Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data Summary Brief: 2015

Economy-Wide Statistics Division Briefs: Public Sector Graphical Summary

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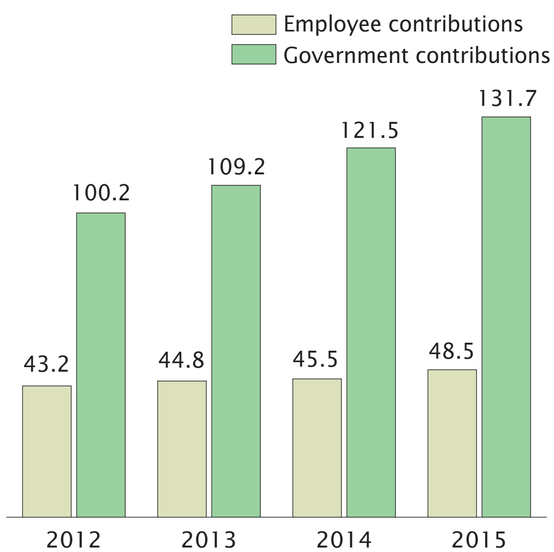
TOTAL CONTRIBUTIONS UP, WHILE EARNINGS ON INVESTMENTS DROP SHARPLY

This summary is part of a continuing series designed to provide information on the finances, including that of pension funds, of the United States' over 90,000 state and local governments. The 2015 Annual Survey of Public Pensions provides data on membership, assets, revenues, and expenditures of state- and locally-administered defined benefit plans.

Government contributions for state- and locally-administered pension systems increased 8.3 percent, from $121.5 billion to $131.7 billion in 2015, driving total contributions up 7.9 percent, from $167.0 billion to $180.2 billion in 2015. See Figure 1.

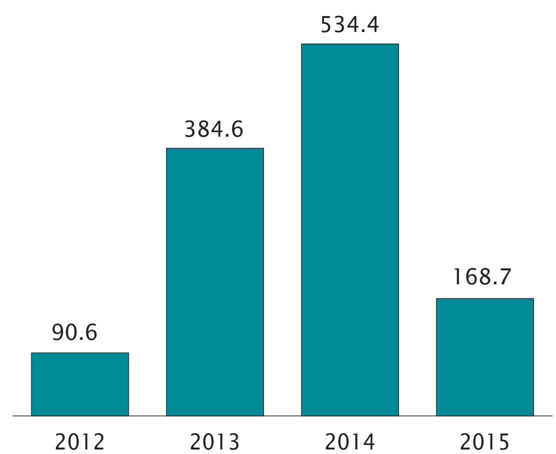
Earnings on investments for state- and locally-administered pension systems decreased 68.4 percent, from $534.4 billion to $168.7 billion in 2015. See Figure 2. See Figure 3 for a distribution of total revenue.

Figure 1.
Contributions by Source and Year: 2012–2015
(Billions of dollars)



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Figure 2.
Earnings on Investment by Year: 2012–2015
(Billions of dollars)



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

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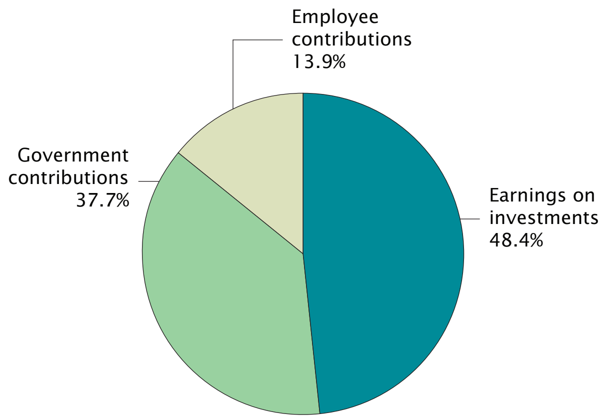
The data and technical documentation for this release can be found at <www.census.gov/govs/retire/>.

