the Kansas Department of Education audits each district's capacity annually to ensure compliance. Missouri students are largely denied this level of educational choice. In most cases, they are required to attend the school assigned to them based on their home address. In 2024, the Reason Foundation graded all states' public school transfer and open enrollment laws, and Missouri received an "F." There are many reasons why a family might want an alternative to their assigned school. The school could be too

big or too small, a child may face bullying, or the school might not be able to meet the terms of an Individualized Education Program (IEP). Another issue that has come into focus of late is school safety—new federal guidance emphasizes that students who attend persistently dangerous schools must be provided with an opportunity to attend a safe public school.

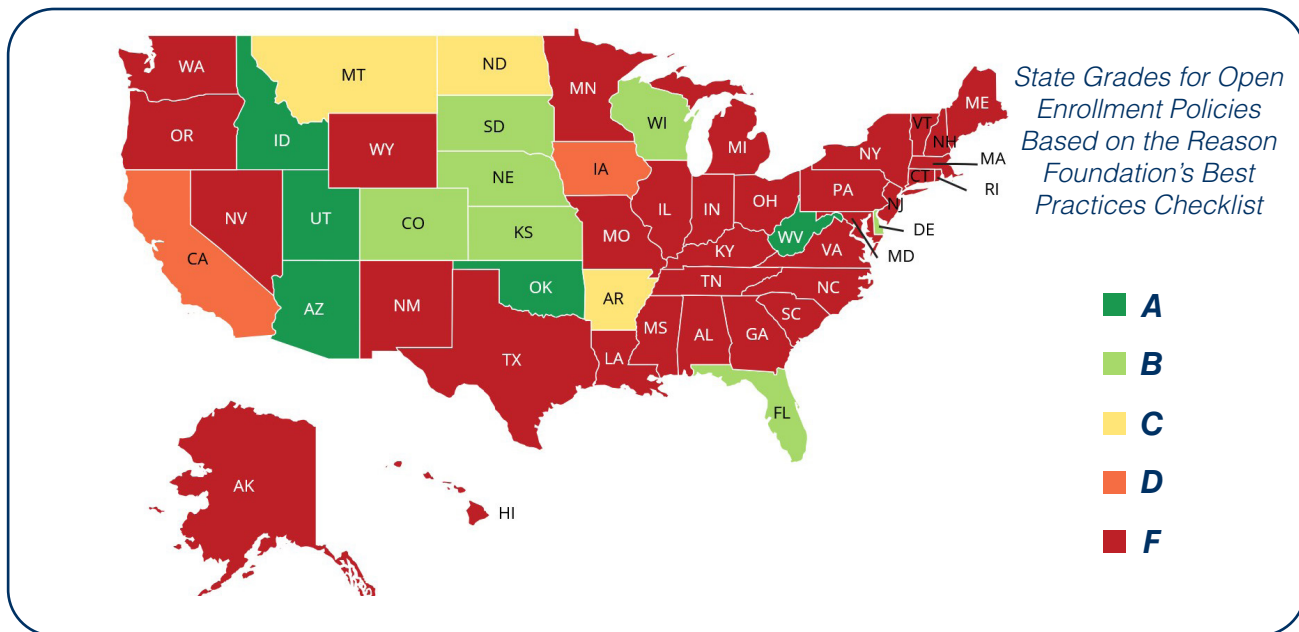
Missouri students should be permitted to cross district lines to access any public school, and Missouri school districts should be required both to allow students to transfer out and to receive students from other districts when they have space. Information on available capacity should be posted on school and district web pages and monitored by the Department of Elementary and Secondary Education (DESE).

Expanding the MOScholars Empowerment Scholarship Account (ESA) Program

MOScholars, Missouri's private school choice program, provides scholarships for students with disabilities and for low- and middle-income families to attend private schools. These scholarships are distributed through education assistance organizations (EOs), which receive funding from two sources: (1) \$50 million in public funding appropriated during the 2025 legislative session, and (2) private donations, for which donors receive full state tax credits subject to certain limitations. The total value of tax credits is capped at \$75 million annually.

The 2025 appropriation of public funding for MOScholars was a step in the right direction, but there is more to be done. If all available tax credits are used, the combined public and private funding would total \$125 million—enough to provide scholarships for approximately 20,000 Missouri students. While this is great news for the students who receive funding, it accounts for only a small share of Missouri's nearly 880,000 public school students.

Voter and parent support for school choice programs is widespread. In a survey of parents taken in June 2021, approximately 75% of parents responded that they somewhat or strongly support ESA programs like MOScholars. If the legislature is serious about supporting



Source: Public schools without boundaries 2024. Policy Report. Reason Foundation. Retrieved 08.06.2025 at: <https://reason.org/open-enrollment/2024-public-schools-without-boundaries>.

this program, it should continue to expand funding to reach more students.

Charter School Expansion

Flexibility, freedom from bureaucracy, and the opportunity to innovate make charter schools a valuable addition to any school district—including those in remote, rural areas. Research shows that on average, charter schools outperform traditional public schools in raising academic achievement and some charter schools deliver results that are substantially better.

In nearly every state, charter schools are available to families in every type of community. 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.” However, of the 43 states with charter schools, Missouri is the only one with none located in rural areas.

As of 2025, charter schools are currently available to Missouri families in just three out of more than 500 school districts (Kansas City, the City of St. Louis, and Normandy). The reason is simple: in Missouri, charter schools in accredited districts can only open with the approval of the local school board. This is effectively a ban on opening

charter schools in most locales. Legislation passed in 2024 allows charter schools to open in Boone County without the sponsorship of a local school board. No charter schools are operating in Boone County yet—it takes a while to open a new school—but they should be soon.

This legislation is a step in the right direction, but the real solution is to eliminate the requirement for local board sponsorship and let the market decide where charters belong. Every Missouri family should have access to this form of school choice.

POLICY RECOMMENDATIONS



EDUCATION FUNDING FORMULA

THE PROBLEM

Missouri's foundation formula for funding school districts is outdated. It allocates too much state aid to some property-rich districts because it relies on outdated information about property values. Because of hold-harmless provisions, it also sends money to some districts for students who aren't there. Finally, the formula provides additional funding for some categories of high-need students but does so in an unnecessarily complex and arbitrary manner.

THE SOLUTION

Revise the Missouri foundation formula to reflect updated property values, phase out outdated hold-harmless provisions responsibly, and provide additional funding to high-need students in a simple and transparent way.

