

The Feasibility of Collecting School Pension Data: An Evaluation of Data From the Pilot School Pension Survey (SPS) School Year 2016–17 (FY 17)

Research and Development Report

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Executive Summary

In 2019, the National Center for Education Statistics (NCES) began exploratory data collection for the School Pension Survey (SPS). The SPS is a new data collection of elementary/secondary school teacher pension data collected at the school district level. The SPS was developed primarily in response to public demand for data on teacher and other school district employee pension costs—costs that are largely not included in education spending data released by NCES through its annual National Public Education Financial Survey (NPEFS) and School District Finance Survey (F-33) collections.

The pilot SPS, collected for fiscal year (FY) 2017 (school year 2016-17), was designed to assess whether the SPS is a viable, efficient method of collecting school pension data. This report provides comprehensive detail on the pilot collection—including survey background, data collection methodology, availability of SPS data, analysis of data collected, data editing procedures, assessments of data quality, and factors supporting and limiting the collection of pension data through the SPS. Key observations and findings from this report include the following:

- ***Within the states selected for the SPS, comprehensive pension data were able to be collected for a high percentage of school districts.*** For the pilot collection, SPS data were able to be collected for over 95 percent of school districts across the nine participating states. SPS data were reported for over 84 percent of school districts in eight out of nine states and were reported for over 90 percent of school districts in six out of nine states.
- ***There are notable limitations to collecting pension data through the SPS.*** Limiting factors for collecting pension data through the SPS include (1) by design, the pilot SPS does not collect complete school pension data (e.g., the SPS only collected teacher pension costs as opposed to pension costs for all school district employees), (2) data collection for the pilot was labor-intensive and time-consuming in some states, and (3) comparability issues between pension data within and across states.
- ***The SPS represents a significant step toward achieving more complete reporting of school spending.*** The SPS provides a uniform and consistent construct from which to collect and report the pension data necessary to provide a more complete picture of elementary/secondary school spending. The collection leverages NCES and the U.S. Census Bureau’s expertise in collecting related finance data at the school district level through other surveys. While SPS pension data were able to be collected from a high percentage of school districts through school district administrative records, additional research will be necessary to determine whether SPS data can be collected centrally (e.g., at the state level), similar to NCES’s NPEFS and F-33 school finance collections.

Foreword

The Research and Development (R&D) series of reports at the National Center for Education Statistics (NCES) has been initiated to

- share studies and research that are developmental in nature. The results of such studies may be revised as the work continues and additional data become available;
- share the results of studies that are, to some extent, on the cutting edge of methodological developments. Emerging analytical approaches and new computer software development often permit new and sometimes controversial analyses to be done. By participating in frontier research, we hope to contribute to the resolution of issues and improved analysis; and
- participate in discussions of emerging issues of interest to education researchers, statisticians, and the federal statistical community in general. Such reports may document workshops and symposia sponsored by NCES that address methodological and analytical issues or may share and discuss issues regarding NCES practices, procedures, and standards.

The common theme in all three goals is that these reports present results or discussions that do not reach definitive conclusions at this point in time, because the data are tentative, the methodology is new and developing, or the topic is one on which there are divergent views. Therefore, the techniques and inferences made from the data are tentative and subject to revision. To facilitate the process of closure on the issues, we invite comment, criticism, and alternatives to what we have done. Such responses should be directed to:

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The NCES and the Census Bureau offer special thanks to all of the professionals in state and local education agencies who track, record, and report the data used in this report. Particular thanks are owed to the coordinators who work on pension issues, whose time, effort, and commitment toward providing accurate school finance data are gratefully appreciated; without their efforts, this report would not have been possible.

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A. Data Collection Planning and Design

Overview and Background

There is consistent demand for data on pension¹ benefits for teachers and other school personnel. Pension benefits have been a frequent topic of public education policy discussion, which has led to increased inquiries from the media and data users regarding the availability of school pension cost data within the education finance data reported by the National Center for Education Statistics (NCES). The demand encompasses data on current pension payments, payments due in the future, unfunded liability, and overall assets of pension funds.

Similar demand exists for data on the Social Security policies and coverage rates for teachers and other school personnel in each state. Data users have in particular repeatedly requested data documenting the teacher Social Security policies of each state. Up until the summer of 2019, NCES had not yet established an official list of state teacher Social Security policy.

NCES currently collects public elementary/secondary school employee benefits² expenditure data at the state, school district, and school levels through its National Public Education Financial Survey (NPEFS), School District Finance Survey (F-33), and School-Level Finance Survey (SLFS) data collections.³ On average, employee benefits comprised 23.5 percent of total current expenditures for public elementary/secondary education in FY 2017. Employee benefits are defined by NCES as “amounts paid by the school district on behalf of employees (amounts not included in gross salary but in addition to that amount)” (Allison 2015).

