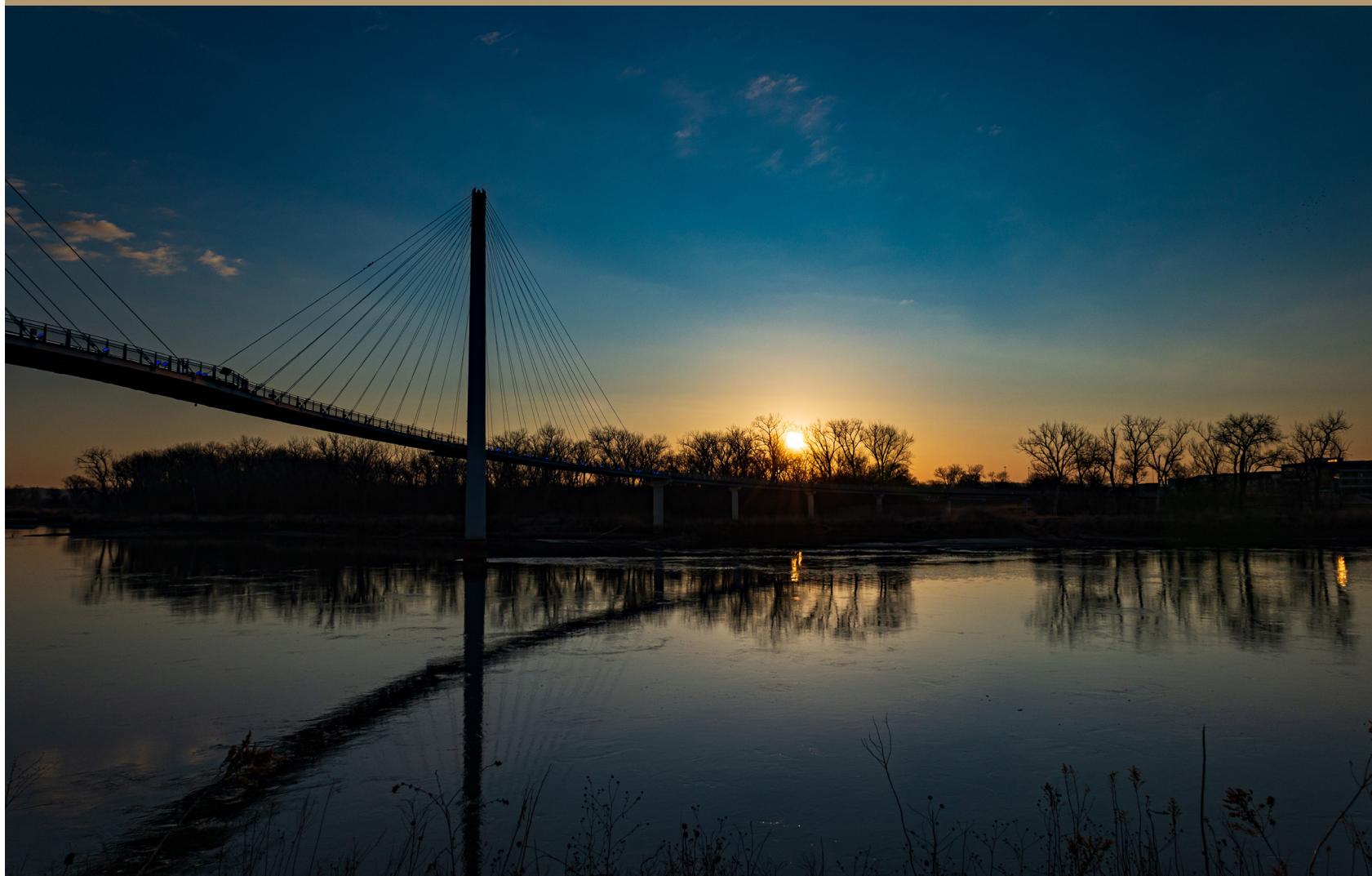




# SHOW-ME newsletter

2025 ISSUE 4



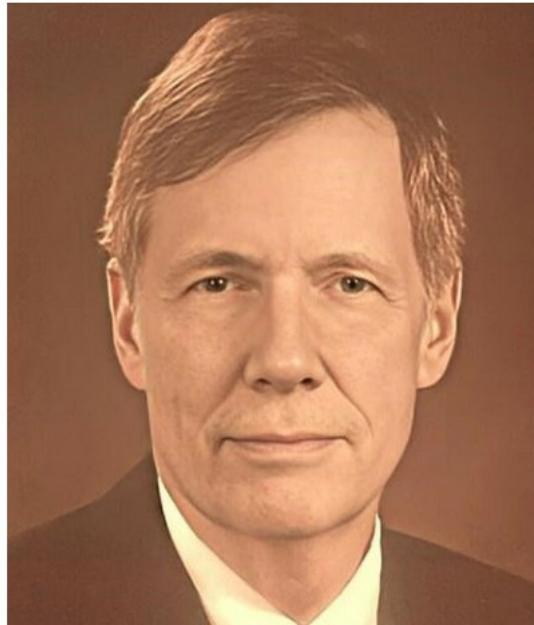
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ADVANCING LIBERTY WITH RESPONSIBILITY  
BY PROMOTING MARKET SOLUTIONS  
FOR MISSOURI PUBLIC POLICY



*Brenda Talent*

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



Joseph Forshaw IV  
January 10, 1952 – November 11, 2025

It is with deep sadness that I share the news of the passing of Joseph Forshaw IV, longtime member of the Show-Me Institute's Board of Directors, former treasurer, and past chairman of the board.

Joe was more than a board member to us. He was a steadfast champion of the Show-Me Institute's mission, a source of wisdom and clarity, and a man whose integrity and good humor strengthened everyone around him.

A lifelong St. Louisan, Joe brought to our organization the same qualities that defined his life: intellectual curiosity, disciplined thinking, and generosity of spirit. Before joining the Show-Me Institute, he served for 30 years as president of Forshaw of St. Louis, the family business founded in 1871. His deep understanding of entrepreneurship and free enterprise made him an invaluable voice on our board and a trusted adviser to our team.

Joe served with humility and conviction, and he cared deeply about Missouri's future. He was an extraordinary mentor to many of us, always ready to offer thoughtful counsel, encouragement, and the perspective that comes from a life well lived. Whether asking the question no one else had considered or reminding us to stay focused on the people we serve, he did so with grace, steadiness, and genuine kindness. His presence made our work better, and his passion for ideas strengthened the entire organization.

On behalf of the entire staff and board of the Show-Me Institute, I offer my heartfelt condolences to his beloved wife, Liza; their children Sr. Maria Battista, Juliet, and J. Alexander; his grandson Aidan; and the entire Forshaw family. Joe's leadership, generosity, and friendship will be deeply missed.