KEY FACTS

- The formula is designed to equalize funding between property-poor and property-rich districts, but it uses outdated property values to determine local communities' wealth levels, distorting funding calculations.
- It includes multiple hold-harmless provisions that misallocate resources by providing funding for students who are not enrolled.
- The formula provides additional funding for certain high-need student groups, but does so in a complex and arbitrary manner.

The Formula Is Stuck in the Past

Missouri's school funding formula is not designed for 2025 and beyond. It was enacted in 2005 and should be updated to reflect the modern context of public education in Missouri. The formula has three central problems.

First, as in other states, the Missouri formula aims to send more funding to poorer areas by adjusting for local revenue capacity. It does this through an expectation of local tax effort from all communities, with the idea being that at similar property tax rates, wealthier areas can raise more revenue locally. The problem is that the Missouri formula determines

the expected local effort based on property values as of 2005. Changes in local wealth over the past two decades are not reflected, resulting in distorted estimates of local capacity and misallocated state aid.

Second, the formula has several hold-harmless provisions that have outlived their usefulness. Hold-harmless provisions are typically used to ease the transition from an old formula to a new one, but Missouri's provisions have been in place for decades. 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 based on actual enrollment today, because the 2005 amount is higher.

Third, while the formula includes extra funding for students with disabilities, low-income students, and English learners, the calculation mechanism is overly complicated. For example, when the number of students from a particular category exceeds a threshold level, the district receives additional funding for every student above the threshold. But if the percentage of students is below the threshold, the district receives no additional funding. A more tractable and modern approach is to simply provide additional funding for each high-need student in the formula.

An additional benefit of modernizing how we provide additional funding for high-need students is that each student's funding level under the formula will be clearly identified. This will make it easier for state funding to follow students to schools of their choice as Missouri's school choice landscape improves.

POLICY RECOMMENDATIONS

- Draft a new foundation formula based on current student counts and updated local effort measures. The new formula should also include built-in mechanisms for regular updates to property values and student counts.
- Target additional funding to students based on their needs in a simple and transparent way.



SCHOOL REPORT CARDS

THE PROBLEM

Missouri parents don't have access to accurate and easy-to-understand information about the quality of their children's schools.

THE SOLUTION

Mandate the creation of transparent online school report cards (with an easy-to-interpret rating system, such as letter grades) that clearly communicate 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 has no rating system for schools or districts, and the information it shares is not provided in a way that is useful to parents or policymakers.

Parents Are Being Kept in the Dark

When done well, school report cards are a powerful tool for communicating school performance to parents. According to a 2019 Phi Delta Kappa survey, 66% of parents who are aware of school report cards read them, and of those, 82% find them useful.

Federal law requires the Missouri Department of Elementary and Secondary Education (DESE) to produce report cards for every school and district in the state. While DESE has technically met this requirement, the current report cards are not useful. They provide a lot of data, but they do not label the data clearly or give context in which to understand the data.

What Missouri needs are clear, parent-friendly report cards that provide straightforward ratings across key performance

indicators. These should include student proficiency and growth in English/language arts and math, with results disaggregated by student subgroup. This is not uncharted territory. Much is known about what makes a school report card useful, relevant, and easy to understand, and many other states already produce high-quality school report cards. Missouri doesn't need to reinvent the wheel here. We simply need to follow the example set by states that have done this well. It is no coincidence that states with clear and transparent school report cards tend to significantly outperform Missouri on the National Assessment of Educational Progress (NAEP).

In 2021, the Show-Me Institute created its own website, [MOSchoolRankings.org](https://moschoolrankings.org), with letter grades for all schools and districts in the state. Ideally, the legislature would require DESE 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 letter grades, for every school and district. The report cards should be mobile- and print-friendly.



MISSOURI PARENTS' BILL OF RIGHTS

THE PROBLEM

Parents play a fundamental role in their children's education, but a lack of transparency from school districts makes it difficult for them to stay informed. Too often, parents struggle to determine how well their children's schools are performing, how taxpayer dollars are being spent, and what is being taught in the classroom. 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. The parents' bill of rights would require districts to provide parents with clear information about what is happening in their children's schools.

KEY FACTS

- In 2025, the Heritage Foundation ranked Missouri 45th in educational transparency among the 50 states and Washington, D.C.
- Sunshine Law requests sent in recent years by the Show-Me Institute seeking curriculum information from Missouri schools and districts were often ignored or met with demands for tens of thousands, or 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 and to be informed when concerns arise. This includes, but is not limited to, the right to opt out of health measures not required by state law.

Public Schooling in Partnership with Parents

Schooling works best when parents and educators work together. However, school district policies increasingly undermine such cooperation through a lack of transparency. Missouri's Sunshine Law is intended to ensure openness in public agencies, yet many school districts routinely claim that fulfilling Sunshine Law requests is prohibitively expensive, then pass those inflated costs on to the requester. This practice effectively blocks Missourians from accessing important information, such as which curriculum materials are being used in their local schools. There is also a growing trend among public schools to withhold information about student health from parents.

The state needs to take action to expand access to information among parents. School districts that fail to comply should be subject to meaningful financial and administrative penalties. Transparency and accountability in local government, including schools, should not be optional. The law must 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" —real consequences for violations—so that it isn't seen merely as a set of recommendations that can be violated without penalty by school districts.



EARLY LITERACY

THE PROBLEM

Too many Missouri students are struggling to read at all grade levels.

THE SOLUTION

Adopt evidence-based early literacy policies that have a proven track record in other states.

KEY FACTS

- On the 2024 National Assessment of Education Progress, 42% of Missouri fourth-graders scored “below basic” in reading, up from 30% in 2015.
- Missouri Assessment Program (MAP) scores have not returned to pre-pandemic levels.

A Key Study on Early Literacy

John Westall and Amy Cummings at Michigan State University released a comprehensive national analysis of state early literacy policies in 2023 in which they identified 16 policies that consistently showed evidence of improving literacy. States with all 16 saw significant and sustained increases in reading scores, indicating a path forward for Missouri.

Third-Grade Retention for Struggling Readers

Westall and Cummings found no evidence that reading scores increase without a retention policy to hold back struggling readers.

Missouri technically has a form of third-grade retention on the books, but it is not based on objective academic benchmarks, and it is rarely used.

