



TESTIMONY

June 17, 2026

REVISED STATUTES OF MISSOURI 84.160 AND THE ST. LOUIS CITY POLICE BUDGET

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Testimony Before the City of St. Louis Board of Police Commissioners

TO THE HONORABLE MEMBERS OF THIS BOARD

Thank you for the opportunity to testify. My name is David Stokes, and I'm the Director of Municipal Policy at the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own and are offered in consideration of proposals that will impact the police department budget in the City of St. Louis.

The current dispute is over whether the government of the City of St. Louis should be compelled to increase the police department budget to meet the requirement of RSMO 84.160 to spend 25 percent of the city's general revenues on police services. The specific question at hand is whether the revenue from the lawsuit against the Rams football team should count as general revenue for the purpose of those calculations. The police board and the State of Missouri have argued that the Rams funds should count as general revenue. The city has argued that it should not, and the St. Louis Circuit Court has ruled, pending appeals and other legal proceedings, that the city's interpretation is correct.¹ I am also of the view that the city and the circuit court are correct.

¹ Schneider, Joey, "Judge rejects St. Louis police board's \$67 million budget request," Fox2 News, June 2, 2026.

Generally, *general revenue* refers to revenues available for general governmental purposes rather than revenues legally restricted to a specific use. Revenues dedicated to highways, debt service, pensions, or other statutory purposes are typically excluded from this category. The general revenue fund is also the account that holds those revenues, along with balances carried forward from prior years. In budgeting terms, general revenue is a flow of resources while the general revenue fund balance is a stock of resources. The distinction is important, because spending requirements are typically tied to annual revenue flows, not accumulated balances. Otherwise, governments would effectively be penalized for maintaining reserves. A rainy-day fund is a good example. Money set aside for future downturns or emergencies does not become new revenue each year simply because it remains in the bank.

The Rams settlement is a good example of this concept. Under these basic definitions, the settlement proceeds likely would have been treated as general revenue when they were received because they were available for general governmental purposes. Once those dollars were deposited and carried forward into future years, however, they became part of the city's accumulated general revenue fund balance. Counting them again as general revenue for purposes of the police funding formula would effectively count the same dollars multiple times.

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Aside from these standard definitions and common uses of the terms, it defies common sense to include one-time revenues—no matter how substantial—in ongoing formulaic calculations for budgetary purposes. If the state and board’s argument were to carry the day and the city were required to spend an additional \$67 million on police service in the coming budget year, the same police board would almost certainly have to cut \$67 million from the budget the following year when those one-time revenues are gone. Does the police board really want to expand hiring, give raises, and increase benefits only to have to lay people off, cut salaries, and reduce benefits the following year?

The famous economist Milton Friedman wrote about the various ways one can spend money: (emphasis added)²

There are four ways in which you can spend money. You can spend your own money on yourself. When you do that, why then you really watch out what you’re doing, and you try to get the most for your money. Then you can spend your own money on somebody else. For example, I buy a birthday present for someone. Well, then I’m not so careful about the content of the present, but I’m very careful about the cost. **Then, I can spend somebody else’s money on myself. And if I spend somebody else’s money on myself, then I’m sure going to have a good lunch!** Finally, I can spend somebody else’s money on somebody else. And if I spend somebody else’s money on somebody else, I’m not concerned about how much it is, and I’m not concerned about what I get. And that’s government.

² Adam Smith Institute, accessed June 16, 2026, <https://www.adamsmith.org/blog/toilet-paper-and-milton-friedmans-four-ways-of-spending-money>.

Leaving aside for now the fact that, in this case, the money under discussion was taken from taxpayers, we can consider the question of whether the police board should be able to order the city to spend however much the board wants it to, or whether the city should have control over how much of its tax money is directed to the police department. (The authors agree that the police board should be allowed to direct how the money is spent on the police department; the question is simply who gets to decide how much?) Giving one entity, in this case the police board, the authority to spend another entity’s money (in this case the city’s money) on itself will result in a board that cares about quality but not much about quantity. While the police department certainly deserves the resources it needs to do its vital job, the taxpayers of St. Louis need decisions on funding to be based on both quality and quantity. They are, after all, the ones paying the bills.

For the immediate question at hand, it would be very poor public policy to require the Rams funds to be included in calculations for police department funding by the city. Going forward, accommodations need to be made to give the City of St. Louis more input into how much the city should spend each year on the police department. In my opinion, public safety needs to be the city government’s highest priority, and I share concerns with others that in recent years this has not been the case. But giving an entity like the police board—which is removed from the decisions that raise these taxes in the first place—full power to spend is a recipe for overspending and undisciplined financial decision-making. The citizens of St. Louis deserve a shared, transparent process including both city government and the state police board to determine the necessary levels of funding for the police department each year so that the residents of, and visitors to, Saint Louis enjoy level of safety they deserve.



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