SHOW-ME INSTITUTE

WHERE LIBERTY COMES FIRST

ANNUAL REPORT | 2012

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

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I HEAR AMERICA SINGING

BY WALT WHITMAN

I hear America singing, the varied carols I hear,

Those of mechanics, each one singing his as it should be blithe and strong,

The carpenter singing his as he measures his plank or beam,

The mason singing his as he makes ready for work, or leaves off work,

The boatman singing what belongs to him in his boat,
the deckhand singing on the steamboat deck,

...

Each singing what belongs to him or her and to none else,

...

Singing with open mouths their strong melodious songs.

"Jolly Flatboatman" by Missouri Artist George Caleb Bingham, 1846.

A Letter from the Chairman and the President

R. Crosby Kemper III
Chairman

Rex Sinquefield
President

Dear Friends:

We agree with Winston Churchill, who famously called democracy the worst form of government — except for all others that have ever been tried.

We were hoping that free-market thinking would triumph over class warfare in the 2012 national election.

It did not.

With the re-election of President Barack Obama, it is to be expected that public policy will continue in a leftward direction at the federal level. But it cannot continue for long. Everywhere in the western world, national governments have boxed themselves into a corner in expanding entitlements and encumbering their economies with growth-destroying rules and regulations. They have been forced to borrow incredible sums of money just to maintain an increasingly unhappy and tenuous status quo.

But the borrowing is itself *unsustainable*. On the current course, it is only a matter of time before the easy- money window comes slamming down on the fingers of government. In that event, our government would suddenly lose the ability to borrow 40 cents or more out of every dollar it spends at exceptionally low rates of interest.

There is still hope for a renewal of freedom — and the adoption of better policies. But the hope lies not with today's national political leaders. Having come this far, they will go on kicking the can down the road.

The best hope rests in changing policies at lower levels of government that are less insulated from the realities of the marketplace . . . and where there is less of a yawning gap between elected officials filled with a sense of their own importance and regular people faced with the task of earning a living.

REBUILDING AMERICA — ONE STATE AT A TIME

As co-founders of the Show-Me Institute — Missouri's only free-market think tank — we are greatly heartened by a resurgence in pro-market, pro-growth policymaking in many states — including the neighboring states of Kansas, Nebraska, Oklahoma, Arkansas, and Tennessee.

The reader will find a full account of this movement in the article "Border Wars, Growth Corridor" on the two pages following this letter. We just want to add a couple of thoughts.

First, we congratulate political leaders in rival states for taking action. They have set a good example for our lawmakers in the Show-Me State to follow. In signing his state's ambitious income tax-cutting plan into law, Kansas Gov. Sam Brownback proclaimed:

> My faith is in the people of Kansas, not government's ability to tax and redistribute. They know better how to spend their money and I believe they will do incredible things with it.

Isn't it time that our lawmakers and political leaders put their trust in Missourians?

Over the past decade, our state has spent billions of dollars in taxpayer money on tax credits and other subsidies for supposedly promising business ventures or commercial developments. Again and again, these great would-be success stories (think Ballpark Village in Saint Louis and the Citadel in Kansas City) have turned into huge disappointments.

In essence, our lawmakers have been giving with one hand what they take with the other: They take through the annual collection of close to $300 million in corporate income tax receipts, and they give through the annual distribution of about $400 million in targeted tax credits earmarked for economic development. It is hard to think of a worse way to redistribute money than this combination of government taking and giving.

First, it takes from the many (basically all profitable businesses) and gives to the few (a small number of politically favored businesses). Still worse, it takes money from those who have earned it and gives it to those who are most likely to waste it.

As bad as that is, it creates an enormous opportunity. We can end tax credit spending and devote the savings to ending corporate income taxes and starting to reduce individual income taxes as well.

Missouri Gov. Jay Nixon has shown no interest in fundamental tax reform aimed at turning Missouri into a great place for starting, growing, or relocating a business. But Republican lawmakers can act even if he will not with their veto-proof majorities.

AN AGENDA FOR REFORM

We want Missouri to be a place where entrepreneurs are free to pursue their dreams, where parents are free to direct the education and upbringing of their children, where government functions according to principles that enhance freedom, and where all Missourians are free from dependence on government. We believe that the free market is the best method to spur innovation and create wealth.

To achieve this vision, our Show-Me Institute colleagues have put forward a set of public policy proposals that would build on the best successes of other states, and break Missouri out of its economic doldrums.

In a variety of publications, our policy analysts and scholars have laid out the facts and called attention to Missouri's dismal economic performance over the last decade. It is a record that cries out for change.

Beyond that, they have given expert testimony before various legislative bodies; appeared on numerous radio and television programs; and produced a raft of commentaries for Missouri newspapers — and indeed for national and international publications as well.

So what are the changes that the Show-Me Institute is calling for?

As part of a pro-market, pro-growth agenda, we believe that the legislature should:

- eliminate costly and unproductive state tax credits that favor certain businesses;
- lower taxes for everyone;
- stop trying to pick economic winners and losers and concentrate instead on creating a favorable environment for all businesses and working people.

Reduced to a few bullet points, these changes are just a beginning (and they do not capture other things that the Institute has been doing to promote reform in such areas as education, public pensions, and local and municipal government).

In closing, we will return to the issue of fundamental tax reform and ask you to consider the impact of lowering taxes for everyone.

Imagine the growth that would occur if we did not squander hundreds of millions of dollars on pet projects for the well-connected, but returned the money to its rightful owners. Imagine the power, the simplicity, of letting people keep what they have earned — and decide for themselves how best to put it to work in growing their businesses and taking care of their families.

That would be great for Missouri — and it is also a prescription for the kind of change that would get our nation back on track.

Sincerely,

Crosby Kemper III

R Sinquefield

June 10, 2013

Border Wars, Growth Corridor

Where is the action today in pro-growth policymaking?

It is not in our nation's capital — stuck as it is in a deepening fiscal morass. Surprisingly enough (for some people, anyway), you find the real action today in places such as Baton Rouge, La., and Topeka, Kan. — to mention just two out of a dozen state capitals that are pursuing dramatic pro-growth tax reforms.

In 2012, Kansas enacted the biggest tax cut of any state in recent history, relative to the size of its economy. It reduced the top personal income tax to 4.9 percent, well below Missouri's top rate of 6 percent.

Even more significantly, Kansas eliminated taxes on pass-through income for most entrepreneurs and small business owners – including all businesses that operate as sole proprietorships, limited liability partnerships, and S-Corporations.