In the fourth grade, reading instruction shifts from learning to read to reading to learn. Students who cannot read effectively struggle to keep up. While retention is a difficult experience, it is less so when the retention occurs early, and research shows that retained students do benefit.

Ideally, prospective fourth-grade students would take a state literacy assessment for reading. Those who do not meet the established reading benchmark would receive summer remediation and another chance to pass the test.

Good-cause exceptions could be made for some students. In other states, these include students with some types of disabilities, English language learners, and previously retained students.

Elimination of the Three-Cueing Method

Three-cueing is an approach to teaching reading that relies on text (the letters on the page) as little as possible and instead uses language cues.

However, reading is not an intuitive skill—rather, it is a technique to be learned. Research shows that skilled readers learn to read each letter rapidly and fluently as they connect the letters’ sounds with their oral vocabulary (phonics instruction). Three-cueing relies more on how the “whole word” looks, along with other context, like pictures. Fluency and decoding, rather than guessing and memorization, should define reading instruction.

Last year, Senate Bill 68 came close to banning three-cueing instruction. It needs to be fully eliminated in classrooms.

Align Teacher Preparation Programs

The National Council on Teacher Quality (NCTQ) released a report on how well teacher preparation programs across the country teach the science of reading. Half of Missouri’s participating universities received an “F.”

Indiana requires programs that certify teachers to include science of reading content and prohibit three-cueing. Missouri should follow suit.

POLICY RECOMMENDATIONS

- Establish a mandatory third-grade retention program based on objective academic benchmarks with multiple opportunities and good-cause exceptions.
- Fully eliminate the three-cueing method.
- Ensure that Missouri’s teacher preparation programs train prospective teachers in the science of reading.



OCCUPATIONAL LICENSING

THE PROBLEM

Needless occupational licensing requirements make it harder for people to work in our state, and wait times for licensing waivers unnecessarily burden applicants.

THE SOLUTION

Periodic review of all licensing requirements, elimination of regulations without proven benefits to public safety or product quality, and reduction of the maximum time to receive an out-of-state licensing waiver.

Licenses Should Have Proven Benefits

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 as public safety measures or as necessary to ensure the quality of the relevant service. However, there is little evidence that occupational licensing laws provide any benefit in this regard, as demonstrated by the Mercatus Center at George Mason University in a meta-analysis of 19 different studies directly related to licensing and product quality. In only 16% of included studies did researchers observe positive relationships between licensing and product quality.

Occupational licenses raise prices, impose higher barriers to entry, cost licensees time and money, and reduce innovation. Because of these costs, an occupational license should provide a proven benefit to public safety or product quality.

Issuing Waivers Efficiently

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, the relevant oversight body can wait up to six months to issue a waiver to an applicant. A worker considering relocation to Missouri might not be able to wait half a year before starting work in the profession in which they've been trained. This delay puts applicants in a bind: either wait for a waiver during this extended period or meet the Missou-

ri licensing requirements so they can work. This reality may dissuade individuals from relocating to Missouri entirely.

Missouri provides an expedited licensing timeline for qualified spouses of law enforcement officers and members of the military. This is a step in the right direction, but all professionals seeking work in Missouri should have their applications reviewed in a timelier manner.

KEY FACTS

- Five percent of the U.S. workforce was licensed through state laws in 1950. In 2024, 22% are licensed.
- In Missouri, it only takes an estimated 26 days of education and experience to become an EMT, but 175 days to become a makeup artist.

Sunset Reviews for Occupational Licenses

Many licenses are created and then exist for years without scrutiny. Not all licenses justify the costs they impose; in fact, Missouri has eliminated a number of unnecessary licenses, such as licenses for hair braiders. A sunset provision would bring attention to other outdated and unnecessary requirements, helping ensure that only those with proven benefits remain.

Reducing the burden of occupational licensing could create opportunities for workers and consumers, lower prices, and increase economic growth. Licensed occupations should be the exception, not the rule.

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.



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 the use of subsidies for professional sports franchises.

KEY FACTS

- The border war truce legislation between Missouri and Kansas expired in 2025.
- Five counties in Missouri now use county-level TIF commissions instead of municipal TIF commissions.

An Abysmal Track Record

Subsidies like TIF rarely deliver promised economic benefits. Research shows that 84% of firms would choose the same state no matter what subsidies and incentives were offered by other states. 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 legislation that renewed the agreement with Kansas limiting the use of tax subsidies by both states in the Kansas City metropolitan area. The agreement expired 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 (as happens with almost all subsidies). The truce, which was first passed in 2014 and renewed in 2019, had been a success. Despite Kansas's recent, awful decision 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.

(If Kansas chooses not to renew its part of the deal, then Missouri's renewal does not go into effect anyway, and both sides will lose out.)

It would be appropriate for Missouri to clarify that the Chiefs, Royals, and other professional sports teams are included in the border war truce legislation as part of this renewal.

Change the Decision-Making Process

A major flaw in the TIF process is that in most cases, cities decide on tax subsidies that affect other taxing districts. Cities can approve a TIF project or property tax abatement 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 just as fire and ambulance districts can. One way to address this problem is to move such decisions to county TIF commissions, where the county appoints most of the members. County officials 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 Missouri counties. That number should be much larger.

It is 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 through a simple court filing. The public can be excluded from the entire process by drawing CID or TDD districts that have no residents. With such little oversight and public involvement, malfeasance runs amok with these taxing districts.

POLICY RECOMMENDATIONS

- Renew RSMo §135.1670 (the border war truce legislation), which expired in 2025.
- 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.
- Require actual public votes by the entire city or county when new TDDs or CIDs are proposed and refrain from using state or local tax dollars for sports stadiums.



LOCAL GOVERNMENT TRANSPARENCY

THE PROBLEM

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

THE SOLUTION

Require that local governments report spending information.

KEY FACTS

- Missouri already has two programs through which local governments may report their spending to facilitate oversight by the public, but thus far only 33 counties and six municipalities are sharing information.
- 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 by the state treasurer's office in 2018 and the passage of House Bill 271 in 2021 established voluntary reporting programs in the state for local governments. Yet those developments should be the beginning, not the end, of transparency and accountability for local government in Missouri. Local governing bodies should be required, not invited, to report their spending.

Accountability Pays Dividends

Online transparency portals ensure that rather than responding to Sunshine Law requests for 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.

