

May 8, 2020

The Honorable Mitch McConnell Majority Leader, U.S. Senate 317 Russell Senate Office Building Washington, DC 20510	The Honorable Nancy Pelosi Speaker, U.S. House of Representatives 1236 Longworth House Office Building Washington, DC 20515
The Honorable Charles Schumer Minority Leader, U.S. Senate 322 Hart Senate Office Building Washington, DC 20510	The Honorable Kevin McCarthy Minority Leader, U.S. House of Representatives 326 Cannon House Office Building Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, and Minority leaders Schumer and McCarthy:

The undersigned organizations, members of the State Policy Network, would like to encourage you not to support any future state or local financial bailout that is not directly associated with the COVID-19 pandemic.

Some state lawmakers have used the COVID-19 pandemic as a reason to call upon Congress for help in grappling with fiscal problems that predate the COVID-19 pandemic. Federal lawmakers should refuse such requests. Relief efforts should primarily be about providing relief, not covering over profligate states' self-inflicted fiscal harms.

As one example, state senators from Illinois have asked Congress for over \$40 billion in support, including \$10 billion to address their state employee pension systems, which are underfunded by over \$100 billion. Other legislators and other governors may also want federal money to paper over problems that existed before the pandemic.

Bailing out states — especially for problems unrelated to the pandemic — is problematic for a few reasons. It rewards states for being fiscally irresponsible and it punishes lawmakers from other states that made hard choices and did the legislative heavy lifting that was necessary to fix fiscal problems themselves.

States have the tools to address their fiscal problems already. Rather than let pension liabilities continue to balloon out of control, Michigan, for example, began offering new state and school employees 401(k)-style benefits that prevent the kind of underfunding Illinois struggles with. It also increased contributions to pay for existing debts and now uses better assumptions about existing debts to prevent future underfunding. States can fix their own messes without federal support, which comes at the expense of residents elsewhere.

In addition, any bailout would also increase the already skyrocketing federal debt which must be serviced. If state lawmakers have fiscal problems that they are unwilling to address, they should ask Congress to help them lower their own expenses in an equitable way, rather than asking people from other states to fix their problems for them.

States should be allowed to solve their own problems. All still have policy tools to balance their own budgets without a bailout, and the lack of political will in states to address their problems should not be masked by federal transfers.

Sincerely,

**John Hinderaker**

President  
Center of the American Experiment, Minnesota

**Carol Platt Liebau**

President  
Yankee Institute, Connecticut

**Annette Meeks**

Chief Executive Officer  
Freedom Foundation of Minnesota, Minnesota

**Kyle Wingfield**

President & Chief Executive Officer  
Georgia Public Policy Foundation, Georgia

**Paul Gessing**

President  
Rio Grande Foundation, New Mexico

**Daniel Erspamer**

Chief Executive Officer  
Pelican Institute for Public Policy, Louisiana

**Conner Boyack**

President  
Libertas Institute, Utah

**Mike Nichols**

President  
Badger Institute, Wisconsin

**Amy O. Cooke**

Chief Executive Officer  
John Locke Foundation, North Carolina

**Dr. Bob McClure**

President and Chief Executive Officer  
James Madison Institute, Florida

**Robert Fellner**

Vice President & Policy Director  
Nevada Policy Research Institute, Nevada

**Michael LaFaive**

Senior Director of Fiscal Policy  
Mackinac Center for Public Policy, Michigan

**Bette Grande**

Chief Executive Officer  
Roughrider Policy Center, North Dakota

**Donald Bryson**

President and Chief Executive Officer  
Civitas Institute, North Carolina

**Brian Minnich**

Executive Vice President  
Freedom Foundation, Washington

**Bethany Marcum**

Executive Director  
Alaska Policy Forum, Alaska

**Greg Sindelar**

Chief Operating Officer  
Texas Public Policy Foundation, Texas

**Chris Braunlich**

President  
Thomas Jefferson Institute for Public Policy, Virginia

**Lynn Taylor**

President  
Virginia Institute for Public Policy, Virginia

**John Caldara**

President  
Independence Institute, Colorado

**Ellen Weaver**

President and Chief Executive Officer  
Palmetto Promise Institute, South Carolina

**Mike Stenhouse**

Chief Executive Officer  
Rhode Island Center for Freedom and Prosperity,  
Rhode Island

**Matthew Gagnon**

Chief Executive Officer  
Maine Policy Institute, Maine

**Will Swaim**

President  
California Policy Center, California