Kansas Gov. Sam Brownback might almost have donned a sandwich board telling companies in Missouri and other neighboring states: **We Want You Here**. He has boasted:

> Our new pro-growth tax policy will be like a shot of adrenaline into the heart of the Kansas economy. It will create tens of thousands of new jobs and help make our state the best place in America to start and grow a small business. Now is the time to grow our economy, not state government, and that's what this tax cut will do.

What evidence is there to back up such claims?

You can start with the U.S. census, which tracks population trends in the 50 states.

In the reapportionment of U.S. House seats triggered by the changing demographics captured in the 2010 census, the two biggest winners were fast-growing Texas and Florida — gaining a total of six seats (four for Texas; two for Florida) — while the biggest losers were slow-growing New York and Ohio, each losing two seats.

What is most notable is a further dichotomy: Texas and Florida have zero personal income tax and low business taxes, while New York has one of the highest top marginal tax rates on personal income (8.82 percent) and a high corporate income tax rate (7.1 percent).

In his work with the American Legislative Exchange Council (ALEC), economist Art Laffer has produced an abundance of statistical evidence showing that states with low or no income tax have done substantially better economically than their high-tax counterparts. Among his sharply worded observations:

> It must be infuriating for progressives in states like Connecticut, Massachusetts, New Jersey, and New York to learn that their states are attracting fewer new people than those they have long ridiculed as backwaters, such as Alabama and Arkansas. In fact, (from 2000 to 2010) Massachusetts, New York, and Rhode Island had less population growth than the nation's poorest state, Mississippi.

A MIDWESTERN GROWTH CORRIDOR

Kansas is not the only state reorienting its tax structure toward pro-growth reforms. Governors and lawmakers are backing similar reforms in the East, the South, and the Far West.

Closer to home for Missourians, what some are calling a Midwestern growth corridor is taking shape, reaching from the Gulf of Mexico to the Great Lakes and the Canadian border: a constellation of like-minded states beginning with Texas and Louisiana on the southern edge, and going up through Arkansas, Oklahoma, Kansas, and Nebraska — to the two Dakotas and Wisconsin.

Last year, Nebraska started the process of lowering its income taxes. This year, Nebraska Gov. Dave Heineman announced that he wants to eliminate the state income tax altogether, replacing it with a broader sales tax. Similar tax reforms have been proposed in Oklahoma and Louisiana. In Arkansas, the first Republican-controlled legislature since Reconstruction may cut its tax rates by as much as half.

Missouri is located at the epicenter of this Midwestern growth corridor. But will it choose to be part of that? Or will it fall back on the same failed policy prescriptions that have kept Missouri near the bottom of all states in population growth, GDP growth, and job creation over the past decade and a half?

What Kansas and other fast-track states have done should be a boon — and an inspiration — for our own state.

AN AGENDA FOR CHANGE

At the Show-Me Institute, we are urging state leaders to take the hundreds of millions of dollars that are spent — or rather, misspent — every year to support targeted economic development tax credits (going to a limited number of politically connected businesses) and spread the same money more evenly over every kind of business, large or small.

Instead of having public officials decide who should be on the receiving end of tax credits and other subsidies, let the same businesses or business owners who earned the money decide whether they want to add a 10th machine to their production line, hire more people, or look for other ways of investing their money.

The mechanism for doing that is quite simple: We just need to reduce business income taxes — allowing that money to stay in the hands of the businesses that earn it. Done in tandem, the savings from ending costly and unproductive tax credit programs would be a giant first step on the road to lowering taxes for everyone.

On May 17, 2013, the Missouri Legislature approved a 50 percent tax cut over periods of five to 10 years on business income. At the same time, however, the legislature failed once again to enact significant controls over or reductions in tax credit expenditures. Shortly before this annual report went to press, the Missouri Gov. Jay Nixon vetoed the tax cut.

Missouri needs pro-growth tax reform that rewards success rather than punishing it. Indeed, that end is well within the realm of possibility — as our sister states in the corridor are making very clear.

Jennifer Bukowsky

Show-Me Institute Supporter

"After having kids, I really have noticed the size and scope of government, how it's out of control. I want freedom and prosperity for my children."

Medicaid Expansion

IT IS TIME TO REFORM MEDICAID, NOT EXPAND IT

If someone who is sinking deeper and deeper into debt comes to you with an offer of "free money," you would be best advised to:

a) take the money and run,

b) say thanks but no thanks, or,

c) call the police?

That was the question that Show-Me Institute Resident Fellow and Senior Writer Andrew B. Wilson posed in an article ("The States Should Say No to Free Money for Medicaid Expansion") that appeared in the Dec. 24, 2012, issue of *The Weekly Standard* – with the cartoon shown on this page.

Gary Locke, cartoonist

As Andy pointed out in his article (which also ran in a slightly abbreviated form in the *Missouri Record*), the federal government has tried to entice Missouri and other states to sign on to a major expansion of the Medicaid program with an offer that sounds – and, in fact, is – too good to be true.

The federal government is offering to pay 100 percent of the cost of providing services for newly eligible Medicaid enrollees until 2017, and a very high percentage of new Medicaid costs in all states (90-plus percent) through 2022. That compares with the usual split between the federal government and the states of about 60-to-40 in Medicaid funding.

Anything wrong with that?

Several things.

It is astounding that the administration is contemplating a major expansion in a troubled entitlement program when the federal government is already spending far beyond its means in the support of existing entitlement programs.

According to a recent study from the Kaiser Commission on Medicaid and the Uninsured, the loosened eligibility for Medicaid under the Affordable Care Act (also known as ObamaCare) will cost in the neighborhood of $1 trillion over the next decade.

For the past four years, the federal government has been borrowing 40 cents or more out of every dollar it spends. That is like adding $400 of credit card debt for every $1,000 you spend. So where is the new money coming from to expand Medicaid coverage to a projected 17 million people?

Like a spendthrift who refuses to mend his ways, the Obama administration wants to go on spending money it does not have: If necessary, taking out new credit cards to pay off the old. This is the same tactic that has brought Greece and several other European nations to the brink of bankruptcy.

Instead of acting as enablers of fiscal profligacy, lawmakers in Missouri and other states should say “no” to the Medicaid expansion. They should also say “no” to the creation of proposed state health insurance exchanges (also part of the Affordable Care Act) that would require the states to accept costly mandates and complicated rules restricting competition and choice in health care.

Ultimately, of course, it is the residents of the various states who will be called upon to pick up the tab for the nation’s indebtedness (now at $16 trillion and rising) through increased taxes or other means needed to service the debt. But that is not the only concern here. While the current administration has promised to pick up 90 percent or more of the cost of the massive increase in Medicaid eligibility, any future Congress can undo that commitment.

