

# Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data Summary Report: 2014

*Economy-Wide Statistics Division Briefs: Public Sector*

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## INTRODUCTION

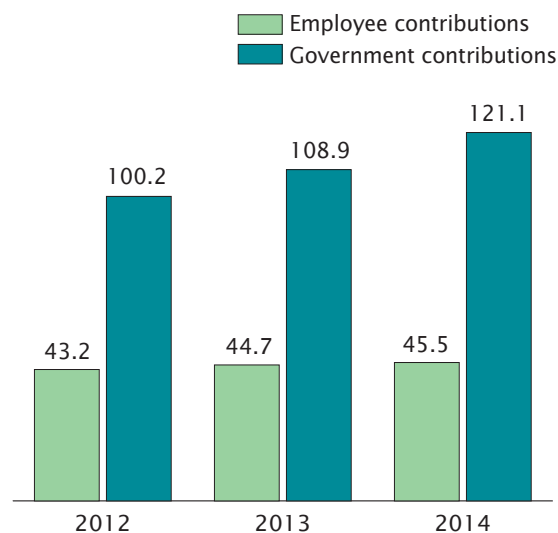
This report is part of a continuing series designed to provide information on the finances, including that of the pension funds, of the United States' nearly 90,000 state and local governments. The 2014 Annual Survey of Public Pensions provides data on membership, assets, revenues, and expenditures of state- and locally-administered defined benefit pension plans.

## Highlights

- Government contributions increased 11.1 percent, from \$108.9 billion in 2013 to \$121.1 billion in 2014, driving total contributions up 8.4 percent, from \$153.7 billion in 2013 to \$166.6 billion in 2014. See Figure 1.
- Earnings on investments for state- and locally-administered pension systems increased 40.6 percent, from \$382.2 billion in 2013 to \$537.5 billion in 2014. See Figure 2.

Figure 1.  
**Contributions by Source and Year:  
2012-2014**

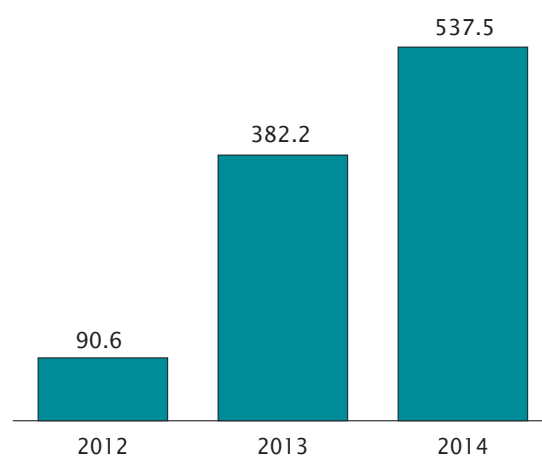
(Billions of dollars)



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

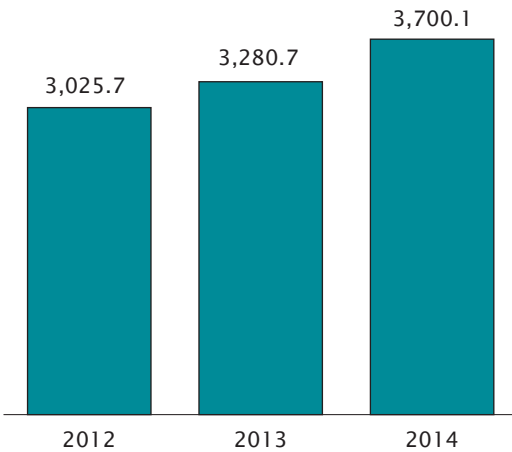
Figure 2.  
**Earnings on Investment by Year:  
2012-2014**

(Billions of dollars)



