2026 State of the State Address: A FOUNDATION FOR GROWTH

Governor Mike Kehoe
January 13, 2026

Highlights for Education

Budget

- Days of budget surpluses are over
- $600 million in budget cuts in Governor's FY27 budget proposal
- State will meet mandatory spending requirements (e.g., Medicaid match, child care subsidies, disaster relief) without cutting K-12 foundation formula

Phase Out Income Tax

- Phased elimination of income tax with full repeal in 5 years
- New sales tax on services like online advertising, e-books, and AI platforms that fall outside our current sales tax base
- These increases will need to be offset by reducing local taxes, like property taxes
- Eliminating the income tax is not about runaway sales taxes

Education

- Budget proposal includes funding for FFA
- Additional $10 million ($60 million total) for MO Scholars program (vouchers)
- Missouri will participate in the new federal scholarship tax credit program
  - Beginning in calendar year 2027, this program directs private dollars toward student scholarships, allowing Missourians to receive up to $1,700 in federal tax credits for investing in students
- Requesting passage of Open Enrollment legislation
  - In the meantime, we're including $7.5 million in our budget to make open enrollment a reality as soon as possible
- Signed an Executive Order executive order creating a statewide school accountability A-F grade card
- Last legislative session, we provided record funding for the K-12 education formula, an increase equivalent to ten years of funding increases
  - Although funding education is a top priority for me, the current formula simply does not work
  - We are not cutting core K-12 funding. Only a bureaucrat would say that continued record funding is somehow a cut
- Calls for legislation establishing a governing oversight board for MSHSAA