If and when that happens, the states that agreed to the expansion will find themselves holding the bag – having added hundreds of thousands of people to their Medicaid rolls and then finding that they are on the hook for half or more of the additional cost.

Finally, Medicaid should be reformed, not expanded.

Medicaid costs have been the fastest-growing part of state budgets for more than a decade. In Missouri, Medicaid expenditures jumped from $3.4 billion, or 22 percent, of the state’s total expenditures in fiscal 2000, to $8.2 billion, or 36 percent, in fiscal 2012.

Despite the increased outlays, complaints are growing on the part of patients and doctors. The program pays doctors and hospitals far less than private insurers do. As a result, many doctors refuse to take Medicaid and many poor people have a hard time getting timely access to care.

Missouri and other states need to explore better ways of providing catastrophic health insurance for those without coverage. And they should be smart enough to know that the offer of “free” money usually means a one-way ticket to financial ruin.

In its 2013 session, the Missouri Legislature wisely rejected the offer of “free money” from the federal government to expand our state’s Medicaid program. Policy Analyst Patrick Ishmael wrote in a blog post: “Kudos to the legislature for its steadfast opposition to the Affordable Care Act (ACA) and support for reforms that will actually help make Missourians healthier. Unfortunately, the ACA just isn’t that vehicle.”

Patrick Ishmael

Policy Analyst

“The Affordable Care Act doesn’t fix the problems of American health care; it doubles down on those problems through increased spending and regulation. We need to apply market pressures to get the cost of care down, to expand choice, and to free patients and physicians from a health care system that simply isn’t working.”

FDR-Like Central Planning — In Local Government

In one of his most famous cases, Sherlock Holmes noted "the curious incident" of the dog that did not bark in the night.

If the great detective were alive and well and living in Missouri, his curiosity might fasten on several recent incidents in which a big-box retailer stopped howling in the night — stopped acting, that is, as though it needed special treatment every time it opened a new store. Surprise, surprise — two new Walmart stores are going through the permitting process in Kansas City *without asking for any subsidies*. Another proposed Walmart in Springfield is doing the same thing — declining to seek local subsidies through the mechanism of establishing a Tax Increment Financing (TIF) district.

Elsewhere around Missouri, local activists —outraged at the award of public subsidies to well-connected developers and their deep-pocketed retail clients — have overturned a new Enhanced Enterprise Zone (EEZ) in Columbia . . . and halted the establishment of another EEZ in Callaway County. In addition, the Florissant City Council turned down a developer's request for TIF, but the project is going ahead anyway — as it seems to make good business sense.

All this is cause for celebration — even though other TIFs and EEZs are far from dead in many parts of Missouri.

The Show-Me Institute has led the fight against the abuse of local subsidies to spur commercial developments. Why should cities and towns *pay* a developer to cut a special deal for Walmart (or any other big-name retailer) which would not be equally available to other, smaller retailers in the same community? And how is one to justify the frequent use of blighting or eminent domain to pave the way for such taxpayer-assisted developments (which also grant the developer and his retail clients what amounts to a tax holiday from a large portion of the property and sales taxes applied to other businesses)?

In 2012, Show-Me Institute Policy Analyst David Stokes testified four times before local councils and TIF commissions in Saint Louis, Columbia, and Ellisville. He addressed groups of activists opposed to local tax subsidies in Fulton and Shrewsbury and testified in favor of TIF reform before a Missouri House special committee. In fighting this fight, he has written a number of commentaries for newspapers around the state, written Show-Me Institute blog posts, and participated in many radio and television interviews.

In early 2013, the Institute published Stokes' case study about the ineffectiveness of Enterprise Zones (EZs) in Missouri in promoting growth. Enhanced Enterprise Zones now have replaced EZs but with no improvement in results.

"People around the state are beginning to understand the harm that is done through these local subsidies," Stokes says. "You don't have to subsidize the *right* project for retail development. You only need subsidies when you start out with the *wrong* project which will only go ahead if a city or town is willing to provide special favors to some businesses or developers that it doesn't give to others."

Believe it or not, more than one-quarter of Missouri has been officially declared "blighted" as a result of the widespread use of TIFs, EEZs, and other local subsidies — including Transportation Development Districts (TDDs) and Community


David Stokes talking about a Tax Increment Financing project in the Central West End.

Improvement Districts (CIDs) — that have proliferated in Missouri over the past two decades.

The ill effects of this FDR-like alphabet soup of government programs include:

- Ever-increasing government micro-management of local economies, down to picking what type of business should go into a particular spot in a supposedly private development.
- The indiscriminate use of eminent domain, throwing residents out of their homes and small business owners out of their shops and offices.
- The over-looked or careless elimination of future tax revenues for schools, parks, and other public services.
- The misallocation of resources and the growing presence of semi-abandoned shopping centers and strip malls as retailers move from one community to another in order to collect bigger subsidies.

To sum up all of those problems in a few words, TIFs, EEZs, and other such entities reflect the insidious spread of Big Government thinking (and central planning) to lower levels of government.

For the good of our communities, and in fairness to all businesses, it is time to end government handouts and central planning at all levels of government — including local government.

Resolutions to Enhance Liberty

By Andrew B. Wilson
Fellow and Senior Writer

1. Ask not what government can do for you; ask what you can do for yourself — without being a burden to others. Recognize, and encourage others to recognize, the grave danger that is posed by a supposedly "caring" government which is in the habit of making promises it cannot keep.

2. Do not quietly buy into arguments about "fairness" and "social justice" as an excuse for the limitless expansion of government. You will be accused of being heartless, cruel, just plain stupid, or worse. But do not let others define you or dismiss you — when they are the ones who press ahead in ignoring the lessons of history, common sense, and genuine humanity.

3. Remember that our history and form of government were not built on the proposition of One Man, One Vote, One Time. The great debate about the size and scope of government did not end with the 2012 elections. But the proponents of big government are seeking cloture — attempting to discredit and marginalize those who believe in liberty, limited government, and individual responsibility as the essential pillars of democratic self-rule and human progress.

4. Write out — and be prepared to defend — your own Declaration of Independence against the prevailing orthodoxies of the Hollywood/academic/media elite, who favor every kind of "free lunch" even if it means limiting individual choice, undermining quality, and raising the real costs of health care and higher education.

