

Greed, Not COVID-19, Devastated New York City's Budget

Romina Boccia, the director of the Grover M. Hermann Center for the Federal Budget at the Heritage Foundation, [recently warned](#) some states and cities intend to use COVID-19 aid to bailout their fiscally irresponsible policies.

Boccia specifically called out New York City, which has already received billions of dollars of aid to combat COVID-19.

“What the City really wants,” Boccia said, is “unrestricted aid to help shore up unaffordable and corrupt pension plans the City has made with its unions.” Boccia added, “That is unfair to the taxpayers in other states that have lived more fiscally responsibly.”

Boccia's message is clear: “Fiscally bad policies” should not be bailed out.

Before COVID-19 arrived, New York City was already in [danger of going bankrupt](#), and “nearly 75 percent of the city's \$197.8 billion deficit is due to pension and other retirement liabilities.”

Pension abuses are common not only in New York City, but also in states including New York and Illinois. A Long Island, New York police officer [retired at 52](#) “with a \$221,086 annual package – after ending his career with a base salary of \$122,514.”

The retired officer was taking advantage of the [pension spiking mechanisms](#) written into many state laws. Pension spiking mechanisms allow public employees nearing retirement

to artificially inflate their salary in their last years of employment, a key metric for calculating pension payments.

Illinois may have “the [worst pension crisis in the nation](#).” In Illinois, “spending on public pensions has increased by more than 500% during the past 20 years, after adjusting for inflation.” Illinois pension contributions “now consume over 25% of the state’s general funds budget.” This school year, “36% of the money the state allocates to education will be diverted to pension payments.”

With the stock market likely to be in bear market territory for several years, the underfunded pension problem will only get worse. “Illinois’ pension debt was equal to 500% of the state’s revenues in fiscal year 2018 and almost 30% of the entire state economy.”

Attempts to reform unsustainable state and city pension plans are met with angry cries from public employees asserting “I worked hard for my money. I earned my pension.” In states with bloated pension systems, the facts say otherwise. Consider [that in Illinois](#), “The average career pensioner will get back his or her employee contributions after just two years in retirement. In all, pensioners’ direct employee contributions will only equal 6 percent of what they will receive in benefits over the course of their retirements.”

In short, pensioners in some states receive extraordinary payouts for ordinary contributions.

In his book [*Something for Nothing: The All-Consuming Desire that Turns the American Dream into a Social Nightmare*](#), Brian Tracy writes:

There is an emotional, economic, and sociological epidemic sweeping across America and the world today, destroying individuals, undermining societies, and threatening the future of civilization.

This epidemic is rooted in the out-of-control and insatiable demands of thousands and millions of people to get *something for nothing*.

If taxpayers in New York, Illinois, and other states desire to pay unsustainable pensions, they—not the taxpayers of more fiscally responsible states—must fund those pensions. As Tracy writes:

The *something for nothing* illness is like a form of *mental AIDS*, which eventually destroys the moral and ethical immune system, predisposing the individual to seek every conceivable way of acquiring money, position, power, respect, influence, and temporary success in ways that are harmful and ultimately destructive to the individual and to everyone around him.

Using the cover of COVID-19 to seek a bailout is morally repugnant, though we should not be surprised politicians are taking this step. As Tracy observes, “The simplest explanation, requiring the fewest number of steps to explain any human behavior, is the desire of people to get what they want for as little as possible and, if at all possible, for *nothing at all*.”

Tracy’s conclusion is inescapable: “The only way to create and maintain peace, harmony, and cooperation is to cut off all avenues to achievement except those of peaceful cooperation and healthy competition aimed at serving and satisfying other people in some way.”

Long after COVID-19 ends, the underfunded pension problem will persist. Estimates of unfunded liabilities range from \$4 trillion to [\\$6 trillion](#). The [size of the pension problem](#) is “roughly equal to the output of [Germany] the world’s fourth-largest economy.”

Withholding federal bailouts will force states with the largest unfunded liabilities to default on their obligations or dramatically increase state and local taxes. In 2019,

[pension contributions](#) made up 11 percent of New York City's total budget, and consumed 17 percent of the city's tax revenues. New York City is already "ranked number one in local tax burden in the United States."

New York City residents have suffered disproportionately from COVID-19, but their suffering doesn't justify bailing out politicians and voters who willingly enabled the greed of public employee unions.

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