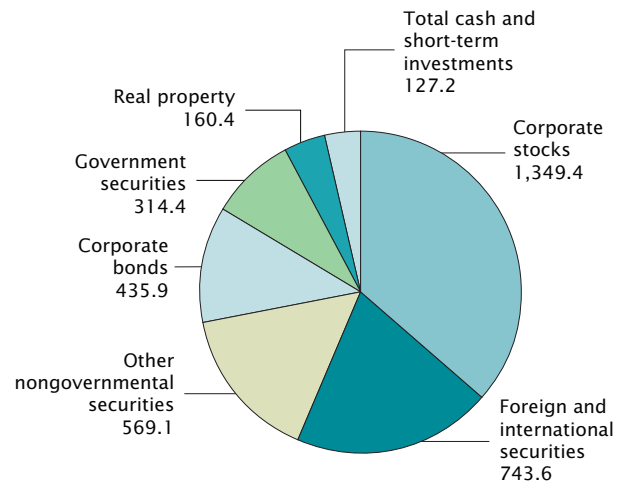
Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Figure 3.  
**Total Cash and Investment Holdings  
 by Year: 2012–2014**  
 (Billions of dollars)



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Figure 4.  
**Total Cash and Investments by  
 Type of Asset: 2014**  
 (Billions of dollars)



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

### Cash and Investment Holdings Summary

- Total cash and investment holdings for state- and locally-administered pension systems increased 12.8 percent, from \$3,280.7 billion in 2013 to \$3,700.1 billion in 2014. See Figure 3 for total cash and investment holdings by year, and Figure 4 for total cash and investment holdings by type of asset.

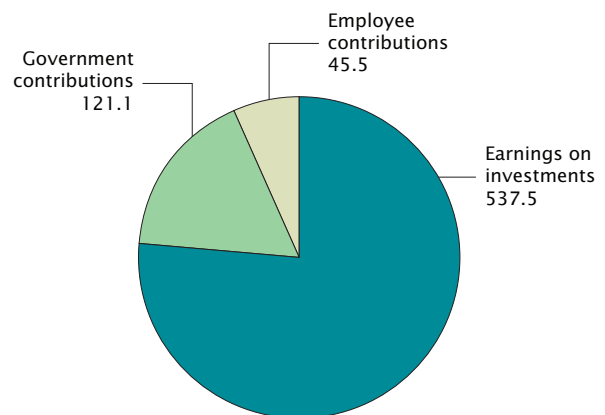
### Revenue Summary

- Total contributions for state- and locally-administered pension systems increased 8.4 percent, from \$153.7 billion in 2013 to \$166.6 billion in 2014.
- Contributions from employees increased 1.7 percent, from \$44.7 billion in 2013 to \$45.5 billion in 2014. See Figure 5 for earnings on investment and contributions.

### Expenditure Summary

- Total payments for state- and locally-administered pension systems increased 5.6 percent, from \$258.3 billion in 2013 to \$272.9 billion in 2014.
- Benefit payments, which comprised 92.7 percent of total payments, increased from \$240.3 billion in 2013 to \$253.0 billion in 2014. The remaining 7.6