5. Do not shy away from the battle of ideas inside your own family, circle of friends and acquaintances, community, and the state. Ideas have consequences, and it is time to consider the catastrophic consequences of thinking it is possible to expand government spending and mandates without destroying jobs and economic growth — and condemning young people to the bleakest of futures.

There is solace in the wisdom of our Founding Fathers, who looked upon anti-federalist sentiment at the state and local levels as an important bulwark of democracy. The 10th Amendment states: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people." The battle for liberty, freedom, and responsible self-government is never-ending.

Reprinted in *The American Spectator,* Jan. 4, 2013

Rick Edlund

Communications Director

"When I first came to the Show-Me Institute, the question I heard most often was 'What's the Show-Me Institute?' Happily, I don't hear that much anymore, especially from the media. In fact, they increasingly come to us for information on public policy issues we've studied."

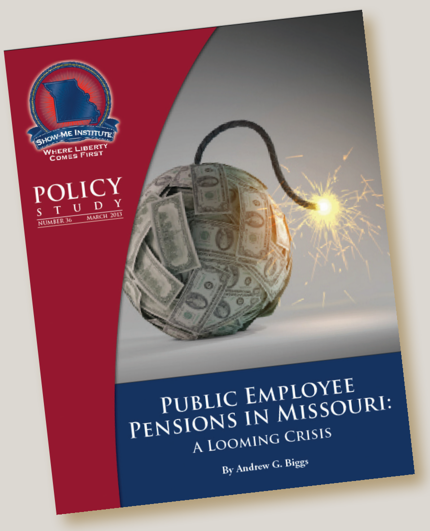
Our Public Pensions: A Ticking Time Bomb

Few Missourians lie awake at night worrying about shortfalls in the state pension system. But the fact is that all of us as taxpayers are on the hook if these pensions fail to deliver. Missouri courts have ruled that vested pension benefits are a legal obligation of the state.

It is bad enough that the *official* number for the combined unfunded liability of the state's five largest pension funds comes to $11.1 billion – or close to $2,000 for every man, woman, and child in Missouri.

However, economists and other policy analysts agree that the accounting rules that public pensions use (not just in Missouri but other states as well) significantly understate the funding shortfall.

A recent policy study written for the Show Me Institute by Andrew G. Biggs, of the American Enterprise Institute, finds that the more realistic value of unfunded pension liabilities for the state's five largest pension funds is close to $54 billion – or more than $9,000 for every man, woman, and child in Missouri.



The huge discrepancy between the two sets of numbers is due to the choice of the so-called "discount rate" used in setting aside money to meet a future obligation.

A high discount rate on the present value of a future obligation presumes a high rate of return on invested assets . . . while a low discount rate presumes a low rate of return — and the need to put substantially more money aside today to meet a future obligation.

Consider a pension that owes a guaranteed lump sum payment of $1 million in 15 years' time.

If one assumes that the pension's assets will earn a consistent annual return of 8 percent, then investing $300,000 today will deliver an *expected* payoff of $1 million in 15 years. But on the less optimistic assumption that the plan's assets will earn 4 percent, the plan will need to invest $550,000 — or almost twice as much money — to deliver $1 million in 15 years.

Under the rules set by the Governmental Accounting Standards Board, public pension plans are encouraged to err on the side of optimism in assuming they will earn consistently high rates of return (7.25 to 8.25 percent).

It is not just the five big retirement plans covering state and local employees in Missouri that are in trouble. Local pension plans for fire and police officers have become a hot issue in a number of cities and towns.

In Saint Louis City, for example, the combined annual cost to taxpayers of the city's firefighter and police pension systems has skyrocketed — going from $9 million in fiscal year 1998 to $47 million in 2013. Jeff Rainford, chief of staff to Saint Louis Mayor Francis Slay, has warned, "If costs continue to rise as they have in the past, we won't have a fire department; we'll just have a fire pension."

The situation before taxpayers, at the state and local level, is daunting. However, there are ways to tackle the challenges of underfunded pensions.

The first step in reforming pension plans is to use a discount rate that more closely aligns with reality. This will *force* employers to set aside sufficient funds today to meet future obligations. According to Biggs, the Missouri State Employees Retirement System (MOSERS) needs to save, or to set aside, far more money than it does today if it aims to shield taxpayers from the risk of a major bailout. In order to insulate taxpayers from risk, Biggs shows that the normal cost of the plan would have to increase from 8 percent of employee payroll to 18 percent.

Finally, public pensions should start shifting to defined contribution (DC) plans, similar to 401(k)s in the private sector. In DC plans, employers promise employees a fixed contribution and once that contribution is made, the employer's obligation is fulfilled. The shift to defined contribution plans for new workers will not eliminate existing unfunded liabilities but it will give state and local governments breathing room to address the liabilities they already have on the books.

In 2010, the Show-Me Institute released a study by John Howe called "Defined Benefit and Defined Contribution Retirement Plans," which examined the features of both DB and DC plans. Among the items discussed in the study, Howe highlights the many reasons why there has been a shift from DB plans to DC plans over the past 20 years. Howe also notes that future employees are leaning more in the direction of requesting DC plans, because of the portability of such plans for an increasingly transient workforce.

By accurately accounting for the true value of a pension's liabilities, by setting aside more money today to meet future obligations, and by shifting to the defined contribution approach, our public pension system can get a handle on future obligations before they become totally unmanageable — leaving taxpayers with a gigantic bill.

Elizabeth Lanier-Shipp
Director of Development

"The generosity of our donors empowers our staff to shine a spotlight on the repeated failures of over-reaching government – and the amazing benefits of individual freedom and opportunity. Our donors are the ones who make everything we do possible."

It is Time to Free Our Schools From Educational Straitjackets

When placed on people, straitjackets restrict a person's ability to move. When placed on school systems, straitjackets lead to the same result. They stifle the development of students; they enforce mediocrity and conformity among teachers; and they keep school principals and superintendents from setting high standards and acting in a true leadership capacity.

Missouri's education system is rife with straitjackets.

The traditional approach, the one Missouri has been trying for the past few decades, is essentially a form of centralized planning. In this system, the government sets expectations for schools, determines who is eligible to teach, and prescribes a host of rules and regulations that administrators must follow. Though many of these policies are intended for good, the end result is a bureaucratic system that is incapable of change.

Missouri is currently ranked in the bottom half of states in educational achievement. In terms of growth from 1995 to 2009, Eric Hanushek, Paul Peterson, and Ludgar Woessmann conclude in their study, "Achievement Growth: International and U.S. State Trends in Student Performance," that Missouri ranked 27th among the 41 states for which data were available. We are stuck in the middle and seem to be going nowhere fast. We can all agree that improving Missouri's education system is a top priority. The question is, how do we get Missouri moving in the right direction?