# STOKES COMPLETES CARO CANON

David Stokes

I recently completed reading the last of Robert Caro's four biographies of Lyndon Johnson. (Hopefully, the fifth and final one will be published soon.) I have also read Caro's *The Power Broker*, about the famous New York urban planner Robert Moses. That's 4,866 pages of Robert Caro's work, if you're counting.

The two men, Johnson and Moses, had two things in common, only one of which is admirable. They were both consumed by the quest for power, and they each had an extraordinary capacity for hard work. If you want to learn about how government and politics work in the United States, then go read all (or at least some) of *The Years of Lyndon Johnson*. If you want to learn about urban policy in the United States, read *The Power Broker*.

Unsurprisingly, the lessons of Robert Moses impact my day-to-day work here at the Show-Me Institute more than those of Lyndon Johnson do. I witness (much) smaller versions of how Moses ran New York City every time I see a city council or county commission pass an economic development package they haven't even bothered to read, much less study. A few years ago, when one St. Louis alderwoman had the temerity to oppose certain tax subsidies in her ward, what I saw in real time matched Caro's description of what would happen to the few politicians who opposed Moses's projects. The pressure from developers, construction interests, unions, financiers, and other politicians would steadily increase until it was basically irresistible.

I can think of no good Missouri comparisons to LBJ, who was inimitable, so the lessons I took from that book were more general. (I will note, with pride, that our own Harry Truman was one of the few major politicians of the era who did not fall for LBJ's much-rehearsed charms.) LBJ was a fascinating, if generally loathsome, man, but the story of his life is amazing. Several key things in the series stand out to me.

