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Column: As Coronavirus Devastates State Budgets, Conservatives Target Public Worker Pensions

Apparently on the principle that one shouldn't let a crisis go to waste, conservatives are using the coronavirus crisis to take aim at a favorite target: public employee pensions.

That was the explicit subtext of Senate Majority Leader Mitch McConnell's broadside against bailing out state and local governments, which he set forth during an interview Wednesday on right-winger Hugh Hewitt's radio program.

But McConnell is not alone. Conservative commentators Andrew G. Biggs and Eileen Norcross wrote on April 13 that "financial support for key services such as health, welfare, and public safety should not be allowed to morph into a more generalized bailout of state and local pension plans… Any future federal aid packages that might be used to meet pension plan obligations should be conditioned on structural pension reforms."

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Conservative radio host Hugh Hewitt

These "reforms" included freezing public pension plans for future benefit accruals, and supplanting defined benefit plans, in which employees are insulated from the risk of market downturns, with 401(k)-style defined contribution plans, in which they bear all the risk.

Meanwhile, the libertarian group Illinois Policy called on Congress to reject that state's $44-billion federal aid request, which includes a $10-billion grant or loan to short up the state's public pension plans.

The thread connecting this advocacy is not only ideological. The sources are all associated with the Koch brothers network, among other right-wing funding operations.

McConnell has long been a recipient of Koch campaign contributions. The Mercatus Center at Virginia's George Mason University, which published the piece by Biggs and Norcross, has been heavily supported by the Koch network; Charles Koch is listed as an emeritus member of its board, and its founder and current board member Richard Fink is a longtime Koch aide.

Illinois Policy is part of a network of Koch-linked think tanks that have targeted public union membership, in part by advancing lawsuits to hamper dues collections.

Now let's examine the themes tying all this together.

As we reported earlier, McConnell and Hewitt performed a call-and-response routine for the latter's

radio audience in which they suggested that the fiscal pain being felt by states stems largely, if not entirely, from ostensibly overgenerous public employee pensions.

“Some of the benefits they grant are ridiculous,” Hewitt said. “I don’t think any public employee, even a great teacher of 30 years, should make more than a colonel in the Army or the Marine Corps who served 25 years, or a captain in the Navy.”

But it’s fair to ask, “Izzatso?” Hewitt didn’t explain why a teacher shouldn’t retire with as much as a colonel; he just counted on McConnell agreeing supinely.

McConnell obligingly chimed in with the observation, “We’ll certainly insist that anything we’d borrow to send down to the states is not spent on solving problems that they created for themselves over the years with their pension programs.”

He even suggested that it would be better if states could declare bankruptcy (there’s no such provision in the law), even though plainly state bankruptcies would disrupt their operations beyond description.

Biggs and Norcross stated that “the most serious pension funding gaps are largely the result of failures to undertake meaningful pension reforms over the course of the past decade.” That’s a broad statement that requires “meaningful pension reforms” to carry a lot of weight.

Many states’ pension gaps are the result of fiscal strains that prompted them to underfund their annual pension contributions in recent years. Many of those states already have taken steps to correct that trend, but the hangover from previous years persists.

Biggs told me via Twitter that it’s unfair to describe his position as applying to all state requests for federal assistance, only to specific requests for pension help. “It’s clear that we didn’t oppose federal aid to states to Covid-related costs,” he wrote, “but that if a state wants aid for pensions, as Illinois apparently does, that should come with conditions.”

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by Michael Hiltzik

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