Empowering the Auditors

Missouri adopted House Bill 2111 in the 2024 legislative session to increase the authority of the state auditor to investigate reports of malfeasance in local government. This positive change has improved accountability in local government 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, first, and second-class counties). The quality of local auditing ranges dramatically, from good in St. Charles County to basically nonexistent in St. Louis County.

Unfortunately, in 2025 the courts overturned a law imposing stricter reporting standards for municipalities within St. Louis County on the grounds that it was a "special law" applying only within St. Louis County. The legislature should address that issue by making higher reporting standards applicable to municipalities in every Missouri county.

The use of tax dollars to advocate for or against local government ballot issues has received significant attention this year. The time is right for the legislature to restrict or even eliminate the ability of local governments to use tax dollars to share information on ballot issues with voters. Attempts by local governments to be "neutral" generally make a mockery of the idea of neutrality and should be curtailed.

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.
- Expand the now-overturned financial reporting requirements in RSMo §67.287 for municipalities in St. Louis County to all municipalities statewide.
- Ban the use of tax dollars by local governments to share information on local ballot issues.



INCOME TAX REFORM

THE PROBLEM

Missouri's economy is suffering because of an overreliance on the income tax as a source of revenue.

THE SOLUTION

Continue to reduce or eliminate the use of the individual income tax and earnings taxes.

KEY FACTS

- Missouri collects around two thirds of state revenue through the income tax, which is the third-highest percentage among states, just after New York.
- Missouri's GDP growth rate for 2024 was 2.3%, which ranked 30th in the country, falling well below the national average of 2.8%.
- Missouri's two biggest cities rely on a 1% earnings tax, which will be increasingly problematic as non-city residents move toward remote work rather than traditional work in city-based offices and escape these taxes.

Income Taxes Are Holding Missouri Back

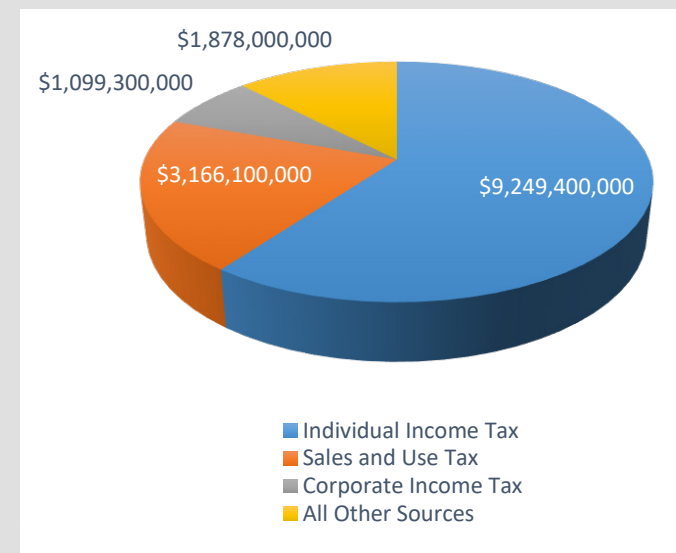
Missouri's economy is once again lagging behind much of the country, and state and local tax structures are a part of the problem. Missouri has the third-worst reliance on income taxes as a share of state revenues in the country, just behind New York. Such a reliance on these harmful taxes—on income taxes at the state level and earnings taxes in Kansas City and St. Louis—has consequences.

Learning from Boom States

Missouri would be wise to take a page from the playbooks of zero-income-tax boom states such as Florida and Texas, which have been magnets for attracting and retaining people, jobs, and investment. In recent years, Missouri lawmakers have taken some steps to reduce the state individual income tax. Most recently, the legislature passed a law to gradually reduce the income tax to 4.5%, triggered by the

FISCAL YEAR 2026 REVENUE BY SOURCE

The lion's share of state general revenue will continue to come from the income tax for the foreseeable future, but continuing rate reductions would lessen this reliance over time.



Source: Missouri Office of Administration.

state meeting certain revenue targets. However, there is no reason to stop those tax reductions at 4.5% if revenue targets continue to be met. Not only would income tax reductions allow citizens to keep more of their hard-earned money, but they would reduce the state's reliance on income tax revenue and make the state more competitive.

POLICY RECOMMENDATIONS

- Allow the state income tax to fall below 4.5% with the goal of eliminating it completely.
- Remove the cap on the number of income tax rate reductions based on state revenue triggers and allow the rate to be reduced commensurate with the amount by which the trigger is exceeded.



PROPERTY TAX REFORM

THE PROBLEM

Property taxes are a vital and efficient source of revenue for local government, but various factors, including harmful abatements, inconsistent assessment practices, and consistently poor management in Jackson County, have eroded trust in the overall system.

THE SOLUTION

Property taxes work best when they are predictable, broadly based, and targeted to the local services that people benefit from. Right now, property assessments in Missouri are unpredictable and seem random to too many people. While tax-rate rollbacks help reduce these negative aspects of property taxes, the high inflation of recent years has limited the effectiveness of rate rollbacks. Missouri assessors should more uniformly assess residential property by using an average-based system instead of individually assessing every property, which leads to increased variance in values among neighboring properties and undermines trust.

KEY FACTS

- The 2025 Jackson County reassessment was once again a procedural disaster, leading to distrust in the system. Making Jackson County Assessor an elected position should improve the process by giving the voters and taxpayers someone to hold accountable.
- Surprisingly, cities in Missouri rely less on general property taxes than cities in any other state.
- Missouri local governments, such as school districts and fire districts, rank third among the 50 states for reliance on personal property taxes.

Which Taxes Damage Growth the Most?

Study	Johansson et al. (2008)	Arnold et al. (2011)	Acosta-Ormacechea, Sola, & Yoo (2019)	Şen & Kaya (2023)
Worst	Corporate income tax	Corporate income tax	Personal income tax	Corporate income tax
2nd Worst	Personal income tax	Personal income tax	Corporate income tax	Personal income tax
3rd Worst	Consumption tax	Consumption tax	Consumption tax	Consumption tax
Least Bad	Property tax	Property tax	Property tax	Property tax

Source: <https://lx.com/cremieuxrecueil>.