The first is how rapidly and simplistically the original Great Society legislation was thrown together. One aide was tasked with coming up with a program, and when he did so, the senior advisors said the budget was too small and that he needed to (close paraphrase here) put a few more zeroes behind it. One comes to the realization that the purpose of the Great Society legislation was to spend an enormous amount of money and find out later if it worked (it didn't).

Caro, being a liberal, tells that part of the story uncritically, but it is fun to watch Caro tie himself in logical knots when discussing the Kennedy tax cut proposals. Caro goes to great lengths to praise tax cuts by a man he clearly admires in a manner that he would never say about other tax cuts from other politicians. Caro is a masterful historian and a wonderful writer, but he is not an economist, and at times in the Johnson series it shows.

If you want a great and fast read that will teach you about urban policy and modern politics in two or three nights, I suggest *Boss* by Mike Royko about Mayor Richard J. Daley of Chicago. The Caro books are a much larger commitment (again, 4866 pages). But for detailed histories about two of the most influential Americans of the 20th century, these five books by Robert Caro are well worth the read.

# SPRINGFIELD VOTERS RESIST THE CONVENTION CENTER SIREN SONG

Patrick Tuohey



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On November 4, Springfield voters defeated a 3% increase to the city's lodging tax intended to build a new convention center. It's good news, but also a surprise.

I had been to Springfield on September 15 to explain why voters ought to be wary of the tax hike. The group I addressed included a former city mayor and a previous head of the city's tourism bureau. Everyone—including me—agreed that the measure was likely to pass.

But it didn't. In a low turnout election in which this was the only measure on the ballot, it was defeated with 52.5% voting no.

This was a pleasant surprise, and a good outcome for fiscal responsibility.

Marta Mize of the *Springfield News-Leader*, who had previously penned a very good interview with convention center expert Heywood Sanders about the proposal, wrote that this was “the first time a majority had opposed a city tax measure in more than 15 years.” She also noted that political observers explained the defeat was due to doubts about the national economy and a “lack of detail about the proposed project.”

Those explanations may be true. But it is also true that the promises made by ballot supporters were completely specious. The consultant report prepared for the city council made the usual projections; Springfield would

see a dramatic increase in tax revenue and convention center traffic if only it built a new facility. It's a common claim that brings to mind the 1989 movie *Field of Dreams*, in which the main character (played by Kevin Costner) hears a disembodied voice whisper, “If you build it, he will come.” It worked on the silver screen; it doesn't work in the real world.

In the real world, private investors spending their own money make sure there is demand that justifies building additional capacity. One would be a fool to do otherwise. But when you're spending public funds—other people's money—you're much less concerned with risk. And so consultants such as the one Springfield hired gallivant around the country making all sorts of promises. By the time taxpayers get wise to the ruse, the consultants have cashed their checks and moved on to the next market.

That is another problem with these convention center studies. It's not just that Springfield is being told to build or expand convention center capacity. Many markets are being told to do so. Even if convention business were booming—and it isn't—it can't be true that everyone wins if everyone builds.

Whatever the reason, Springfield avoided an expensive mistake. City leaders should instead focus on delivering basic services competently and efficiently. If there are dreamers among us, let them risk their own money for their own reward.

# TRADITIONAL PUBLIC SCHOOLS AND COMPETITION

*Cory Koedel*

An interesting recent development in the MOScholars program is that two public school districts—Hallsville R-IV and Atlanta C-3—have signed on. These districts will accept non-resident student transfers whose tuition will be paid through MOScholars scholarships.

MOScholars is Missouri's education savings account (ESA) program. It provides scholarships that students can use to attend schools other than their residentially zoned public schools—including private schools—or to pay for other qualified educational services.

The participation of Hallsville R-IV and Atlanta C-3 in MOScholars is noteworthy for several reasons. First, MOScholars is viewed primarily as a program to help families pay private school tuition. These districts' participation is a reminder that the scholarships can also facilitate cross-district student transfers within the public system.

Second, their participation signals demand for interdistrict open enrollment in Missouri. Many states have interdistrict open enrollment, which allows students to transfer to other public districts with funding following the student. But Missouri does not. In effect, Hallsville R-IV and Atlanta C-3 are using MOScholars to approximate an open enrollment policy. A real open enrollment policy would be more efficient and impactful, but these districts are making use of the limited options that are currently available.

