Telling the Public Pension Story with Hard Data

By Elizabeth K. Kellar and Amber Snowden

What are the facts about pension funding? The Public Plans Database provides hard data for informed policy and decision making.

Public pensions have been a hot topic in the media and among state and local policymakers. News stories often depict pension funding in dire terms. But what are the facts? And how does the funded status of your government's pension plan compare with others? Now it's easy to find out with the Public Plans Database (PPD), a free, publicly accessible database of financial, actuarial, and other plan data for 150 of the nation's largest local and state public pension plans.

"Having hard data is the best way to talk about public policy and to make good policy decisions," observed Jeff Esser, executive director and chief executive officer of the Government Finance Officers Association and a member of the Board of Directors for the Center for State and Local Government Excellence. "Public Plans Database puts out the hard facts about public pensions and allows people to make their own judgements."

Esser likes the fact that the data used to populate PPD comes from the comprehensive annual financial reports for each plan, which are independently audited. "Finance directors and city managers can use PPD to make presentations and to respond to inquiries from their local legislative body, the state legislature, or the media with reliable, up-to-date information," he said.

With all of the inaccurate information in the media about public pension plans, Esser notes, it is important to have a resource with accurate data, making it possible to compare one pension plan to other plans, especially when it comes to making the full annually required contribution. "It demonstrates how other responsible systems are handing their pension funding around the country," he said.
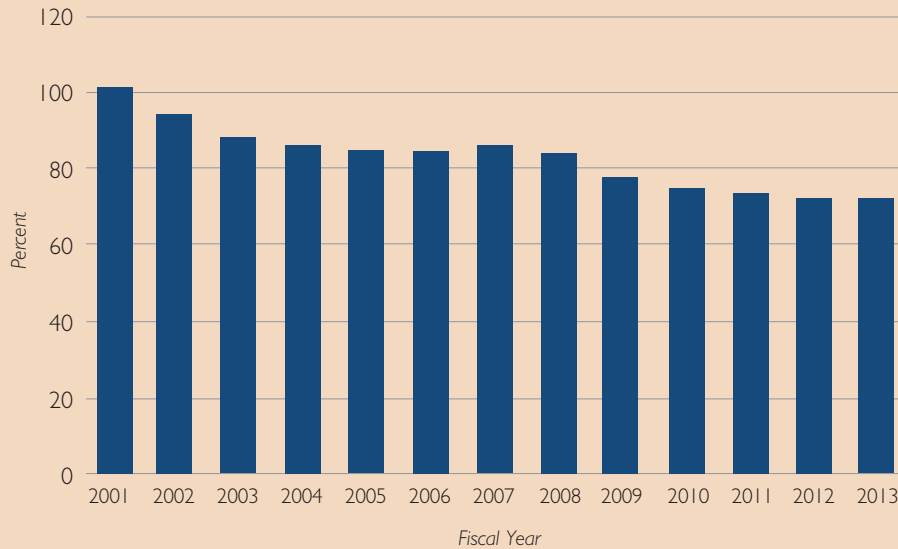
WHAT IS THE PUBLIC PLANS DATABASE?

The PPD (at www.publicplansdata.org) was developed in 2007 as a partnership between the Center for State and Local Government Excellence and the Center for Retirement Research at Boston College. It was recently expanded to include the National Association of State Retirement Administrators. The newly enhanced database contains plan-level data from 2001 to 2013 for 150 public pension plans, including 115 plans that are administered at the state level and 35 that are administered locally. PPD's sample covers 90 percent of state and local government public pension membership and assets nationwide.

The database is updated at least once a year, using data from the most recent comprehensive annual financial reports (CAFRs) and actuarial valua-

Exhibit 1: Pension Plan Database Quick Fact Summaries

Actuarial Funded Ratio for State and Local Pensions, 2001 to 2013

Note: The median discount rate for public pension plans was 8 percent from 1990-2001, and 7.75 percent in 2012.
*Source: Public Plans Database and PENDAT.*

North Carolina Retirement Plans in the PPD

Plan Name	Funded Ratio	Total Normal Cost/Payroll	Employer Required Contribution/Payroll	Percent of Required Contribution Received	Total Participants
North Carolina Local Government	99.8	13.0	7.4	100.0	231,858
North Carolina Teachers and State Employees	94.2	11.2	8.2	104.0	630,970

Source: Public Plans Database (as of 2013)

Employer's Annual Required Contribution as a Percent of Payroll and Portion Paid for Illinois Municipal, 2001-2013

