

California Research Bureau Public Retirement System Survey

Preliminary Results

Presented to the California Public Employee
Post-Employment Benefits Commission

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Survey of Retirement Systems

- 57 of 86 (66%) defined benefit public pension systems responded to the survey.
- At the end of fiscal year 2003-04 these systems represented approximately:
 - 99% of California public pension system members
 - 99% of pension system unfunded liability

The Survey (continued)

- **Survey asked for “most current” data**
 - Data reported are from 2006 (some from 2005)
 - More current data would likely show reduced unfunded liability due to recent investment gains
- **Survey results do not capture pension obligation bond debt:**
 - \$8.2 billion for counties in the 2004-05 fiscal year
 - \$1.2 billion for cities in the 2004-05 fiscal year
 - 37% of pension systems reported in the survey that plan sponsors had outstanding POB debt

The Survey (continued)

Survey responses reveal that variation in accounting and reporting practices among systems and over time likely have a significant impact on reported funding status.

- “...the funded ratio was based on booked [actuarial] value of assets which resulted in a 94.2 funding ratio. If we had been using market value of assets, our funded ratio would have been 114.3%”
- “These two changes [actuarial assumptions about salary increases and investment earnings] alone added approximately \$65 million in calculated UAAL [unfunded actuarial accrued liability].”
- “[Due to changes in the Governmental Accounting Standards Board reporting requirements] comparing funded status from the early to mid-1990’s to today is a little like comparing apples to oranges..”

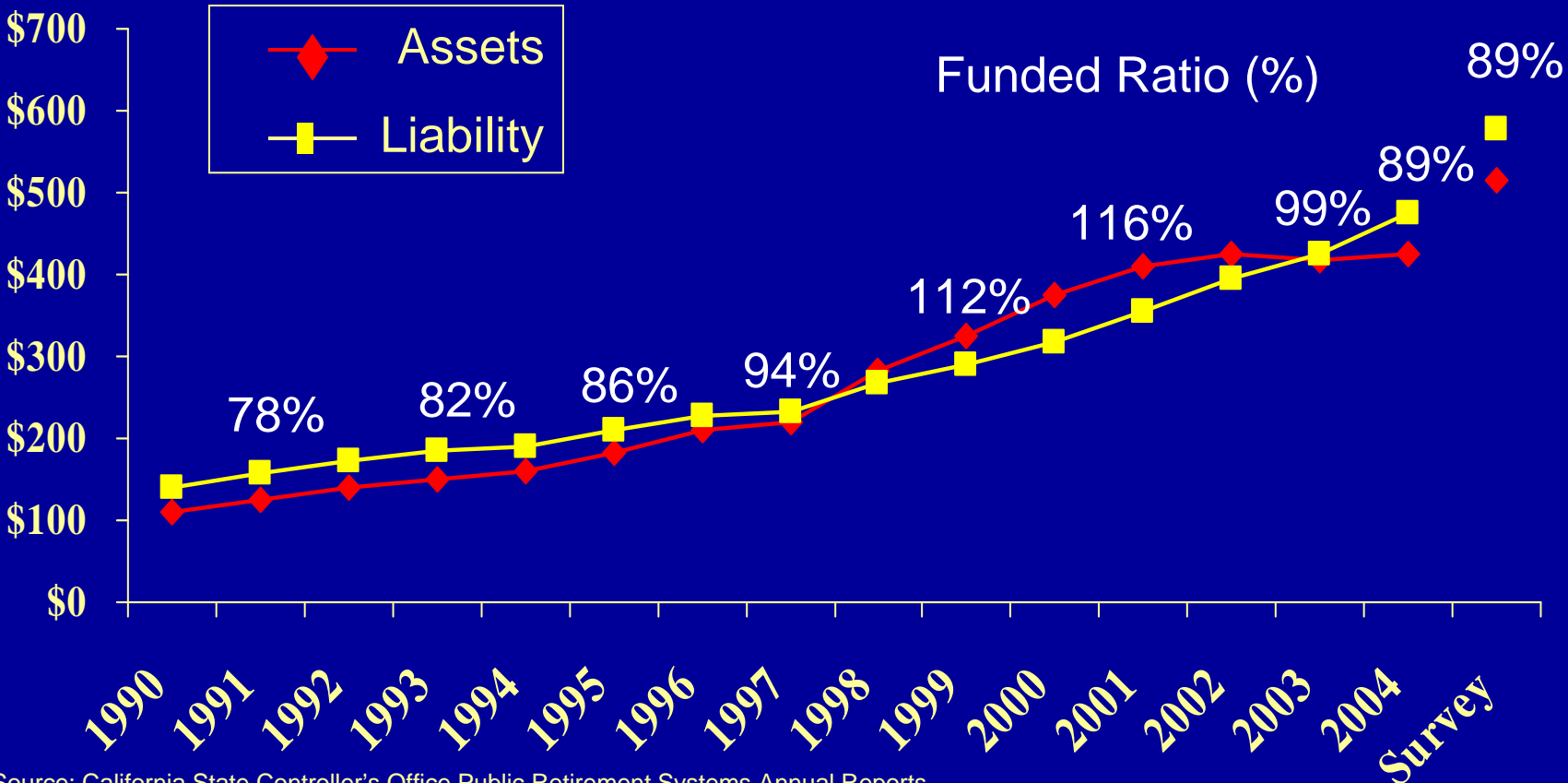
Funding Status by Employer Type

Based on Survey Data (\$ in billions)