Going in the Wrong Direction with Recent Reforms

In an effort to address the impact of higher property taxes in Missouri, the legislature first passed a senior property tax freeze option in 2023 and made major changes to the property tax system in 2025 during the special session. There are many problems with these bills, not the least of which are serious constitutional concerns that will likely be fought over in court. These plans are harmful simply because they reduce the property tax base. Unless local governments cut services in response to the enactment of these plans, they will almost certainly lead to higher tax rates on properties that are not subject to the property tax freezes or limitations, such as commercial property and multi-family housing. There will also be significant pressure to increase alternative taxes, like special sales taxes. Most concerning, there will be an increased reliance on income taxes to fund local school districts through the foundation formula. Increasing our dependence on income taxes will harm economic growth in Missouri.

It would be better for the state to substantially change the biennial property assessment process. Missouri should eliminate the practice of sending thousands of assessors out into our neighborhoods every other year to individually assess every property. The Missouri State Tax Commission could work with county assessors, local realtors, and online real estate resources to determine average county increases

(or decreases) in valuation for each reassessment cycle. Each residential, commercial, or agricultural property in a county could be adjusted based on the county's average for that particular class of property. Tax rates could then be adjusted based on that average, and the vast majority of homeowners would be subject to the same resulting increase (or decrease) in their overall property taxes. This method would eliminate wide discrepancies from house to house that undermine faith in the current tax and assessment system.

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 real burden on homeowners, who saw their property taxes skyrocket. In 2025, after another round of substantial and contentious assessment increases, the school board approved a very slight 10-cent rate rollback. The Kansas City 33 School District should be required to roll back its property tax rates as assessments increase, just as every other taxing entity in Missouri does.

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 is not sound tax policy. While there is no way of knowing how many Missouri cars are improperly registered in Illinois, Kansas, or Arkansas in order to avoid Missouri's 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 total tax revenue raised for all governments on all livestock throughout the state only amounts to about \$10 million. Those paltry revenues do not justify the effort that goes into collecting the tax in the first place. Missouri should eliminate the personal property tax on livestock and replace it with a slightly higher tax rate on farmland.

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 a wasteful expenditure of time and effort.
- Repeal or substantially amend the laws allowing for senior citizen property tax freezes.
- Change to a reassessment system for homes that is based on community sale averages, not individual property assessments.



BUDGETARY REFORM

THE PROBLEM

Missouri's budget is growing faster than the state's economy, and if this troubling trend 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 nearly \$1 billion each year in tax credits, which are 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 unsustainably for years, and may finally be reaching a fiscal cliff. After a year when a reduction in spending was promised but not delivered, our state is facing a one-billion-dollar shortfall. Missouri's Hancock Amendment, which was once thought to provide protections against unchecked government growth, has proved incapable of meaningfully constraining spending. In fact, if Missouri's budget growth hadn't drastically outstripped both inflation and population growth over the past five years, the current fiscal crisis could have been avoided entirely.

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 each year.

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.

Additionally, 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 nearly \$1 billion in various tax-credit programs with little to show for it. These tax credits are the fiscal equivalent of state expenditures, but because the state forgoes revenue instead of spending it, the credits 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,

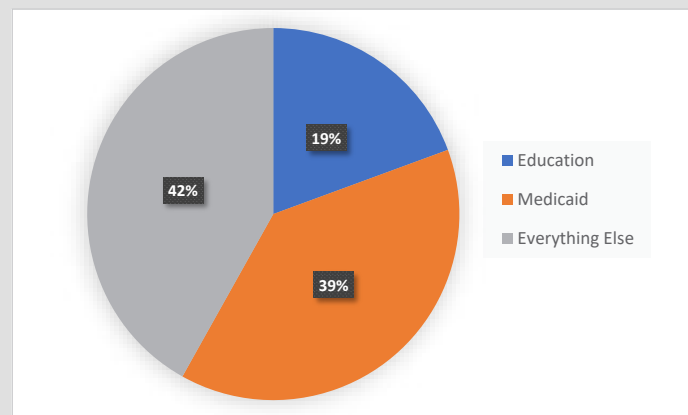
corrections, and other spending that lasted for several years after the recession. Almost every other state in the country has a rainy-day fund to help weather these situations, but Missouri's Budget Reserve Fund is too small and too hamstrung by restrictions to be used in a downturn. In fact, it's never once been used for this purpose.

POLICY RECOMMENDATIONS

- Establish clear and meaningful state program performance metrics that allow for 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 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.

FY 2026 OPERATING BUDGET

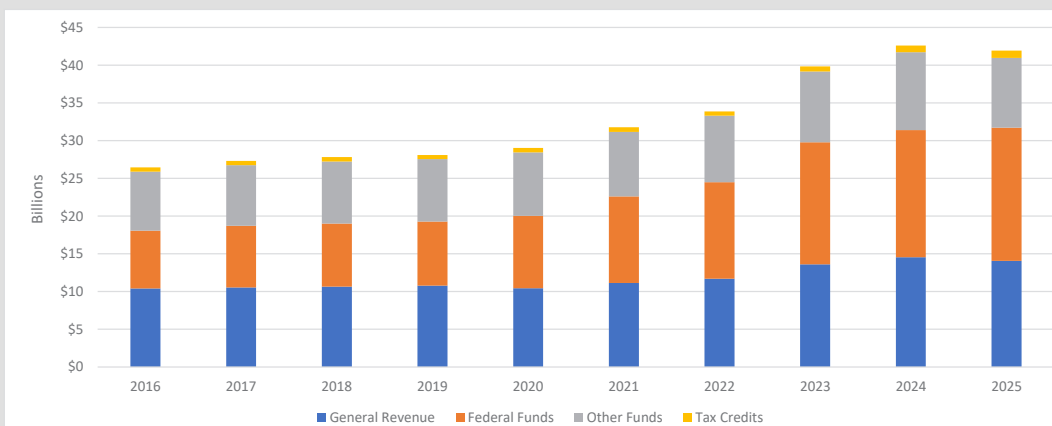
With approximately 58% of all state spending devoted to education and healthcare, continued budgetary growth puts enormous pressure on every other state spending priority.



Source: Missouri House of Representatives Budget Fast Facts.

BUDGETARY GROWTH: FY 2016–2025

Missouri's state spending has grown by more than 58% over the past decade.



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

Improve and expand the taxpayer protections provided by the Hancock Amendment by adopting a Taxpayer Bill of Rights.