Figure 3.
Components of Total Revenue: 2015
Revenue: $348.9 billion



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

CASH AND INVESTMENT HOLDINGS CONTINUE TO CLIMB STEADILY

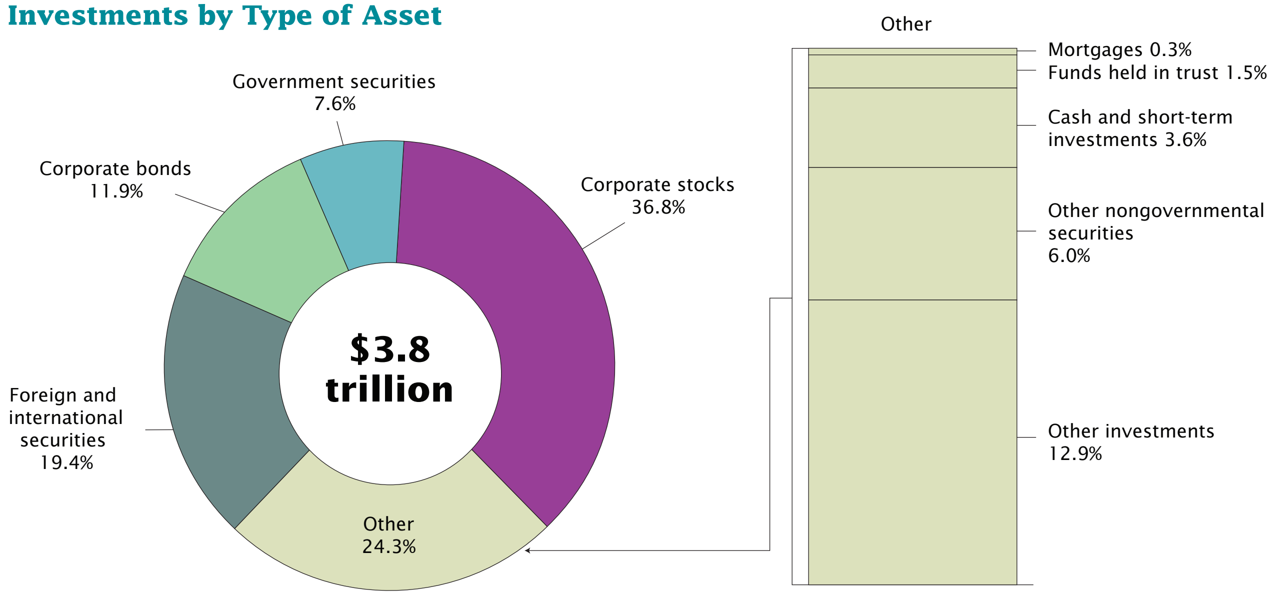
Total cash and investment holdings for state- and locally-administered pension systems increased 3.0 percent, from $3,701.2 billion in 2014 to $3,810.7 billion in 2015. See Figure 4 for total cash and investment holdings by type of asset, and Figure 5 for total cash and investment holdings by year.

TOTAL PAYMENTS UP 5 PERCENT

Total payments for state- and locally-administered pension systems increased 5.1 percent, from $272.5 billion in 2014 to $286.5 billion in 2015.

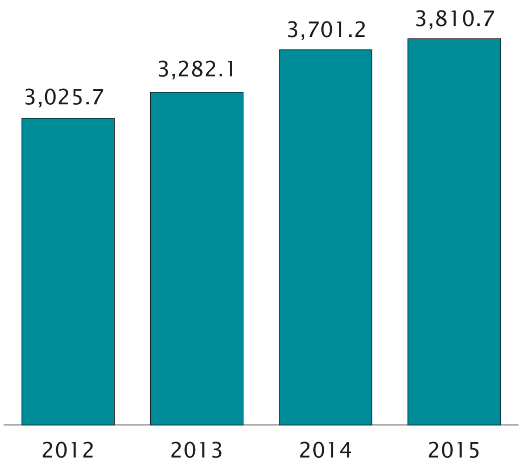
Benefit payments, comprising 92.9 percent of total payments, increased 5.2 percent, from $253.0 billion in 2014 to $266.1 billion in 2015. The U.S. state and local average annual benefit payment was $26,684. One dozen states and the District of Columbia had average annual benefit payments higher than the U.S. average (see states in Figure 6).

