

**Table 2** (continued)

Impact of investment of pension assets on state and local economies and revenues, 2018 (all data are in \$1,000s)

State	Pension Assets	Contribution to State Economy (Personal Income)	State & Local Revenues Attributable to Investment of Pension Assets
Texas	\$281,017,674	\$77,635,783	\$12,654,633
Utah	\$32,335,757	\$905,045	\$175,579
Vermont	\$4,647,668	\$30,143	\$5,787
Virginia	\$95,980,567	\$9,032,408	\$1,436,153
Washington	\$95,574,091	\$8,539,003	\$1,554,098
West Virginia	\$16,252,072	\$229,296	\$49,987
Wisconsin	\$115,775,463	\$6,637,729	\$1,247,893
Wyoming	\$8,512,277	\$56,743	\$14,072
United States	\$4,338,904,372	<b>\$872,389,415</b>	<b>\$178,853,891</b>

State-by-state data in Table 2 show that the economic and revenue impacts of pension assets in the four largest states by population – California, Texas, Florida, and New York – are very significant. In California, for example, state and local pension fund assets of \$911.2 billion resulted in a \$437.9 billion contribution to the economy and \$92.8 billion to state and local revenues. Similarly, in New York, state and local pension fund assets of \$533.6 billion contributed \$136.9 billion to the economy and \$33.7 billion to state and local revenues. The economies and revenues of even small states, such as Vermont, South Dakota, and Wyoming, benefited significantly from investment of their pension fund assets. For example, Vermont added \$30.1 million to its economy and \$5.8 million to state and local tax revenues through investment of \$4.6 billion in pension assets.

### Contribution of Spending of Pension Checks to State Economies and Revenues

The impact of spending by retirees has a direct and significant impact on the economy and on state and local revenues because of both the dollar-for-dollar addition to personal income and the multiplier effect. Table 3 shows the state-by-state impact of the spending of pension checks on the economy and revenues. Column 2 shows the dollar amount of the pension checks paid to retirees in each state. Column 3 shows the contribution of spending these checks to the economy, and column 4 shows state and local revenues attributable to pension checks.

**Table 3**

Impact of spending of pension checks on state economies and state and local tax revenues, 2018 (all data are in \$1,000s)

State	Pension Checks	Contribution to Economy (Personal Income)	State & Local Revenues Attributable to Pension Checks
Alabama	\$3,775,108	\$9,437,770	\$1,821,490
Alaska	\$1,344,014	\$3,360,035	\$836,649
Arizona	\$4,979,774	\$12,449,435	\$2,116,404
Arkansas	\$2,107,288	\$5,268,220	\$1,011,498
California	\$59,336,581	\$148,341,453	\$31,448,388
Colorado	\$5,682,652	\$14,206,630	\$2,471,954
Connecticut	\$5,196,905	\$12,992,263	\$1,948,839
Delaware	\$772,777	\$1,931,943	\$394,116
Florida	\$12,907,687	\$32,269,218	\$5,485,767
Georgia	\$7,891,830	\$19,729,575	\$3,235,650
Hawaii	\$1,489,496	\$3,723,740	\$770,814
Idaho	\$1,002,195	\$2,505,488	\$433,449
Illinois	\$21,113,989	\$52,784,973	\$9,712,435
Indiana	\$2,963,596	\$7,408,990	\$1,363,254
Iowa	\$2,431,021	\$6,077,553	\$1,264,131
Kansas	\$2,019,878	\$5,049,695	\$929,144
Kentucky	\$4,443,610	\$11,109,025	\$2,077,388
Louisiana	\$5,018,902	\$12,547,255	\$2,296,148
Maine	\$1,082,981	\$2,707,453	\$506,294
Maryland	\$6,061,046	\$15,152,615	\$2,348,655
Massachusetts	\$8,430,605	\$21,076,513	\$3,519,778
Michigan	\$9,570,957	\$23,927,393	\$4,474,422
Minnesota	\$5,161,801	\$12,904,503	\$2,438,951
Mississippi	\$2,974,606	\$7,436,515	\$1,613,724
Missouri	\$6,233,876	\$15,584,690	\$2,805,244
Montana	\$935,996	\$2,339,990	\$407,158
Nebraska	\$1,200,736	\$3,001,840	\$615,377
Nevada	\$2,521,786	\$6,304,465	\$1,134,804
New Hampshire	\$832,290	\$2,080,725	\$299,624
New Jersey	\$11,167,736	\$27,919,340	\$4,857,965
New Mexico	\$2,499,874	\$6,249,685	\$1,362,431
New York	\$35,340,483	\$88,351,208	\$21,734,397

**Table 3** (continued)

Impact of spending of pension checks on state economies and state and local tax revenues, 2018 (all data are in \$1,000s)

State	Pension Checks	Contribution to Economy (Personal Income)	State & Local Revenues Attributable to Pension Checks
North Carolina	\$6,788,423	\$16,971,058	\$3,156,617
North Dakota	\$450,517	\$1,126,293	\$269,184
Ohio	\$16,531,965	\$41,329,913	\$8,844,601
Oklahoma	\$2,643,575	\$6,608,938	\$1,103,693
Oregon	\$6,109,410	\$15,273,525	\$3,299,081
Pennsylvania	\$13,183,490	\$32,958,725	\$5,866,653
Rhode Island	\$1,312,354	\$3,280,885	\$626,649
South Carolina	\$4,391,477	\$10,978,693	\$2,316,504
South Dakota	\$605,484	\$1,513,710	\$227,057
Tennessee	\$3,547,256	\$8,868,140	\$1,507,584
Texas	\$18,852,829	\$47,132,073	\$7,682,528
Utah	\$1,612,865	\$4,032,163	\$782,240
Vermont	\$387,161	\$967,903	\$185,837
Virginia	\$6,265,164	\$15,662,910	\$2,490,403
Washington	\$5,169,816	\$12,924,540	\$2,352,266
West Virginia	\$1,397,040	\$3,492,600	\$761,387
Wisconsin	\$6,429,551	\$16,073,878	\$3,021,889
Wyoming	\$616,500	\$1,541,250	\$382,230
United States	\$335,252,843	<b>\$836,967,383</b>	<b>\$162,612,744</b>

Results in Table 3 show that in 2018, \$335.2 billion was paid to retirees in pension checks. Spending of these checks contributed \$836.9 billion to the economy and \$162.6 billion to state and local revenues. Table 3 also shows that the economy and revenues in states such as California, New York, Ohio, and Texas benefit greatly from retirees' spending of their pension checks.

### Are Public Pensions Net Revenue Positive?

Opponents of public pensions often argue that taxpayers cannot afford them. Common sense will tell us, however, that investment of pension fund assets and spending of pension checks by retirees

must have a positive impact on the economy and revenues. The results shown in Tables 2 and 3 support this commonsense contention. Next we examine whether public pensions are net revenue generators. By net revenue generators we mean that the tax revenues generated by public pensions are greater than taxpayer contributions to the pensions.

Column 4 (the sum of columns 2 and 3) in Table 4 shows the total state and local revenues generated by investment of pension assets and spending of pension checks, column 5 shows the taxpayer contribution, and column 6 shows the net revenues attributable to public pensions (column 6 = column 4 - column 5).