- U.S. Average Employer ARC
- Portion of Employer ARC Left Unpaid
- Portion of Employer ARC Paid
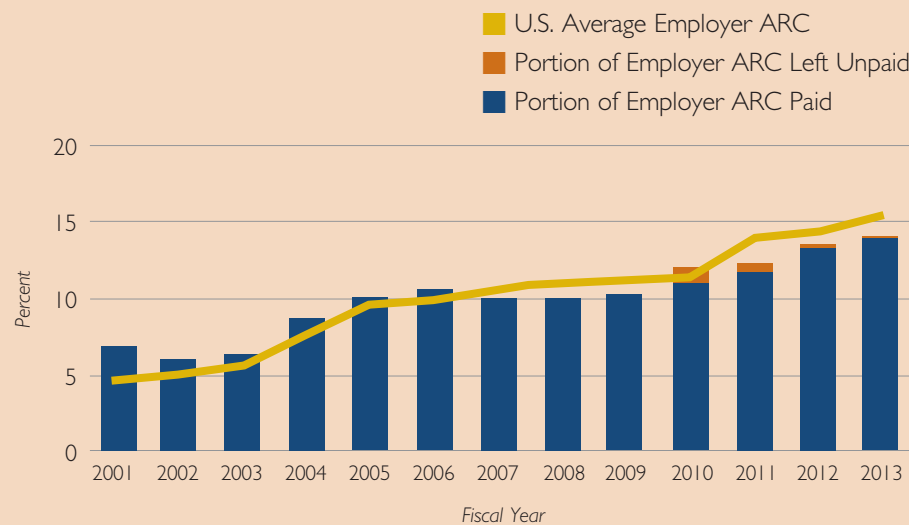
Note: The employer's annual required contribution as a percent of payroll is calculated by dividing the dollar amount reported in the schedule of employer contributions by the covered payroll reported in the schedule of funding. The U.S. Average Employer data reflects the average for plans of similar type and Social Security coverage to the plan presented on this page.
Source: Public Plans Database.

tions (AVs). In addition, intermediate updates occur when new variables are added or data errors are corrected. The data collection and verification is performed by experienced data entry analysts who collect the AVs and CAFRs for each plan in the sample. The data for each variable in the database are entered into a shared spreadsheet that is stored in the cloud and shared securely.

Simple audits are built into the database (e.g., the income statement is reconciled with assets and liabilities). Once annual data for all plans are entered and internally reviewed for quality, the data are uploaded to a test website and a link is sent to administrators for each plan for verification. Any errors identified by plan administrators are corrected before the test data are transferred to the live, publicly accessible database.

KEY FEATURES

The PPD includes comprehensive retirement plan data on employee and employer contributions, benefits, assumptions, investment income, plan membership, and other variables. Users can find a glossary of key terms and concepts on the site and can download CAFRs and AVs from 2001 to 2013 for each plan in the database. Further enhancements to the database were added in 2015, including features like Quick Facts, Popular Charts, and the Interactive Data Browser.

Quick Facts. PPD's Quick Facts are pre-populated data tables and graphs that illustrate key pension data (see Exhibit 1). Quick Facts are available at the national, state, and local plan levels. Each table and graph includes explanatory text describing the relevance of the data and defining key terms. Charts can be embedded into user websites and presentations to explain plan performance and compare with similar jurisdictions and/or national averages.

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Popular Charts. Every chart that appears via Quick Facts can be displayed on another website. PPD's Popular Charts tool allows users to select a desired chart and generate code that allows them to embed the charts on their own websites or blogs.

Interactive Data Browser. The Interactive Data Browser allows users to select from the more than 100 variables contained in the PPD sample to create a wide range of customized, downloadable data tables. Variable options include:

- Plan funding (e.g., covered payroll, funded ratio, required contribution)
- Investment assumptions (e.g., smoothing method, assumed rate of return)
- Income statement (e.g., administrative expenses, net assets, total benefits)

- Asset allocation
- Investment returns
- Actuarial costs
- Plan provisions (e.g., cost of living adjustments, vesting period)
- Membership
- Plan reporting
- Employee group basics
- Plan basics (e.g., inception year, social security coverage)

This powerful tool also allows users to look at trends over time and to compare data across multiple selected plans.

CONCLUSIONS

An evolving and expanding resource, the PPD relies on its community of users to identify improvements that are desired, and to suggest new variables and features. Currently, the PPD contains data for 150 state and local plans; additional historical data, which will be uploaded gradually, and data on 50 more locally administered plans, bringing the total sample to 200 plans within five years.

After exploring the database (www.publicplansdata.org), please send comments or suggestions for additional data sets and features to info@publicplansdata.org. ▌

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