

The Feasibility of Collecting School Pension Data: An Evaluation of Data from the Pilot School Pension Survey (SPS)

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School Pension Survey (SPS): Overview/Background

- Consistent demand for data on pension benefits for teachers and other school personnel.
- Interest in school pension data include:
 - Incorporating school pension costs into total PK-12 education spending estimates
 - Assessing effect of teacher and other school employee pension costs on school budgets
 - Pensions are directly tied to total employee compensation (contributions are generally a certain percentage (%) of salary) and are an important recruitment and retention tool for school districts.
- High demand for pension data: increased inquiries from the media, researchers, and other data users to the U.S. Department of Education's National Center for Education Statistics (NCES) regarding the availability of school pension cost data.

School Pension Survey (SPS): Overview/Background

- NCES has been contemplating conducting a comprehensive pension data collection for PK-12 education for many years.
- NCES's collection of employee benefits on their current school finance surveys (NPEFS, F-33, SLFS) focuses primarily on the amounts paid by states and school districts into pension funds during the fiscal year.
- The collection of employee benefits on NCES's current school finance surveys does not include certain pension finances necessary to assess the "true" cost of school pensions – e.g., the amount of funds necessary to pay pension benefits that come due in the future, unfunded liabilities, pension fund assets, etc.

School Pension Survey (SPS): Overview/Background

- Three primary NCES school finance collections:
 - State-level: National Public Education Financial Survey (NPEFS)
 - District-level: School District Finance Survey (F-33)
 - School-level: School-Level Finance Survey (SLFS)
- NCES considered adding pension variables to the NPEFS and/or F-33 surveys.
 - State education agency (SEA) respondents for NPEFS/F-33 advised NCES to contact other government agencies within the state as SEAs are often unable to provide detailed school pension data.
- In 2018 NCES and the U.S. Census Bureau began a collaborative project to separately collect district-level pension data for certain variables on a pilot basis.

School Pension Survey (SPS): Overview/Background

- In May 2015, the Office of Management and Budget approved the launch of the pilot School Pension Survey (SPS).
 - Actual pension data collection commenced in 2018.
- SPS is conducted pursuant to federal interagency agreement between NCES and Pension Statistics Branch of the U.S. Census Bureau.
- The pilot SPS was conducted for fiscal year (FY) 2017 with the aim of exploring the feasibility of collecting selected pension finance and social security coverage data items deemed essential to providing a “complete picture” of total education expenditure costs.

School Pension Survey (SPS): Overview/Background

Nine states were selected for the pilot SPS:

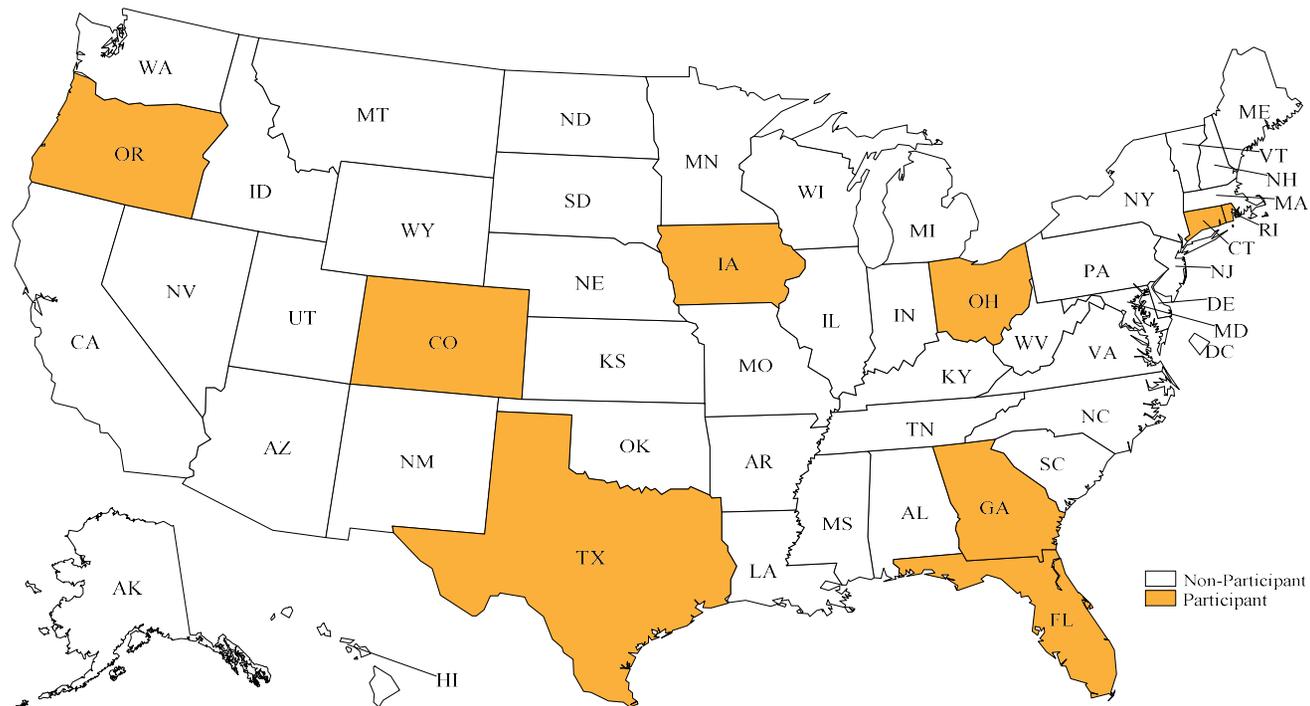
- Colorado
- Connecticut
- Florida
- Georgia
- Iowa
- Ohio
- Oregon
- Rhode Island
- Texas

School Pension Survey (SPS): Overview/Background

States were selected for the pilot SPS based on differences on a variety of factors, including:

- Data availability
- Level of Social Security coverage state provides
- Geography
- Population

School Pension Survey (SPS): Participating Pilot States



School Pension Survey (SPS): Data Variables

- SPS data variables collected at the school district pension plan level primarily from Annual Comprehensive Financial Reports (ACFRs).
- 11 data variables collected for the pilot SPS:
 - 9 pension finance data variables
 - 2 Social Security coverage data variables
- Data variables collected begin to answer the following 3 research questions:
 - 1) What is the financial burden on districts in providing these benefits?
 - 2) How likely is it that districts will be able to pay the promised pension benefits?
 - 3) Do these districts have Social Security coverage to augment these benefits?

School Pension Survey (SPS): Data Variables

Pension Finance Data Variables

- Actuarially Determined Contributions (ADC)
- Actual Contributions (District and State)
- Financial Net Position
- Total Pension Liability
- Net Pension Liability (District and State)
- Funded Ratio
- Covered Payroll

Social Security Coverage Variables

- Covered Teachers
- Social Security Coverage Status

School Pension Survey (SPS): Data Variables

- Data variables collected for the pilot SPS are **not** a comprehensive list of all pension data variables available!
- Pension finance data not collected includes:
 - Actuarial assumptions of mortality, rates of return, salary increases, etc.
 - Deferred inflows/outflows of resources
 - Net pension expenses
 - Sensitivity analysis of changes in liability (given changes to the discount rate)
 - Many more...

School Pension Survey (SPS): Report Findings

Finding #1: *Comprehensive pension data were able to be collected for a high percentage of school districts*

- SPS data were able to be collected for over 95 percent of school districts across the 9 participating states
- 8 out of 9 states reported the requested variables for at least 84 percent of school districts
- High percentage of school districts able to report pension finance variables include:
 - District Net Pension Liability - 93.5% of districts
 - Funded Ratio reported - 93.7% of districts
 - Actuarially Determined Contributions – 92.9% of districts
 - Actual Contributions – 92.9% of districts

School Pension Survey (SPS): Report Findings

Finding #2: *There were notable limitations to collecting pension data through the SPS:*

- By design, the pilot SPS collected only pension data for teacher pensions (as opposed to pension data for all school district employees)
- SPS data collection was labor-intensive and time-consuming in some states
- Comparability issues with the pension data both within and across states
- SPS data most useful in a time series; currently only publicly available for the one (pilot) year