KEY FACTS

- On paper, Missouri's Hancock Amendment promises to keep state government from growing faster than Missourians' pocketbooks, but it has proven incapable of doing so in recent years.
- A Missouri Taxpayer Bill of Rights could build on the legacy of the Hancock Amendment to provide the strongest protection against unconstrained government growth in the country.
- A Taxpayer Bill of Rights would keep the state's revenues and expenditures from growing faster than the sum of the inflation rate and population growth, ensuring government cannot grow in scope without voter input.
- Unlike the Hancock Amendment, which grew out of date and has failed to provide taxpayer refunds for the past 26 years, a Taxpayer Bill of Rights would guarantee tax cuts or refunds if revenues ever exceed the defined limit.
- Although the Hancock Amendment requires property tax rates be rolled back when property values increase too quickly, this requirement is not being applied to the personal property taxes paid on the value of items such as cars, boats, and farm equipment.

Hancock Protections No Longer Effective

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 that were intended to place important restrictions on the government's ability to raise and spend tax dollars. But in the more than 40 years since its initial passage, serious weaknesses in the amendment's restrictions have been exposed.

One of the amendment's main selling points—a state revenue limit with a tax-refund provision—was intended to prevent government from growing too fast. If revenues exceeded the limit, state taxpayers would receive a refund of the difference. The problem is that policymakers and an out-of-date compliance formula have rendered the tax refund threshold nonfunctional, resulting in state taxpayers not receiving a refund in more than 20 years. In fact, without reform, it's unlikely that the Hancock Amendment's tax refund provision will ever be triggered again.

A New Standard for Tax and Expenditure Limits

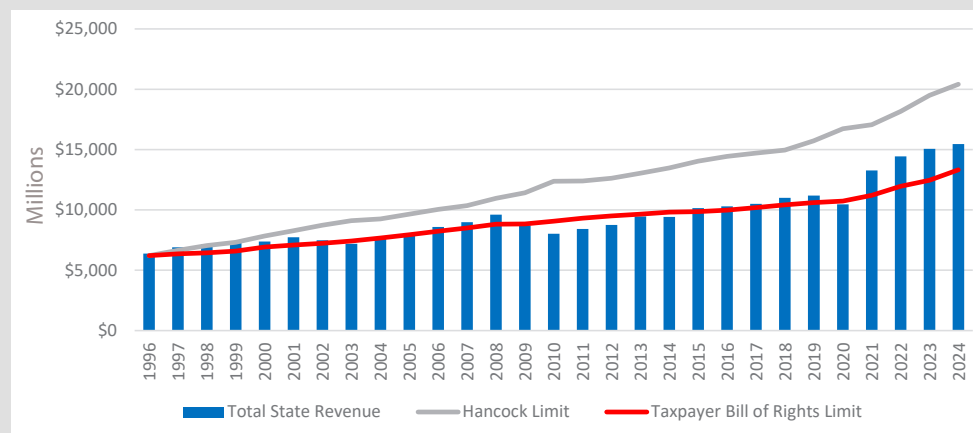
Missouri needs stronger, more resilient taxpayer protections. Missourians should be assured of the following principles:

1. When tax revenues grow faster than the sum of inflation and population growth, taxpayers will get an automatic tax cut or refund unless they explicitly approve using the money for spending.
2. Comprehensive state spending—including on tax credits—cannot grow faster than inflation plus population growth without voter approval.
3. When property values increase faster than inflation, tax rates will be automatically reduced to ensure taxes aren't raised without voter approval.
4. When lawmakers want to substantially raise, change, or extend taxes, there will always be a transparent process for voter approval.

A Missouri Taxpayer Bill of Rights would accomplish each of these goals. Additionally, it 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 Missouri Taxpayer Bill of Rights is designed to

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

Missouri is currently more than \$4.9 billion below the Hancock-established revenue ceiling.



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

stand the test of time and contains strong enough definitions to avoid the political gamesmanship that has plagued the Hancock Amendment for decades.

The Missouri Taxpayer Bill of Rights would also extend the property tax rate rollback requirements to the two property taxes—the personal property tax and the commercial surcharge—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 33 School District). 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 stands the test of time and more effectively realizes the spirit of the Hancock Amendment through robust limits on state spending and revenues.
- Ensure that government cannot grow in scope without voter input, and 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 surcharge.
- Guard against runaway inflation by protecting taxpayers from drastic property assessment increases.



OFFICE OF GOVERNMENT EFFICIENCY

THE PROBLEM

Missouri's government continues to grow in both size and scope while tax revenues are expected to stagnate in the coming years.

THE SOLUTION

Complete a comprehensive review of Missouri's government to rein in unnecessary spending and regulation.

KEY FACTS

- Missouri's net general revenue collections for Fiscal Year 2025 were essentially flat and are expected to be similar in Fiscal Year 2026.
- Missouri's spending of state revenue sources has increased by more than 75% over the past five years, and is expected to outpace tax revenue growth in the next few years.
- Successful state-based efficiency efforts have been enacted across the country over the past 50 years and have saved taxpayers billions of dollars.

Something's Gotta Give

Missouri's tax revenue collections have grown at an average rate of nearly 9% over the past five years, but state spending has grown at an even faster rate of more than 10%. To make matters worse, Missouri's official estimates now project state revenues to remain essentially flat in the coming years. Given that the cost of providing the same level of services increases over time, and that Missouri's constitution has a balanced budget requirement, it should be obvious that this troubling trend cannot continue.

Learn from Other State's Experiences

Nearly 60 years ago, then-California Governor Ronald Reagan established what was perhaps the most successful state-based cost-cutting initiative in history with an executive order. The "Governor's Survey on Efficiency and Cost

Control" enlisted the help of more than 200 private-sector leaders to recommend, in short order, more than 2,000 reforms to improve California's government operations and reduce costs. All told, the recommendations included savings of upwards of \$4.2 billion in today's dollars.

Over the past year, following the lead of Reagan and the recent work conducted by the federal Department of Government Efficiency, more than 20 states have established their own cost-cutting initiatives. While Missouri's general assembly created committees last year on the subject, no visible progress has been made on establishing a government efficiency program. Instead of trying to reinvent the wheel, Missouri can look to states that have already achieved success reining in government and take similar actions that could save billions of Missouri taxpayer dollars.