	Assets	Liability	Unfunded Liability	Funded Ratio
State (includes CSU and UC)	\$149.7	\$163.4	\$13.7	91.6%
Schools (incl. School and community college districts that contract with CalSTRS and CalPERS)	\$142.3	\$165.5	\$23.2	86.0%
Public Agencies (counties, cities, special districts— includes CalPERS and independent)	\$221.9	\$247.8	\$25.9	89.5%
Estimate* (non-responding city and special district retirement systems)	\$2.1	\$2.8	\$0.7	75.0%
*See slide #10 for methodology				
Total	\$516.0	\$579.5	\$63.5	89.0%

Funding Status for California Public Pension Systems: 1990 to present

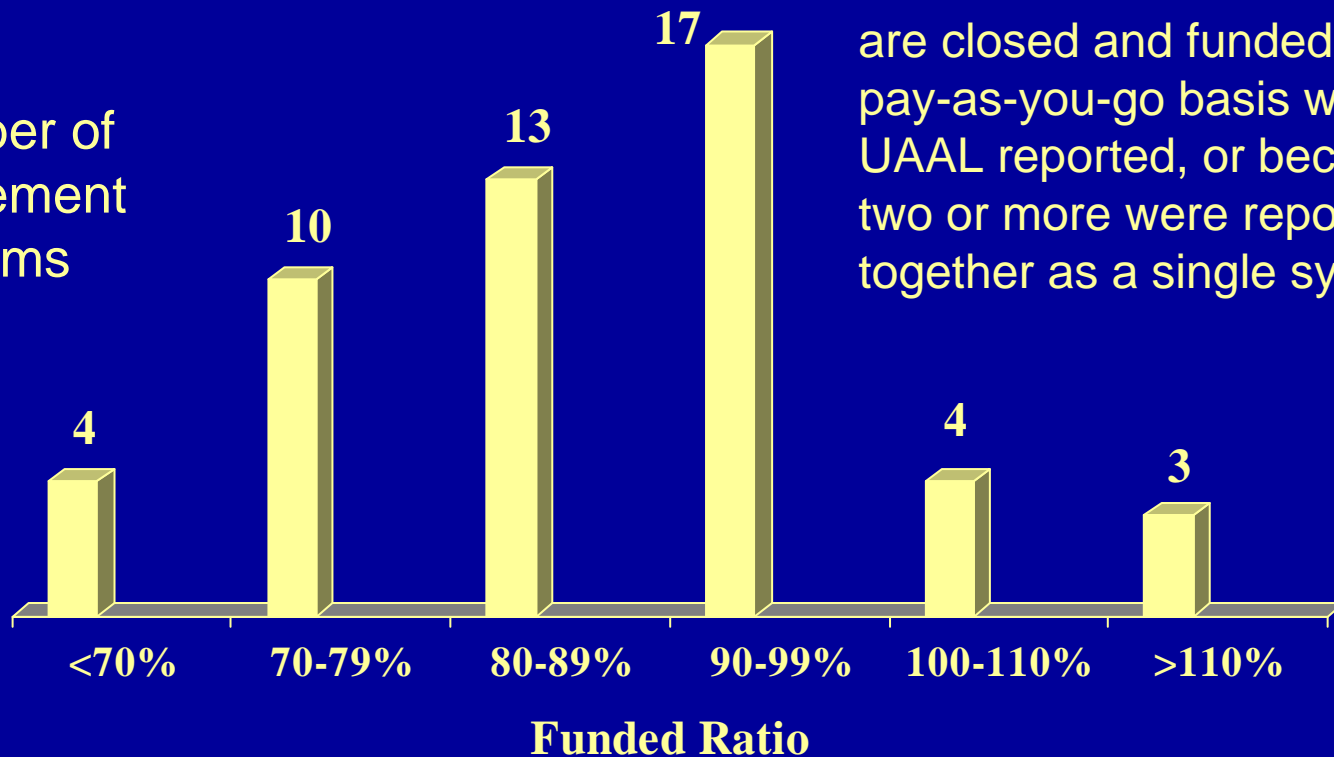
(\$ in billions)



Source: California State Controller's Office Public Retirement Systems Annual Reports
 Grant Boyken -- California Research Bureau

Retirement System Distribution by Funded Ratio

Number of
Retirement
Systems



N=51; 6 systems are not included either because they are closed and funded on a pay-as-you-go basis with no UAAL reported, or because two or more were reported together as a single system.

Retirement System Funded Ratios

- The seven systems reporting funded ratios greater than 100 percent include:
 - 3 closed systems with 80 or fewer members
 - City of Fresno Employees Ret. System (138%)
 - City of Fresno Fire and Police (125%)
 - San Francisco Employees Ret. System (109%)
 - Univ. of California Retirement System (104%)

Retirement System Funded Ratios

- The four systems reporting funded ratios of less than 70 percent:
 - Are closed to new members
 - Are relatively small with memberships that range from 20 to 314

Estimating Assets and Liability for Non-Responding Retirement Systems

(\$ in billions)

Estimate based on:	Assets	Liability	Unfunded
Proportional Estimate of Assets and Liability Assumes that non-respondents continue to account for 0.4% of total DB systems' assets and 0.5% of liability as they did in fiscal year 2002-03 and in fiscal year 2003-04.	\$2.1	\$2.8	\$0.7
Change in respondents' reported assets (+22%) and liability (+23%) since FY 2003-04 Assumes increases in non-respondents' assets and liabilities were the same as respondents'.	\$2.1	\$2.8	\$0.7
Per-member assets/liability Respondents' per-member assets and liability were calculated and multiplied by the estimated 28,455 members from systems that did not respond.	\$5.0	\$5.6	\$0.6

Survey Respondents

	Survey Respondents	Systems that did not respond
State	6	--
County	22	--
City	19	13
Special District	9	15
Other	1	1
Total	57	29
Median Ret. Sys. Membership	5,576	349 (in FY 2003-04)