Third, their decisions show that public schools are willing to compete for students. This is important in the context of a common argument made by opponents of school choice—school choice threatens public education, presumably because public schools will wilt in the face of competition. This has always struck me as odd. I expect public schools to act like any other entity in a competitive environment: I expect them to compete, and in doing so, to improve. Indeed,

compelling evidence from Florida—which has a robust school choice environment with a lot of competition—shows that public schools do just that. This benefits all Florida students, even those who do not participate in school choice directly.

The opt-in decisions by Hallsville R-IV and Atlanta C-3 exemplify the willingness of public schools to compete. MOScholars is currently too small to generate large-scale competitive effects—it can fund scholarships for only about 2–3 percent of Missouri's K–12 enrollment. But a new, complementary federal program that functions similarly has the potential to expand resources substantially. I hope, and expect, other districts to follow the lead of Hallsville R-IV and Atlanta C-3 and jump into the fray.



*Viktoriiia Hnatiuk/Shutterstock*

# CHECKING MEDICAID'S PULSE

*Elias Tsapelas*



*snezhana k / Shutterstock*

Are dead people on Missouri's Medicaid program? Shockingly, the answer appears to be yes. In late September, the Missouri State Auditor's Office released a report highlighting several enormous problems with the state's Medicaid program. One of the most notable findings is that the state lacks a working system to check the program's enrollment against death records. In other words, we don't know if we're paying for dead people's health coverage (and if we don't know, then the answer is most likely yes.)

That finding alone would be worrying enough, but it is only one part of the bigger, troubling picture. The report also revealed that thousands of Missourians have remained enrolled in Medicaid for up to *10 years* without the state checking whether they're still eligible. Federal law requires annual eligibility reviews, but Missouri's outdated IT systems somehow blocked the state's Department of Social Services (the department responsible for checking Medicaid eligibility) from checking the information of around 10,000 recipients for up to a decade. To be fair, some of these individuals might still qualify for benefits, but many probably do not. Regardless, the point is that the state doesn't know one way or the other.

As Show-Me Institute researchers have been saying for years, Medicaid is one of Missouri's biggest and fastest-growing yearly expenditures. Before the state expanded Medicaid eligibility in 2021, the program cost around \$11 billion per year in total, with less than \$2 billion coming from general revenue (state income tax and sales tax dollars). This year, program spending is expected to eclipse \$20 billion, with around \$3.7 billion coming from state taxpayers. Such spending has major implications for the rest of the state's budget, especially when revenue collections are uncertain and other priorities such as education, public safety, and infrastructure projects are competing for the same funding. It should go without saying, then, that when eligibility checks aren't completed and scarce resources are spent on people who don't qualify for benefits or aren't alive to receive them, it puts real strain on the entire budget.

Eligibility reviews aren't just pointless bureaucratic hurdles. Circumstances that make people eligible to receive welfare benefits change all the time. They find jobs. They get married. They might even die. It's essential that the state's computer systems have access to this information as soon as possible to ensure that tax dollars aren't being misspent.

Perhaps the most concerning part of the audit is the recognition that these findings aren't new problems at all. Previous reports highlighted both issues outlined here (not checking death records and not checking eligibility for 10 years), and yet they persist. The good news is that Missouri has been given a golden opportunity to get the state's Medicaid program back on track. Recent federal reforms included in the One Big Beautiful Bill will all but require Missouri to modernize its computer systems. Medicaid is far too expensive, and its costs are growing far too quickly, for this level of waste to continue.

# POWERING DATA CENTERS WITH CONSUMER-REGULATED ELECTRICITY

Avery Frank

Data centers, locations that house servers and related hardware needed for many digital processes, have quickly moved to the forefront of the energy conversation in many communities across the state. As artificial intelligence expands rapidly, demand for computing power is also rising at a feverish pace, driving the need for more and more energy-intensive data centers.

While some in Missouri are hesitant about or simply opposed to data center development, others are interested in attracting this new investment. Now, for anyone putting a data center on their Christmas list, here are a few important do's and don'ts to keep in mind.