The Show-Me Institute is committed to freeing the state's education system from the confines of burdensome state and local polices, which are heavily influenced by the powerful teachers' unions. Over the course of the past year, we have been educating the public and policymakers about many of these issues.

In his essay "The Salary Straitjacket: The Pitfalls Of Paying All Teachers The Same," Education Policy Analyst James V. Shuls documented that the way we pay teachers has a negative impact on the teacher workforce. Through local policies, nearly every district has decided to pay their teachers according to a single salary schedule that dictates how much a teacher will earn based on years of experience and advanced degrees. These schedules make no distinction for performance or for an individual's marketability. The end result is that math and science teachers make less, on average, than most other teachers, including teachers of non-core subjects such as band and physical education. The single salary schedule constrains school administrators from rewarding exceptional teachers for their talents and inhibits schools from retaining individuals with options in the marketplace.

We have also kept up the fight to make it easier to remove ineffective teachers from the classroom. The research is clear that having a low-performing teacher puts students at a distinct disadvantage. According to Kelvin Adams, superintendent of the Saint Louis Public Schools, it takes him 100 days to remove an ineffective teacher from the classroom. The process to terminate that teacher can take much longer and cost a lot of money, to the tune of tens of thousands of dollars. The laws are slightly less restrictive in the rest of the state, but still make it difficult to remove a tenured teacher based on his or her performance. We cannot sit idly by while students languish in an incompetent teacher's classroom.

Shuls has also written and spoken extensively about how school choice frees individuals to pursue the education that will best meet their needs. In a *Springfield News-Leader* opinion editorial, he relayed the story of Randy Georges Sr., an immigrant who came to the United States to pursue a better education. Now, Randy and his family may have to uproot and move again to access a better education for their children. This type of situation happens throughout Missouri because many families lack quality options. As Shuls pointed out, there are more than 500 available seats in private schools in Springfield. If the district contracted with these schools, they could save more than $1.6 million. Moreover, they could equip families with what they truly need, options.

In the coming year, the Show-Me Institute will continue to press for policies that give schools the ability to innovate and improve, while allowing parents to choose. After all, the best form of accountability comes from parents being involved in their child's education, not from prescribed mandates and interventions from Jefferson City. This will be accomplished when:

- Schools are free from regulatory burdens that limit their ability to innovate or to make important staffing decisions, such as hiring the best individual for the job, regardless of certification.
- Teachers are treated like professionals, meaning they are evaluated and paid based on their performance in the classroom and are removed if they are ineffective.
- Parents can direct public education funding to the school that best meets their child's needs, rather than being forced to send them to a school they are residentially assigned to attend.

Without removing the restrictions that limit our schools' potential, it is unlikely we will see improved educational outcomes for Missouri students. The real pathway to success will come from freeing schools to compete and providing students with options.

James V. Shuls, PhD

Education Policy Analyst

"Missouri's education system is middling, but the answer to our problems is not more money. The answer is more freedom — giving parents freedom to choose the best school for their children."

SHOW-ME INSTITUTE
WHERE LIBERTY COMES FIRST

ESSAY
OCTOBER 2012

THE SALARY STRAITJACKET:
The Pitfalls Of Paying All Teachers The Same
By James V. Shuls

I. INTRODUCTION

Imagine a school in which the highest prize for academic achievement went to the student who had been there the longest. Though it seems ridiculous to reward students in this manner, this is exactly how school districts reward teachers, by longevity. Teachers by and large are paid on a single salary schedule. These schedules not only fail to reward teachers based on their quality, but they fail to recognize that teaching different subjects and grade levels requires different skill sets and that those particular skill sets are in varying demand in the marketplace. For instance, there are reportedly 3.1 jobs in science, technology, engineering, and math (STEM) for every one unemployed person in Missouri.[1] In comparison, there is only 1 unfilled, non-STEM position for every 3.7 unemployed people.[2] This means teachers with strong backgrounds in math and science may have more, higher-paying options outside of teaching. This is a reality we must address.

The Missouri Department of Elementary and Secondary Education (DESE) recognizes the need for increasing STEM training for teachers and students. In fact, improving STEM instruction was one of the major elements of Missouri's Race to the Top application.[3] The

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

Show-Me Interns and Youth Outreach

Do you think that a government entity should be allowed to spend your tax money on a lobbying campaign for the express purpose of being able to spend even more of your tax money? Does that strike you as more than a little outrageous?

We agree — and for that reason, we were more than happy to support one of our summer interns in 2012 who wanted to tackle the topic of intergovernmental lobbying, or taxpayer-funded lobbying.

We were pleased but not surprised when Mary Kate Hopkins — who had only just graduated from college — produced a hard-hitting and well-reasoned commentary that was published in the Sept. 10, 2012, edition of the *Columbia Missourian*.

Along with the stimulating presence of policy analysts, scholars, and professional staff, we believe that the ability to offer this kind of serious and challenging work sets our spring, summer, and fall internship programs apart and enables us to attract some exceptionally talented and motivated students.

Sufyan Katariwala, another three-month intern, produced a video describing the program to other students, saying: "If you're a college student like me who wants to join the fight for limited government and free markets, while getting real-life work experience — plus getting paid — consider a Show-Me Institute internship."

As long as we are able to attract young people like Mary Kate and Sufyan, we know that we will not lose the battle of ideas as a result of being unable to enlist new recruits of outstanding caliber.

In 2012, we also continued one of our popular youth outreach programs — the Show-Me Institute Book Clubs. With one club held at the Show-Me Institute in Saint Louis and another located in Columbia, Mo., these monthly meetings provide a place where interested students and other community members gather to discuss the principles that drive prosperity and freedom in a society.

Sufyan Katariwala talking about his great experience at the Show-Me Institute.

Toward the end of 2012, Show-Me Institute Website and Data Manager Josh Smith took on the role of leader for the Saint Louis Book Club. Josh is passionate about making the club even more valuable for participants, and implemented a thorough redesign of the club based on the results of a survey of past and current attendees.

In a new youth outreach program that the Show-Me Institute launched in 2012, Policy Researcher Michael Rathbone is challenging common myths about the Great Depression. In a series of lectures titled "Why Was the Depression So Great?" Rathbone combats the all-too-prevalent notion that strict adherence to free-market principles was to blame for the Depression; he shows instead how foolish government policies both provoked the crisis and forestalled an early recovery. Rathbone gave his first lecture to the eighth-grade history class at Westminster Christian Academy in Saint Louis County, receiving a warm response from the students and winning praise from Tim Muehleisen, the teacher.