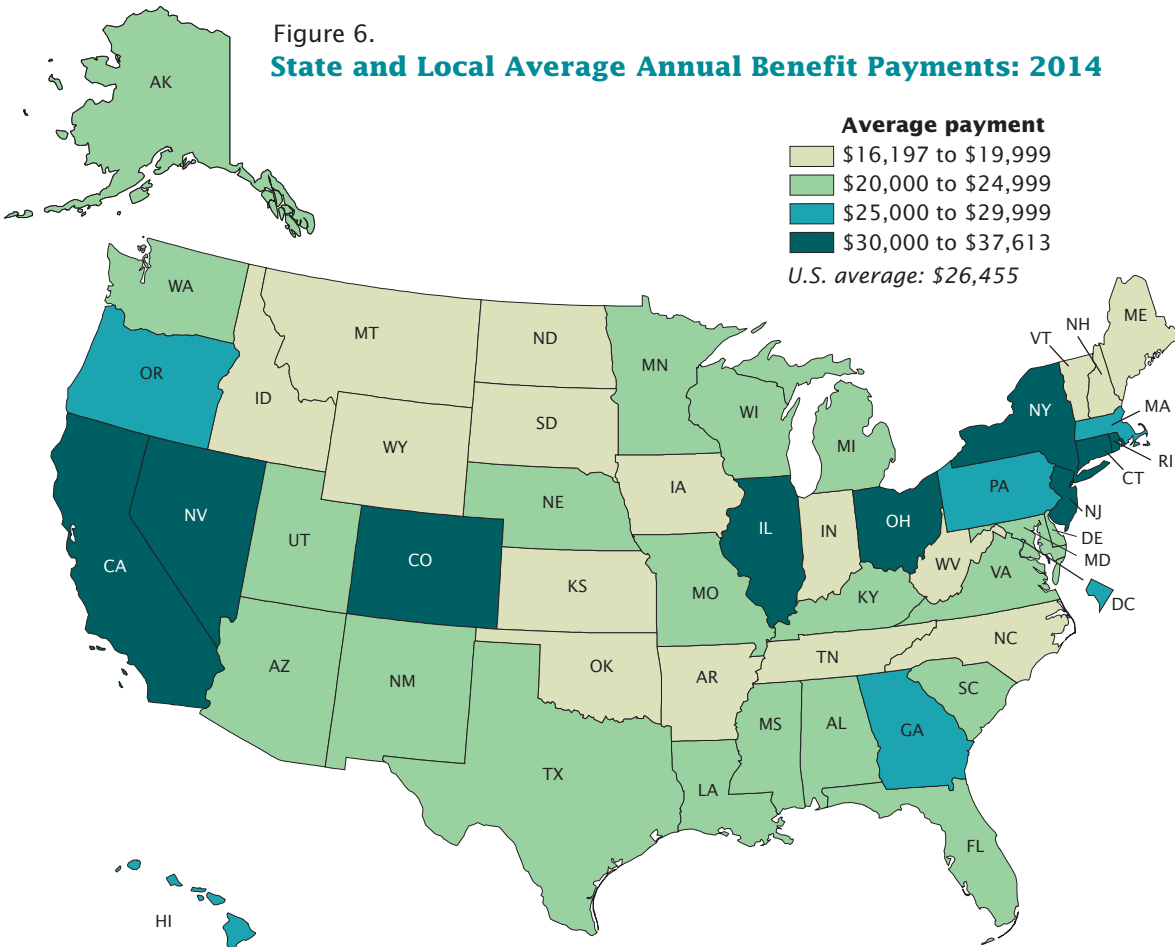
Figure 5.  
**Components of Total Revenue: 2014**  
 (Billions of dollars)



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

percent consist of withdrawals, and other expenses, which includes administrative costs. See Figure 6 for state and local average annual benefit payments.

Figure 6.  
**State and Local Average Annual Benefit Payments: 2014**



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

### Membership Summary

- Total membership for state- and locally-administered pension systems increased 0.6 percent, from 19,544,908 members in 2013 to 19,670,394 members in 2014.
- Total beneficiaries receiving periodic benefit payments from state- and locally-administered pension systems increased 3.2 percent, from 9,263,846 members in 2013 to 9,561,562 members in 2014. See Figure 7 for average active members per beneficiaries by state.