## ✓ **Do: Know what data center customers are prioritizing.**

Some projections estimate that data centers will make up more than 10 percent of all U.S. electricity demand by 2030. That is a huge jump from around three percent in 2024. When I attended the Missouri Nuclear Energy Summit a few months ago, it was repeatedly stated that major developers are prioritizing energy availability, speed to operation, and stability. These priorities are consistent with the actions of the biggest data center customers: Microsoft, Amazon, Google, and Meta.

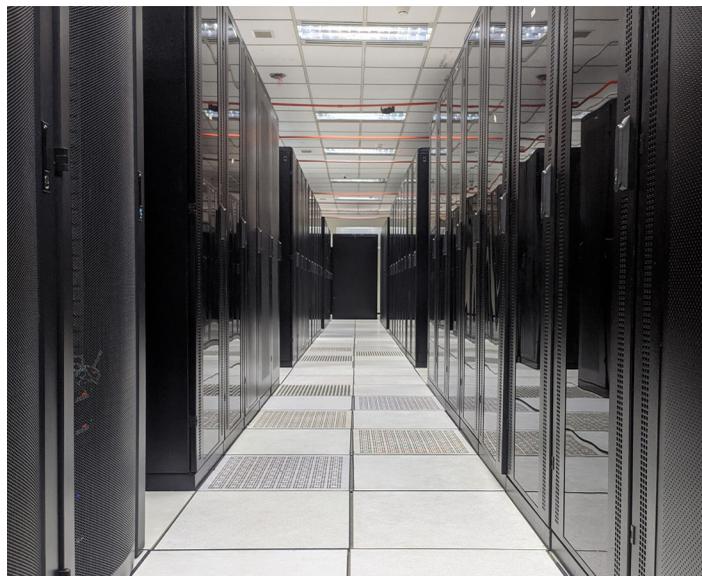
Microsoft, notably, is restarting the Three Mile Island nuclear plant, and the others are pouring enormous sums of money to acquire large sources of power as quickly as possible.

## × **Don't: Hand out wasteful subsidies.**

Economic development subsidies enrich individual developers at the expense of taxpayers, schools, and other public services. Using tax subsidies to lure data centers, filmmakers, sports teams, and others into Missouri shrinks the tax base of the region without leading to meaningful economic growth.

## ✓ **Do: Reduce red tape.**

Governor Kehoe has emphasized the need to operate at “business speed,” not “bureaucratic speed,” while discussing energy policy. Each municipality has its own



*Rama Dhanafas / Shutterstock*

permitting rules it needs to evaluate, but consumer-regulated electricity (CRE) could be a statewide solution and a subsidy-free way to reduce regulatory burden and set the stage for development.

CRE would allow for new data centers and other large customers to be served by a separate, independent grid. This would help shield the average Missourian from the rate hikes needed to build new power plants on the regulated grid (such as Ameren's or Evergy's). Being isolated from the general ratepayer-supported system, CRE utilities would face less red tape than utilities that serve the broader public. CRE would also allow for partnerships with electricity providers that are singularly focused on serving the largest new customers. And since data center developers prioritize energy availability, speed to operation, and long-term stability, CRE appears to be an ideal response.

The growth of data centers is challenging to navigate. But when we consider the broader context of the data-center boom, a few principles become clear: we should remove unnecessary regulatory burdens, reject the use of subsidies, and lean on the free market to drive innovation.



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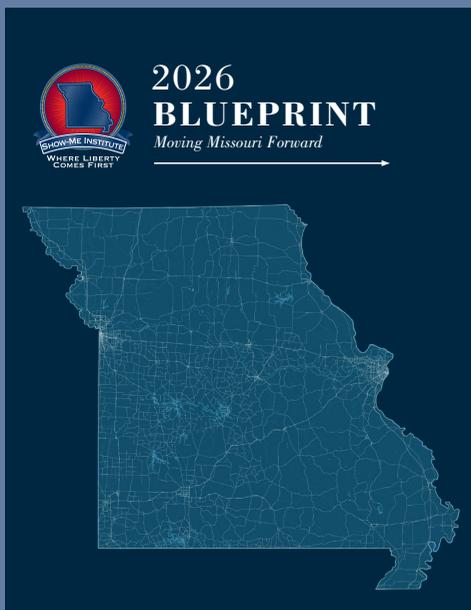
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