"Michael was able to bring in higher-level research than I can and give the kids a neat perspective," Muehleisen said.

Building on this success, Michael has expanded the program to other schools.

Message from the Executive Director

How little we learn from history! We keep fighting the same old battles over and over — ignoring the lessons of the past telling us the importance of freedom and responsibility.

Margaret Thatcher said it best:

> The root of the matter is this: We have been ruled by men who live by illusions, the illusion that you can spend money you haven't earned without eventually going bankrupt or falling into the hands of your creditors; the illusion that real jobs can be conjured into existence by government decree, like rabbits out of a hat; the illusion that there is some other way of creating work and wealth than by hard work and satisfying your customers; the illusion that you can have freedom and enterprise without believing in free enterprise. . . .

The best weapon against these illusions is the truth. In the long history of humankind, no economic system has done more good for more people than free enterprise. It has lifted billions of people out of poverty, restrained the pretensions of tyrants, and generated great advances in human knowledge and technology. We at the Show-Me Institute are committed to preserving the blessings of freedom for our state and country.

Show-Me Events

THE SHOW-ME INSTITUTE SPONSORED OR CO-SPONSORED AN ARRAY OF EVENTS IN 2012, WHICH INCLUDED:

Amity Shlaes, director for the 4% Project at the George W. Bush Institute, discussed "Calvin Coolidge: The Best President You Never Heard Of." The speech was based on her biography of Calvin Coolidge.

◆ ◆

Arthur Brooks, president of the American Enterprise Institute, spoke about "The Road to Freedom." The speech was based on his book, *The Road to Freedom: How to Win the Fight for Free Enterprise*.

John C. Goodman, research fellow at the Independent Institute and a health care economist, delivered a lecture titled "Reforming Healthcare By Seeding Free-Market Formation: Liberating Physicians, Empowering Patients, Injecting Competition."

◆ ◆

The Show-Me Institute celebrated Friedman Legacy Day 2012 with two events. We partnered with the Kansas Policy Institute for a presentation by Virginia Walden-Ford on July 30 in Kansas City and the next day, our new education policy analyst, James Shuls, gave a presentation on educational choice at a policy breakfast in Saint Louis. Friedman Legacy Day honors Milton Friedman's vision and impact on educational choice and is celebrated each year on his birthday, July 31.

AEI's Arthur Brooks

Michael Rathbone discusses the Rams Stadium subsidy.

Patrick Ishmael talks about health care on KSDK NewsChannel 5 in Saint Louis.

Media and Social Media

SHOW-ME INSTITUTE NEWS MAKERS

It would be an exaggeration to say that the Show-Me Institute has become a household name in the Show-Me State, but it is true to say that our people are making the news on an almost daily basis in our state — and sometimes beyond. Without a doubt, the Show-Me Institute has become our state's leading voice in speaking out for human freedom and individual liberty and applying that message to a wide variety of public policy issues.

No matter what day of the week it is, and no matter where you are in the state of Missouri, if you listen, watch, or link to the media, the chances are good you will encounter comments about public policy from Show-Me Institute policy analysts, writers, and scholars.

In the seven months from October 2012 through May 2013, we recorded 279 major media "hits" in print or on the airways. That is well more than one a day.

PRINT

For the 13-person staff at the Show-Me Institute, fighting the battle of ideas often begins with the printed word — contained in research papers and written commentaries —which leads to radio and television appearances, testimony before legislative or municipal government, and lectures and other public appearances.

In 2012, our analysts and researchers turned out an average of four commentaries per month, and we placed articles in all major newspapers across the state as well as a number of national publications. In reaching out to publications in smaller cities, towns, and suburban communities, we have made increasing use of letters to the editor — which often appear as mini-op-eds, running 300 to 400 words rather than the usual 500 to 1,000 words.

RADIO AND TELEVISION

The ability to reach people through talk radio has expanded dramatically thanks to the Internet. At work — even on vacation in another city — people are able to tune to their favorite local radio programs any time of day, and millions do.

In 2012, Show-Me Institute Policy Analyst **David Stokes** — an expert on municipal and state government — became a regular on two major weekly radio shows, appearing at 8:35 a.m. every Monday on the McGraw Show on 550 KTRS in Saint Louis with host McGraw Milhaven . . . and at 10:15 a.m. every Thursday on the popular "Show-Me at the Lake" segment with host Manny Haley on KRMS in the Lake of the Ozarks.

In these programs, David covers a range of topics of local and statewide concern — everything from a brouhaha over property rights and a lack of adequate parking at an often-crowded resort in the Lake of the Ozarks . . . to Enhanced Enterprise Zones, toll roads, the state's uniquely low cigarette tax rates, and pitched battles in city councils or local government over Tax Increment Financing and other subsidized development in Columbia, Ellisville, and Shrewsbury.

When the U.S. Supreme Court ruled in late June of 2012 on the constitutionality of the Affordable Care Act (also known as ObamaCare), Show-Me Institute

David Stokes discusses sales tax on the McGraw Milhaven Show.

Kacie Barnes interviews teens about paperless ticketing at a Justin Bieber concert.

Policy Analyst **Patrick Ishmael** became a sought-out guest on numerous radio and television programs around the state for discussing the implications of the court's ruling as it applied to the proposed expansion of the state's Medicaid program (see article on p. 8).

Other staffers have made multiple radio and/or television appearances, including Policy Researcher **Michael Rathbone** (discussing subsidies for sports venues and public sector pension reform), Education Policy Analyst James V. Shuls (education reform), Western Missouri Field Manager **Patrick Tuohey** (Enterprise Zones and Missouri's "border war" with Kansas), and Policy Researcher **Kacie Barnes** (proposed airport expansion in Columbia and the "loopy" idea of spending millions of dollars in taxpayers' money for an 8-mile "Loop Trolley" for University City).

In addition, Communications Director **Rick Edlund** has been a guest host on several recent occasions on the McGraw Show on 550 KTRS in Saint Louis.

Executive Director **Brenda Talent** made more than half a dozen appearances in 2012 and the first five months of 2013 on the popular television talk show *Donnybrook* on KETC Channel 9 in Saint Louis to discuss health care, tax subsidies, and other issues.

TESTIMONY

In the first four months of 2013, Stokes, Ishmael, Shuls, Barnes, and Rathbone were also active in giving testimony to different government bodies – appearing 22 times before the Missouri Legislature and another four times at municipal government hearings.