Step One of Many

Rightsizing Missouri's government will not be easy. It will require leadership from both the executive and legislative branches of Missouri's government, a clear plan of attack for identifying inefficiencies, and a commitment to exercising fiscal restraint over several years while implementing the reforms necessary to permanently change the state's fiscal trajectory. This much is clear: There is no longer time to delay. Missouri's elected officials must start reducing government spending today if there's any hope of securing our state's financial future tomorrow.

POLICY RECOMMENDATIONS

- Establish an executive branch-led government efficiency initiative to provide a comprehensive review of Missouri's government practices.
- Enlist the help of private-sector leaders to help review government, rein in excess spending, and recommend reforms to improve efficiency while reducing waste.
- Set clear goals and timelines for the initiative, with commitment from elected officials to make the efficiency recommendations a reality.



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 free-market reforms to increase the availability of care across the state while also working to lower healthcare prices.

KEY FACTS

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

Remove Unnecessary Barriers

"Scope of practice" defines what medical professionals 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 true and important in rural areas where doctors may not always be available or nearby. While Missouri has made some incremental progress on broadening the scope of practice for nurses in recent years, the state still has more restrictive laws than most of the country.

"Telemedicine" is the provision of medical care over the telephone and the internet. For the sake of public health and because many patients felt more comfortable staying at home during the pandemic, Missouri temporarily loosened the regulations that govern who could see a physician online and under what circumstances. Despite the recent expansion of Missouri's telemedicine laws to include audio-only technologies, there is still work to be done to safely expand telemedicine.

"Licensure" is the manner in which the state regulates certain professions. Unfortunately, licensure can often act as a barrier to entry, especially for qualified healthcare providers

from other states. While Missouri's passage of universal license reciprocity in 2020 was a step in the right direction, the state's licensing laws are still unnecessarily limiting the number of qualified and willing providers who could otherwise be treating Missouri patients.

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. 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. Greater freedom for providers makes job opportunities in a state more desirable for prospective employees. If Missouri's elected officials are serious about addressing the state's healthcare access issues, making healthcare employment in Missouri more competitive is required.

POLICY RECOMMENDATIONS

- Remove the unnecessary barriers to healthcare access that were previously waived during the COVID-19 pandemic, such as expanded providers' scope of practice.
- Remove the statutory delays to reciprocity licensure and create additional pathways for licensed healthcare providers in other states to treat patients in Missouri.
- 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.
- After several years of increasing compliance rates, hospital compliance with the federal price transparency rule, which went into effect in 2021, has fallen nearly 40% in the past year.

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 total healthcare spending rising from 16% of gross domestic product (GDP) in 2007 to 25% of GDP today—and with projections estimating it will eclipse 37% by 2050—price transparency is critical for both the insured and the uninsured because it creates 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, a report from PatientRightsAdvocate.org found that, as of November 2024, only 14% of hospitals in Missouri and 21.1% nationwide are fully compliant. Alarmingly, the same website's prior year analysis showed significantly higher compliance rates of 25% and 34.5%, respectively. Furthermore, providers are only half of the healthcare equation; not only should all providers be subject to the same price transparency requirements, payers for services such as health plans should be required to publicly post the rates they negotiate. 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

- By state law, require 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.



NUCLEAR ENERGY

THE PROBLEM

Rising electricity demand and retiring coal plants put Missouri at risk of higher prices and unreliable power.

THE SOLUTION

Create a nuclear advisory council and explore consumer-regulated electricity (CRE) to position Missouri for next-generation nuclear power.

KEY FACTS

- Nuclear energy is reliable, powerful, and clean.
- 71% of Americans agree that the United States should “definitely build more nuclear power plants in the future,” up from 47% in 1998.
- Businesses rank energy availability among their top priorities in site-selection decisions.

The Growing Demand for Nuclear Energy

Nuclear power has played a pivotal role in meeting historical energy needs. Today, electricity demand is growing and the primary drivers are well known: data centers, artificial intelligence, and industrial manufacturing.

Amid rising demand, nuclear energy has emerged as a rare point of political agreement, as both the Biden and Trump administrations have endorsed more nuclear power—with the latter issuing pivotal executive orders to bring long-needed reform. Outside the Oval Office, the ADVANCE Act (for nuclear energy) flew through the Senate (88-2) and the House (393-13) before being signed by President Biden.

Missouri has long possessed unique strengths to lead in nuclear energy, but now, national-level momentum and reform have created new opportunities.

A Missouri Nuclear Advisory Council

Tennessee’s nuclear advisory council has seen tremendous success since its creation by executive order in 2023.

Missouri could form a similar council to unite the state’s brightest minds in the energy sector to identify regulatory,

workforce, and educational challenges and strengths while highlighting opportunities such as coal-to-nuclear transitions—at no cost to taxpayers.

The council could reduce risk and uncertainty for both international and domestic developers by providing centralized and accessible information, as well as clearly signaling the state’s resolve and intentions to be a dedicated partner in nuclear development.

Bringing the Free Market into Energy

Consumer-regulated electricity (CRE) is an emerging policy that would allow off-grid electricity providers to build their own power plants and transmission lines to serve new customers faster and with less red tape. To be free from Missouri Public Service Commission (MPSC) regulations, CRE providers would need to be unconnected to the regular grid and only serve new, large industrial and commercial customers. These providers would still be subject to federal regulation from the Nuclear Regulatory Commission and other federal agencies.

CRE could help Missouri meet demand growth, attract investment by companies quickly seeking stable energy, lower costs for utilities and ratepayers, and spur innovation.

To allow CRE, Missouri would need to modify state statute such that new off-grid electricity providers are not subject to monopoly regulation (assuming they are unconnected to existing infrastructure, do not cross state lines, and only serve large customers). New Hampshire moved forward with CRE in 2025. Missouri could do so as well.

POLICY RECOMMENDATIONS

- Establish a Missouri Nuclear Advisory Council.
- Through CRE, inject market forces into the energy sector by exempting off-grid electricity providers from MPSC monopoly regulation.



WELFARE REFORM

THE PROBLEM

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

THE SOLUTION

Seize the opportunity provided by the recent passage of the One Big Beautiful Bill Act to reform Missouri's welfare programs.

KEY FACTS

- Recent passage of the One Big Beautiful Bill Act (OBBB) offers Missouri new opportunities to reform the state's welfare programs.
- More than 1 in 5 Missourians are enrolled in government-sponsored health coverage through Medicaid.
- Estimates suggest that upwards of 20% of welfare enrollees may actually be ineligible to receive services.
- Missouri should take advantage of the new flexibility granted to states as the many provisions of the OBBB are implemented in the coming years, focusing on encouraging work and making the programs more efficient.