School Pension Survey (SPS): Report Findings

Finding #3: *The SPS represents a significant step toward achieving more complete reporting of school spending*

- SPS data collection: uniform and consistent construct from which to collect and report the pension data necessary to provide a more complete picture of PK-12 school spending
- Data collection leverages NCES and U.S. Census Bureau's decades of experience in collecting related school finance data through other surveys (NPEFS, F-33, Annual Survey of Public Pensions)

School Pension Survey (SPS): Next Steps

Surmounting SPS Limitations

- Leveraging NCES and Census Bureau data collection expertise in collecting other school finance data to improve collection methods
- Current collection performed manually through school district administrative records; additional research necessary to determine whether SPS data can be collected centrally similar to NCES's other school finance collections (e.g., NPEFS, F-33, SLFS)
- Expanding SPS scope to include all (i.e., non-teacher) school district employees
- Future SPS collections included as much Other Post Employment Benefit (OPEB) data as possible

School Pension Survey (SPS): Next Steps

- States for future years of SPS collection:
 - FY 2018 (2nd year of collection): 9 states - California, Indiana, Louisiana, Maine, Massachusetts, Montana, New Jersey, Pennsylvania Vermont
 - FY 2019 (3rd year of collection): 9 states - Arizona, Illinois, Michigan, Missouri, New York, North Carolina, Tennessee, Virginia, Washington
 - FY 2020 (4th year of collection): All 50 states and the District of Columbia (proposed)
- Future years of SPS collection also include charter schools both inside and outside traditional school districts. (Pilot collection focused primarily on traditional school districts.)

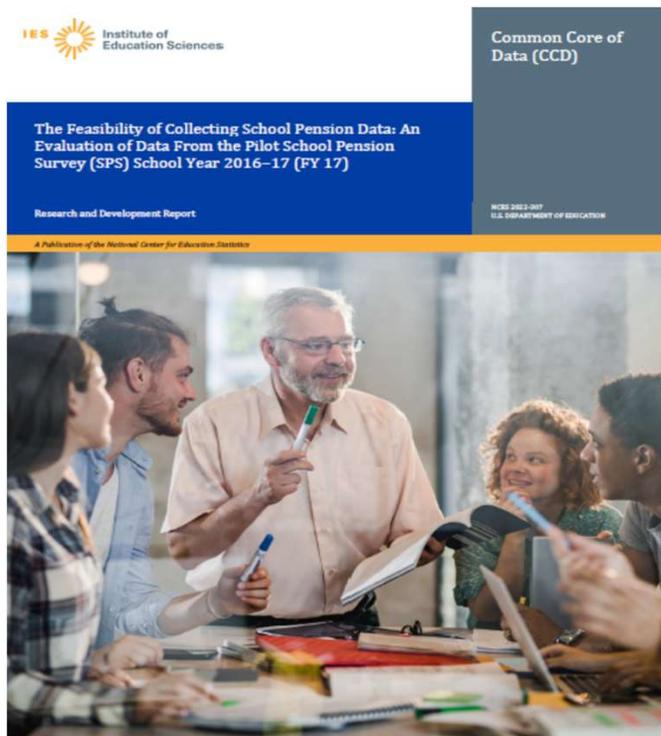
School Pension Survey (SPS): Next Steps

Potential Research Questions

- Exploration of teacher pension liability compared to total district liability from all sources. Does it change between Social Security participants and non-participants?
- Exploration of pension contributions as a percent of total annual budget.
- Exploration of scenarios involving changes to future payroll, the subsequent changes to pension liability, and how that would impact total annual budgets into the future.
- ‘Small’ versus ‘large’ districts; how does pension burden affect them differently and the same? What can we find across states about ‘small’ and ‘large’ population districts? Is there a pattern we can find based on district size? Is it uniform within a state?

School Pension Survey (SPS): Report

Fiscal Year (FY) 2017 (Pilot)



Report Website (NCES)

<https://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2022307>

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