SOCIAL MEDIA

While the traditional media of print, radio, and TV remain critical, the ubiquity of the Internet provides new and powerful opportunities to reach and engage audiences through innovative communications channels: collectively known as social media.

Through Facebook, Twitter, and other information-sharing platforms, social media encourages *your* friends to communicate with *their* friends, and *their* friends to contact *their* friends, and so on, in an ever-widening circle.

Led by two of our staffers — Josh and Paul Smith, who are not related— the Show-Me Institute made a concentrated effort in 2012 to engage more Missourians via Facebook and Twitter.

The results were dramatic.

When the year began, the Show-Me Institute had 1,028 followers on Twitter and 1,330 Facebook fans. By the end of the year, we had 562 new followers on Twitter, an increase of 55 percent; and 2,293 new Facebook fans, an increase of 172 percent.

Whether it is via a Facebook profile or a Twitter account, supporters and allies can join with the Show-Me Institute in working to change hearts and minds in Missouri and spread the message of liberty.

Publications

COMMENTARIES PUBLISHED IN 2012

JANUARY 3: "New Year's Resolutions For A Better Missouri"

JANUARY 4: "Should Missouri Toll I-70?"

JANUARY 19: "The Less-Is-Better Approach To Talking About Jobs"

JANUARY 23: "Private School Choice And The Turner Decision"

FEBRUARY 8: "Selling The Sewers: The Sweet Smell Of Success"

FEBRUARY 10: "Money Down A Drain: The $7 Million Spent On Missouri's No-Show Feb. 7 Election"

FEBRUARY 29: "Land Banking Is No Miracle"

MARCH 2: "Teacher Tenure: Why Should Educators Be Different?"

MARCH 6: "TIF Is A Bad Idea That Refuses To Die"

MARCH 19: "Kudos To Missouri Senate For Blocking Health Exchange"

MARCH 26: "The Main Street Trolley: A Slow Motion Train Wreck"

MARCH 26: "Land Banking: An Old Idea With A Poor Track Record"

APRIL 2: "Don't Bank On It: When It Comes To Vacant Property, Learn From St. Louis's Failures"

APRIL 10: "School Choice By Mortgage"

APRIL 10: "Health Care Law Violates Sound Public Policy In 10 Ways"

APRIL 20: "TIF Gives Cities An Unfair Advantage Over Other Governments"

APRIL 25: "Why A Whopping Increase In Missouri's Cigarette Tax Is A Bad Idea"

APRIL 27: "EEZs Are An EZ Path To Corporate Welfare"

JUNE 12: "We Will Take It!"

JUNE 12: "Kansas City Citizens' Commission: One Step Forward, Two Steps Back?"

JUNE 26: "Missouri Can Compete – Despite Recent Poor Performance"

JUNE 26: "Tax Increment Financing And Columbia, Missouri"

JULY 18: "Should Missouri Participate In A Bernie Madoff-Type Scheme?"

JULY 20: "Kansas City Land Tax Should Be Expanded, Not Eliminated"

JULY 30: "School Choice And Individual Liberty"

AUGUST 7: "Why Enhanced Enterprise Zones Are A Bad Deal For Missouri Cities"

AUGUST 17: "More Bad News For Missouri Competitiveness"

SEPTEMBER 7: "Real School Shopping"

SEPTEMBER 7: "Missouri's Taxpayers Lobbying To Pay More Taxes?"

SEPTEMBER 13: "School Transfer Case Needs Common Sense Solutions"

SEPTEMBER 28: "The Loopy Rationale For A Loop Trolley"

OCTOBER 4: "Lessons For Saint Louis And Kansas City From The Chicago Teachers Strike"

OCTOBER 9: "Dispute About Parking Stirs Up Trouble In The Ozarks"

OCTOBER 15: "Saint Louis Gets Ballpark Village And You Get The Bill"

OCTOBER 18: "Columbia Should Refrain From Raising Hotel Taxes"

OCTOBER 22: "Kansas Rolls Out The Red Carpet To Missouri Companies"

OCTOBER 31: "A Low-Performing School By Any Other Name . . ."

OCTOBER 31: "Court Plan Reforms Are Good For Missouri"

OCTOBER 31: "Proposition B: Forcing Smokers To Cough Up For Education"

OCTOBER 31: "Reducing The Size Of The Saint Louis Board Of Aldermen"

NOVEMBER 16: "The State Needs To Stop Acting Like A Bank"

NOVEMBER 26: "No Vote On Prop B, A Blessing In Disguise?"

DECEMBER 18: "It Is Time To Reform Medicaid, Not Expand It"

STUDIES PUBLISHED IN 2012

FEBRUARY: "Housing Affordability: The Saint Louis Competitive Advantage"

MARCH: "Attacks On Fair Tax Are Propaganda, Not Economic Analysis"

APRIL: "Tax Increment Financing And Missouri: An Overview Of How TIF Impacts Local Jurisdictions"

JUNE: "Slip Sliding Away: The Weak Relative Growth Of The Missouri Economy"

JULY: "Virtual Blended With Traditional Learning Can Cut Costs And Help Students"

SEPTEMBER: "Should Missouri Raise Its Minimum Wage?"

OCTOBER: "The Salary Straitjacket: The Pitfalls Of Paying All Teachers The Same"

NOVEMBER: "Cutting The Ties That Bind: End Missouri's Corporate Income Tax"

DECEMBER: "Taxpayer-Funded Lobbying: Government Lobbying Government"

DECEMBER: "A Comparison Of Missouri Pension Plans"

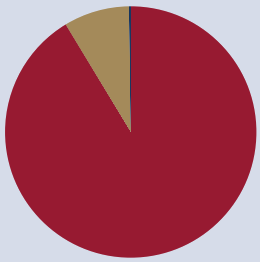
DECEMBER: "A Primer On Missouri's Foundation Formula For K-12 Public Education"

INCOME

Individual Donations:	$1,334,831.00	91.34%
Foundation Grants:	$123,500.00	8.45%
Other Income:	$2,987.00	0.21%

TOTAL $1,461,318.00

- Individual Donations
- Foundation Grants
- Other Income

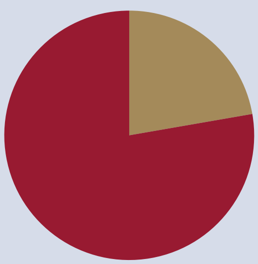


EXPENSES

Overhead:	$307,949.00	22.26%
Program:	$1,075,723.00	77.74%

TOTAL $1,383,672.00

- Program
- Overhead



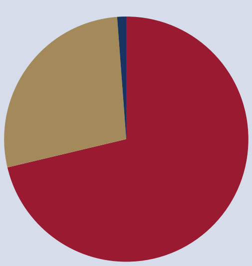
Note: The board of directors has made a commitment to cover the basic operational expenses of the Institute. The board has also completely covered overhead expenses. Since 2006, donations from supporters have funded education and research exclusively.