Figure 4.
2015 State and Local: Total Cash and Investments by Type of Asset



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Figure 5.
Total Cash and Investment Holdings by Year: 2012–2015
(Billions of dollars)



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Membership Passes 20 Million; Beneficiaries Edge Closer to 10 Million

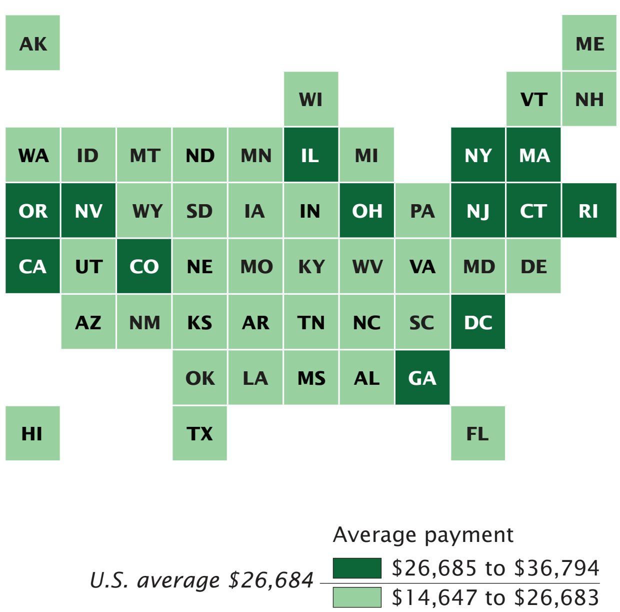
Total membership for state- and locally-administered pension systems increased 3.7 percent, from 19,707,958 members in 2014 to 20,429,374 members in 2015.

Total beneficiaries receiving periodic benefit payments from state- and locally-administered pension systems increased 4.3 percent, from 9,559,956 members in 2014 to 9,971,726 members in 2015. The U.S. active member to beneficiary ratio was 1.5 to 1. See Figure 7 for the states that were above, below, or on par with the U.S. ratio.

ABOUT THE SURVEY

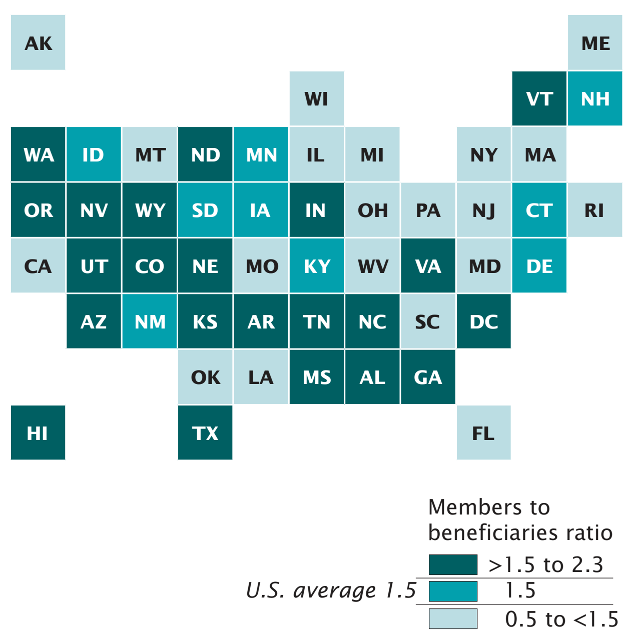
This brief is part of a continuing series designed to provide information on the structure, function, employment, and finances of the United States' over 90,000 state and local governments. The U.S. Census Bureau produces data quinquennially as part of the Census of Governments (CoG) in years ending in "2" and "7." Additional statistics are produced annually

Figure 6.
State and Local Average Annual Benefit Payments: 2015



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

Figure 7.
State and Local Average Active Members Per Beneficiaries: 2015



Source: U.S. Census Bureau, 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data.

and quarterly during the intercensal period from data collected from a series of surveys. These surveys provide a wealth of information on state and local government employment and financial activity.