### About the Survey

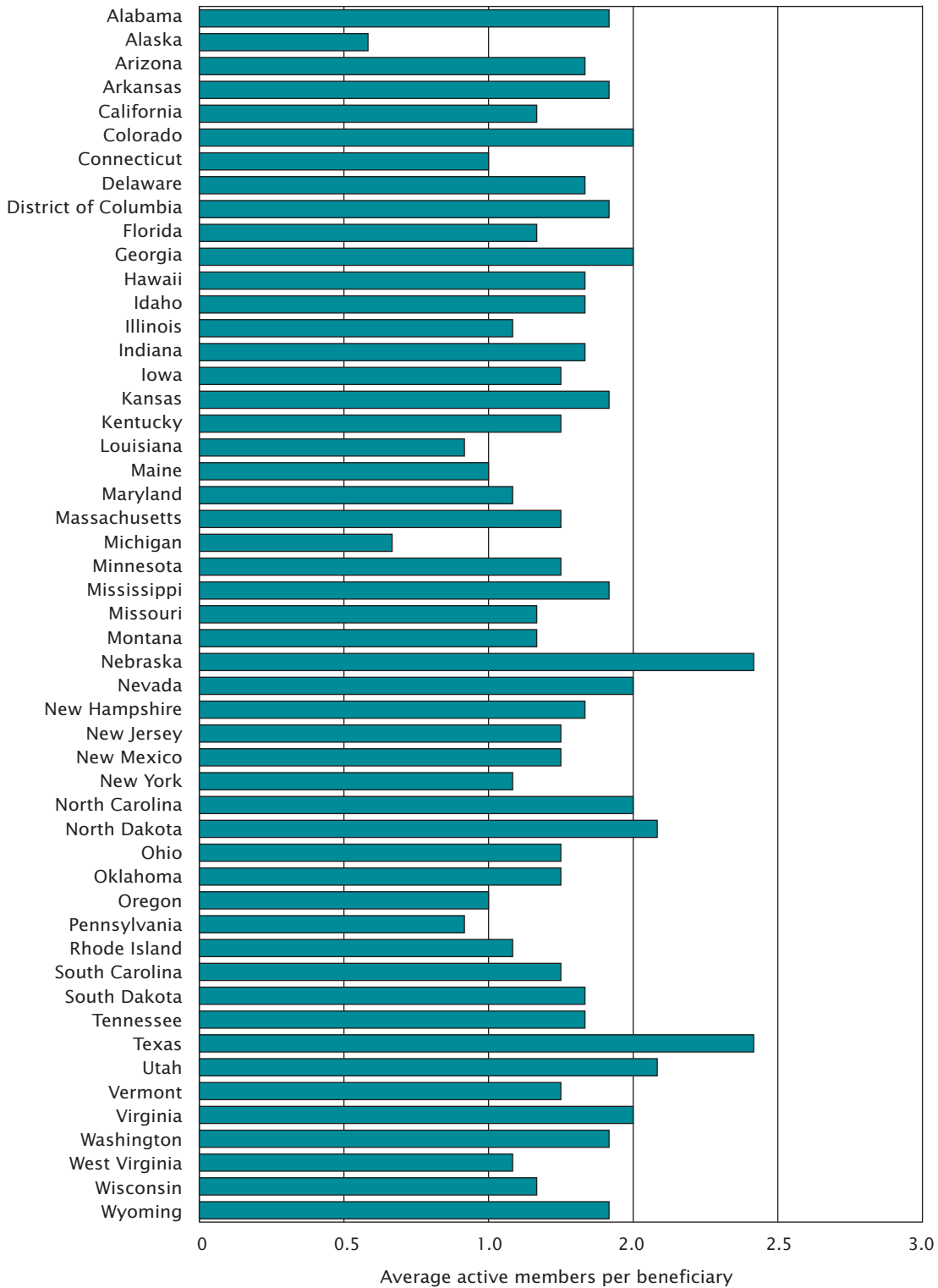
This survey collects data on state- and locally-administered public pension systems based on information collected from the 2014 Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data. The data collected from these systems are for defined benefit plans only and do not include data for defined contribution plans or other postemployment benefit plans. Data in this report refer to fiscal years that

ended between July 1, 2013, and June 30, 2014 (FY2014)<sup>1</sup>, and do not reflect data for the entire calendar year of 2014.

This survey covers the following pension system activities: revenues by state (earnings on investments, employee contributions, government contributions); expenditures by state (benefits, withdrawals, other payments); cash and investment holdings by state (governmental securities, corporate stocks and bonds, foreign and international securities, etc.); membership information by state (number of pension systems, total membership, beneficiaries receiving periodic payments); and liabilities information by state (covered payroll and pension obligations) for state-administered pension systems only.