STATEMENT OF FINANCIAL POSITION

Current Assets:	$382,230.00	71.29%
Fixed Assets:	$147,547.00	27.52%
Other:	$6,400.00	1.19%

TOTAL $536,177.00

- Current Assets
- Fixed Assets
- Other



Board of Directors

Crosby Kemper III - *Chairman*

Crosby Kemper III is executive director of the Kansas City Public Library and former CEO of UMB Financial Corporation. He co-founded and is chairman of the Show-Me Institute. He is the editor of, and contributor to, *Winston Churchill: Resolution, Defiance, Magnanimity, Good Will*. He has served on the boards of the Thomas Jefferson Foundation, the Kansas City Symphony, the Black Archives of Mid-America, Union Station Kansas City, and *Lapham's Quarterly*. He helped Marilyn Strauss found the Heart of America Shakespeare Festival and was its first board chair. He also founded and chaired the St. Louis Shakespeare Festival. He received a bachelor's degree in history from Yale University.

Rex Sinquefield - *President*

Rex Sinquefield is co-founder and former co-chairman of Dimensional Fund Advisors, Inc. He also is co-founder of the Show-Me Institute. In the 1970s, he co-authored (with Roger Ibbotson) a series of papers and books titled *Stocks, Bonds, Bills & Inflation*. At American National Bank of Chicago, he pioneered many of the nation's first index funds. He is a life trustee of DePaul University and a trustee of the St. Vincent Home for Children in Saint Louis, and serves on the boards of the Saint Louis Symphony Orchestra, the Saint Louis Art Museum, the Missouri Botanical Garden, Opera Theatre of Saint Louis, and Saint Louis University. He received a B.S. from Saint Louis University and his M.B.A. from the University of Chicago.

Kevin Short - *Vice Chairman*

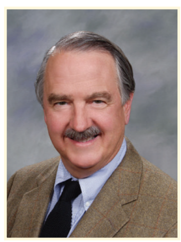
Kevin Short is managing partner and CEO of Clayton Capital Partners. In addition to contributing to various national trade and business publications, he is the co-author of *Cash Out Move On: Get Top Dollar And More Selling Your Business*. He is chairman of the Today & Tomorrow Educational Foundation, past president of the Board of Education and current chairman of the Finance Council for the Archdiocese of Saint Louis, board member of the Children's Scholarship Fund, and past member of the Chess Club and Scholastic Center of Saint Louis.

W. Bevis Schock - *Secretary*

Bevis Schock is a lawyer in solo practice in Saint Louis. He founded the Shrink Missouri Government PAC, which challenged the constitutionality of Missouri's campaign contribution limits before the United States Supreme Court in 2000. He received a B.A. in history from Yale University and a J.D. from the University of Virginia.

Joe Forshaw - *Treasurer*

Joseph Forshaw is president and CEO of Saint Louis-based Forshaw, a family-owned business founded in 1871. He has served for several years as an advisory director for Commerce Bank, and is the managing partner of several family real estate partnerships. An alumnus of Saint Louis University High School, Forshaw received both his B.A. and J.D. degrees from Saint Louis University.



Stephen F. Brauer - *Director*

Stephen Brauer is chairman and CEO of Hunter Engineering Company. From 2001 to 2003, he served as U.S. Ambassador to Belgium. He has served on numerous charitable and civic boards, including the Saint Louis Area Council of Boy Scouts, the Saint Louis Art Museum, and the Missouri Botanical Garden. He is a trustee of Washington University in Saint Louis, a member of its executive committee, and a part owner of the St. Louis Cardinals.

James G. Forsyth III - *Director*

James Forsyth is president and CEO of Moto, Inc., which operates the MotoMart chain of gas stations and convenience stores. He is also president and CEO of two other family-owned businesses: Forsyth Carterville Coal Company and Missouri Real Estate. He serves on the boards of St. Luke's Hospital, YMCA of Southwestern Illinois, and Commerce Bank of Saint Louis. He has served on the boards of Webster University and Forsyth School. He holds a bachelor's degree in economics from the University of Virginia.

Louis Griesemer - *Director*

Louis Griesemer is president and CEO of Springfield Underground, Inc. He previously served as chairman of the National Stone, Sand, and Gravel Association. He currently serves on the Advisory Board for UMB Bank in Springfield and on the board of Burgers' Smokehouse in California, Mo. He holds a bachelor's degree from Washington University in Saint Louis.

Hon. Robert M. Heller - *Director*

Robert Heller is a retired judge who served for 28 years on the Shannon County Circuit Court in Missouri, where he presided over a broad range of civil and criminal cases both locally and throughout the state. He has served as a member of several Missouri court-related committees and as a district chair for the Boy Scouts of America. He holds a J.D. from the University of Missouri-Columbia and a B.A. in philosophy from Northwestern University.

Michael Podgursky - *Director*

Michael Podgursky is a professor of economics at the University of Missouri–Columbia, where he served as department chair from 1995 to 2005, and is a fellow of the George W. Bush Institute. He has published numerous articles and reports on education policy and teacher quality. He serves on advisory boards for various education organizations, and editorial boards of two education research journals. He earned his bachelor's degree in economics from the University of Missouri-Columbia and a PhD in economics from the University of Wisconsin-Madison.

Gerald A. Reynolds - *Director*

Gerald A. Reynolds is general counsel, chief compliance officer, and corporate secretary for LG&E and KU Energy. He also was a deputy associate attorney general in the U.S. Department of Justice. In 2004, President George W. Bush designated Reynolds to serve as chairman of the U.S. Commission on Civil Rights, and in 2002 appointed him assistant secretary of education for the Office of Civil Rights. He received his law degree from Boston University School of Law and his B.A. in history from City University of New York.

Steve Trulaske - *Director*

Steve Trulaske is owner of True Manufacturing Company, which his father, Bob, co-founded in 1945. He has served on the Board of Trustees for DePauw University and John Burroughs High School, and is a member of the Board of Directors for the Weber Grill Company. He has been an active member of the Young Presidents' Organization and now is a member of the CEO Organization. He graduated from DePauw University with a bachelor's degree in English; he also earned a master's degree in sports administration as well as an MBA degree from Ohio State University.

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