New Opportunities

After decades of creeping growth in government dependence, Missouri now has a golden opportunity to finally enact meaningful welfare reform. Following the recent federal passage of the One Big Beautiful Bill Act (OBBB), states will be tasked over the next several years with implementing the bill's many provisions that relate to welfare programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP).

Drastically changing Missouri's welfare programs will require significant, much-needed computer system upgrades. According to a recent report from Missouri's auditor

office, the state's Medicaid agency continues to struggle determining recipient eligibility. As a result, individuals who are ineligible to receive benefits have remained enrolled in the program for up to 10 years in some cases. State taxpayers have also been footing the bill for benefits for dead recipients due to a lack of sufficient system controls.

As Missouri is upgrading the state's information systems as required by the OBBB, there's no better time to address the existing eligibility system issues and take the extra step to further reform the state's welfare programs to make them work better for program recipients and taxpayers alike.

Continuing Growth

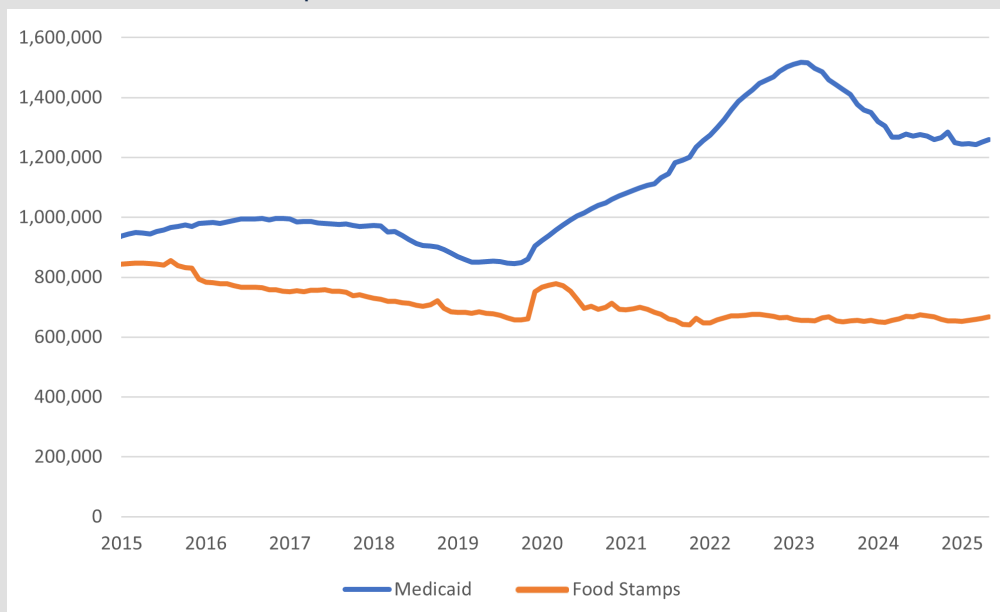
As government spending has grown in recent years, so too has enrollment in Missouri's various welfare programs. Today, Medicaid is Missouri's largest government-run program, with more than 1.2 million Missourians—approximately one fifth of Missouri's population—enrolled. This total represents an increase 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 SNAP, otherwise known as food stamps. Estimates suggest that upwards of 20% of all welfare enrollees may not be legally eligible to receive services or are receiving benefits in excess of the amount to which they're entitled.

Change Incentives to Change Outcomes

Welfare programs shouldn't encourage dependency, but far too often they end up trapping recipients on government support. After years without enforcing the SNAP or Temporary Assistance to Needy Families (TANF) work requirements, the OBBB requires Missouri to implement "community engagement requirements" for able-bodied SNAP and Medicaid recipients starting in 2027. Missouri should ensure these new requirements are more than just a new bureaucratic hurdle recipients need to clear and are instead offering those who need temporary assistance a clear path back to the workforce.

WELFARE PROGRAM ENROLLMENT

Following the surge in program enrollment during the COVID-19 pandemic, more than 1.2 million Missourians remain enrolled in Medicaid and more than 660,000 are on SNAP (food stamps).



Source: Missouri Department of Social Services.

Reform Can't Wait

Whether Missouri's government is ready or not, as a result of the OBBB, substantial changes are coming to the Show-Me State's welfare programs over the next several years. While many of the bill's reforms focus on improving program integrity and establish new state requirements with firm deadlines for compliance, some reforms provide states considerable flexibility in how they're implemented. In these cases, Missouri should take advantage of this newfound flexibility to tailor the reforms to best meet the needs of Missourians, with a focus on maximizing efficiency, minimizing waste, and encouraging work for recipients who are capable.

POLICY RECOMMENDATIONS

- Take advantage of newly provided flexibility to meaningfully reform welfare programs in a manner consistent with the goals of the recently passed OBBB.
- Continue upgrading state information systems to encourage greater accountability by minimizing waste, fraud, and abuse.
- Dutifully implement provisions of the OBBB to maximize program integrity while ensuring that productive work is encouraged.



RESOURCES



MISSOURI TAXPAYER BILL OF RIGHTS

The Missouri Taxpayer Bill of Rights proposes limits on the growth of Missouri's government spending and revenue. If adopted, it would cap growth at the rate of inflation plus population, triggering automatic tax cuts or refunds when that limit is exceeded. It would also

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

Read more here



A FREE-MARKET GUIDE FOR MISSOURI MUNICIPALITIES

How can Missouri's cities, towns, and villages better organize, fund, and operate to serve residents? This multi-part series by David Stokes applies free-market principles to local governance, offering practical guidance for officials and taxpayers. Each report uses history, research, and real-world examples to promote efficient service delivery, accountability, and economic growth.

Read more here



ESTABLISHING A MISSOURI OFFICE OF GOVERNMENT EFFICIENCY

The size of Missouri's government has nearly doubled over the past five years. Given the commitment from the Trump administration to reducing wasteful government spending at the federal level, the time is right for Missouri to create its own Office of Government Efficiency to rein in excess spending and unneeded regulations.

Read more here



MISSOURI SCHOOL RANKINGS

The Missouri Department of Elementary and Secondary Education 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.

Find your school here



THE SHOW-ME INSTITUTE

PODCAST

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.

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**Advancing Liberty with Responsibility
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