<sup>1</sup> There are exceptions to the fiscal year rule for the state pension systems in Alabama, Michigan, and Texas. For systems in these states, the fiscal year moves beyond the June 30 cutoff. The data for survey year 2014 cover the fiscal year ending August 31, 2014, for Texas; and September 30, 2014, for Alabama and Michigan. Throughout this report, all references to years (e.g., 2013 or 2014) refer to fiscal years.

Figure 7.  
**State and Local Average Active Members Per Beneficiaries by State: 2014**



Source: U.S. Census Bureau, 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

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For U.S. Census Bureau statistical purposes, a public-employee pension system is one that is financed by a separate accounting fund of the administering government, excluding pay-as-you-go insurance plans. It must have some type of assured revenue stream or dedicated revenue source other than appropriations from the administering government.

Other criteria exist for membership, such as funding and organization. A pension system's members must consist of current or former public employees who are eligible for inclusion in the employment phase of the Census of Governments. A pension system must have at least one separate identifiable fund within a recognized government unit, and it must be funded completely or partially with public contributions. A pension system must also be recognized as a government unit (as defined by the Census Bureau) that provides revenues, expenditures, financial assets, and membership information for public-employee pension systems.

Each pension system is considered an agency of the corresponding government, but the information in this publication reflects only the pension system portion of revenues, expenditures, and assets.<sup>2</sup>

### **Source and Accuracy of the Data**

The 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data is a census of all 230 state government pension systems with defined benefit plans and a sample of the 3,742 local government-administered pension systems. For the purpose of Census Bureau statistics, the term "state government" refers not only to the executive, legislative, and judicial branches of a given state, but it also includes agencies, institutions, commissions, and public authorities that operate separately or somewhat autonomously from the central state government, but where the state government maintains administrative or fiscal control over their activities, as defined by the Census Bureau.

Because all 230 state government pension systems are included, these data are not subject to sampling error or any sampling variability. Of the 3,742 local government-administered pension systems, 1,568 were sampled in 2014. Sampling error is available as a coefficient of variation (CV). The Census Bureau collects these data by law under Title 13, U.S. Code, Sections 161 and 182.

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<sup>2</sup> For more information, please refer to the Government Finance and Employment Classification Manual at <[www.census.gov/govs/www/06classificationmanual/06\\_gfe\\_classmanual\\_toc.html](http://www.census.gov/govs/www/06classificationmanual/06_gfe_classmanual_toc.html)>.

### **Nonsampling Error**

Although every effort is made in all phases of collection, processing, and tabulation to minimize errors, the survey is subject to nonsampling error, such as the inability to obtain data for every variable for all units, inaccuracies in classification, mistakes in keying and coding, and coverage errors.

While the data records are ultimately from state and local pension sources, the classification of finances among the different categories is entirely the responsibility of the Census Bureau. Therefore, classification might not reflect the actual classification or presentation as requested by the various state and local pension respondents or what is presented in a state or local pension system's own financial statements.

Although the original sources for pension statistics are accounting records of governments, the data derived from them are purely statistical in nature. Consequently, the Census Bureau's statistics on government pensions cannot be used as financial statements or to measure a pension system's fiscal condition.

### **Overall Unit Response Rate**

The unit response rate for the 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data was 65.0 percent. The response rate was calculated as the number of responses received divided by the number of pension systems mailed minus the number of governments that were determined to be out of scope.

### **Total Quantity Response Rate**

The total quantity response rate to the 2014 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data for Total Holdings and Investment was 98.4 percent. The total quantity response rate was calculated as the value of "total holdings and investments" reported divided by the estimated total value of "total holdings and investments" of those units mailed minus those systems that were determined to be out of scope. Total quantity response rate accounts for the skewed distribution of financial activity by the largest pensions systems.

### **Contact Information**

For additional information on state and local government pensions data, please visit <[www.census.gov/govs/retire/](http://www.census.gov/govs/retire/)> or contact Economy-Wide Statistics Division, U.S. Census Bureau, at 800-242-2184 or by e-mail at <[ewd.outreach@census.gov](mailto:ewd.outreach@census.gov)>.