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To the Editor:

Ed Bachrach properly observes that state and local governments should close the pension-funding gap they have created. However, he exaggerates the size and the immediacy of the shortfall—the gap is less than $1 trillion spread over 30 years, according to the 2015 Census of Governments. These costs equal 4% of expected state revenues—hardly the “crippling” problem he sees.

Governments brought this problem on themselves by relying excessively on regressive and volatile revenue schemes such as casinos, lotteries and “sin taxes,” and reneging on their pension funding commitment during an economic downturn. Mr. Bachrach’s solution—federal legislation allowing states and local governments to reduce promised pension benefits—is unfair to workers who faithfully made every required contribution and violates a host of constitutional, contractual and property-rights principles.

There is a better way. State and local governments can adopt more progressive, broad-based revenue systems with lower rates. Governments should stop giving away twice as much in economic development incentives as they have committed to spend on pensions. Pension checks are spent locally and domestically, unlike money given to corporations through tax loopholes and subsidies. Other solutions include using well-designed pension obligation bonds and improving risk management.

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