This publication presents data on state- and locally-administered public pension systems based on information collected from the 2015 Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data. The data collected from these systems are primarily for defined benefit plans, but may include some hybrid funds; i.e., those containing characteristics of both a defined benefit plan and a defined contribution plan, and other post-employment benefit funds. Data in this brief refer to fiscal years that ended between July 1, 2014, and June 30, 2015 (FY2015),[1] and do not reflect data for the entire calendar year of 2015.

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.

For 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 CoG. 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.[2]

Source and Accuracy of the Data

The 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data is a census of all 299 state government defined benefit pension funds and a survey sample size of 1,774 of the 6,000 local government-administered pension systems. Effective fiscal year 2015, the Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data changed how data are tabulated (see Limitations section for more detail). 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.

Pension systems were only included if they met the following two criteria: (1) they were sponsored by a recognized unit of government as defined by the Census Bureau and (2) their membership was comprised of public employees compensated with public funds.

Because all 299 state government pension funds are included, the state-administered pensions data are not subject to sampling error or any sampling variability.

Because the data from local retirement systems in this summary brief are from a sample rather than a survey of all systems, these data are subject to sampling error. A measure of this sampling error is the coefficient of variation, which is an expression of the sampling variability as a percentage of the estimates. These data are available in the tables of the estimates. With the variability, estimates should be expressed as ranges.

The Census Bureau collects these data by law under Title 13, U.S. Code, Sections 161 and 182.

[1] 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 2015 covers the fiscal year ending August 31, 2015, for Texas and September 30, 2015, for Alabama and Michigan. Throughout this brief, all references to years (e.g., 2014 or 2015) refer to fiscal years.

[2] 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>.

Limitations

Effective with the 2015 survey, the unit of analysis for state-administered pension plans has changed. These changes treat each pension fund as a separate unit of analysis rather than as part of a larger system. This change was implemented to better capture actuarial data in accordance with Government Accounting Standards Board statements 67 and 68.

Effective with the 2015 survey, the universe of locally-administered pension systems has been enhanced. More than 2,200 pension systems were added to the universe, addressing an issue with under-coverage in prior survey years.

Effective with the 2012 survey, the survey form was revised to implement changes in asset classification. Therefore, this brief focuses on the most recent years, starting with 2012. These changes apply to the categories designated as corporate stocks, corporate bonds, federal government securities, state and local securities, and other securities. Federally-sponsored agency securities are classified under federal government securities instead of corporate bonds. Private equity, venture capital, and leverage buyouts are classified under corporate stocks instead of other securities.

Due to these changes in asset classification, there were shifts in the distribution of assets from corporate bonds to federal government securities and from other securities to corporate stocks. However, since investment decisions guide the distribution of assets, we cannot calculate the exact impact the classification changes that took place in 2012 had on the asset distribution for 2012.

Due to changes in the time series for both 2012 and 2015, any data comparisons to prior years should be done with caution.

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.

The Census Bureau develops these data to measure the economic activity of state and local governments in general. The definitions used in Census Bureau statistics about governments can vary considerably from definitions applied in standard accounting reports.

Total Quantity Response Rate: 97.2 Percent

The total quantity response rate to the 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data for Total Holdings and Investment was 97.2 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.

Overall Unit Response Rate: 55.1 Percent

The unit response rate for the 2015 Annual Survey of Public Pensions: State- and Locally-Administered Defined Benefit Data was 55.1 percent. The response rate was calculated as the number of responses received divided by the number of parent governments mailed minus the number of governments that were determined to be out of scope.

Contact Information

For additional information on state government pensions data, please visit us at <www.census.gov/govs/retire>. Please contact the Pension Statistics Branch at 888-529-1963 (toll free) or e-mail <ewd.pensions@census.gov> with any inquiries about the data.