NPEFS collects employee benefits data for the functions of instruction, support services, and operation of noninstructional services (e.g., food services, enterprise operations) at the state level.⁴ The NPEFS instruction manual provides that employee benefits “include amounts paid by, or on behalf of, [a local education agency (LEA)] for fringe benefits such as group insurance (including health benefits for current and retired employees), Social Security contributions, retirement contributions, tuition reimbursements, unemployment compensation, worker's compensation, and other benefits such as unused sick leave.” (U.S. Department of Education 2004, p. 48). NPEFS also collects employee benefits paid by the state on behalf of LEAs within the survey's Direct Program Support variables.

¹ A pension is a series of periodic payments, usually for life, payable monthly or at other specified intervals. The term pension is frequently used to describe the part of retirement allowance financed by employer contributions.

² Employee benefits include amounts paid by, or on behalf of, school districts for fringe benefits such as health insurance, Social Security and retirement contributions, unemployment and workers' compensation, and other miscellaneous benefits.

³ The NPEFS, F-33, and SLFS are collected by NCES as part of its Common Core of Data (CCD) database. The CCD is the U.S. Department of Education's primary database on public elementary/secondary education and is comprised of comprehensive annual fiscal and nonfiscal survey data for all public elementary/secondary school districts and schools in the United States. See <https://nces.ed.gov/ccd/> for more information on the CCD and the NPEFS, F-33, and SLFS collections.

⁴ A function describes the activity for which a service or material object is acquired. The expenditure functions include instruction, instructional staff support services, pupil support services, general administration, school administration, operations and maintenance, student transportation, other support services (such as business services), food services, and enterprise operations.

The F-33 survey collects identical employee benefit payments to NPEFS, except at the school district level. Like NPEFS, the employee benefits collected include the total expenditures for all employee benefits paid by the school district during the fiscal year. The items include the employer share of state or local employee retirement contributions, Social Security contributions, group life and health insurance, unemployment and worker's compensation, and any tuition reimbursements.

Beginning in the winter of 2019 (for the FY 18 collection), the SLFS was expanded to collect all current expenditures—including employee benefits—at the school level.

For pension benefits, NPEFS, F-33, and SLFS data include only the benefits states and school districts pay into the pension plans for the fiscal year. However, these payments often substantially understate the true cost of the pensions as they often do not cover the complete cost of “accrued” (i.e., already earned) benefits due in the future. Specifically, the collection of employee benefits on NPEFS, F-33, and SLFS does not cover the amount of funds necessary to pay pension benefits that come due in the future, unfunded liability information, or assets of pension funds. For example, NCES did not collect “actuarially determined contributions” that incorporate both the cost of benefits in the current year and the amortization of pension plans’ unfunded actuarial accrued liability.

Furthermore, for the NPEFS, F-33, and SLFS collections, the pension benefits collected are collected under aggregate “employee benefits” totals that do not allow data users to separately assess school district pension costs.

To provide a more complete picture of actual school pension costs (which thus provides a more complete picture of total education expenditures), NCES initiated the development of a pilot School Pension Survey (SPS) to collect more complete pension-related finance data at the school district level—including pension finances not covered by the NPEFS, F33, and SLFS collections. Up until the spring of 2019, NCES did not collect data items that may facilitate a more comprehensive understanding of pension funds. While F-33 provides school district revenue totals, current expenditure and capital outlay expenditure totals, revenues by source, current expenditures by function and object; as well as revenues and current expenditures per pupil; accounting for pension benefits in conjunction with this data reflects the entire cost of public K-12 education. In order to provide a more comprehensive picture of public elementary/secondary education spending, including information on the assets and liabilities of schools, actuarial data are required. The positive impact on ascertaining accurate costs for public K-12 education is potentially ground breaking if the collection of pension data items is deemed to be feasible. The impact of collecting data for pension variables cannot be underestimated as some researchers assert that, “Employer costs for K-12 retirement have climbed dramatically, now exceeding \$1,600 per pupil, and accounting for over 11 percent of current expenditures.” (See Costrell and McGee, in press).

In addition to providing a more complete account of school district finances, the pilot SPS aims to provide a meaningful overview of the retirement security picture for teachers in public school districts. Given that teachers generally have access to two sources of income in retirement, the pilot seeks to address both potential sources. The first source is the aforementioned pension benefits that the vast majority of teachers receive through their school district (or state on behalf of their school

district). The second source is Social Security, teacher coverage data for which were also collected through the SPS.

The manual data collection process for the pilot SPS was selected in part to be consistent with the current data collection practices of the Pension Finance Statistics staff at the U.S. Census Bureau, who have many years of experience collecting pension finance data through this method. The pension data were not collected in a centralized manner from state education agencies, as opposed to school finance data collected on the NPEFS, F-33, and SLFS surveys.⁵

Office of Management and Budget (OMB) Approval Process, Justification, Goals, and Objectives

On May 4, 2015, OMB cleared the NCES Cognitive, Pilot, and Field Test Studies System.⁶ The pilot SPS for FY 17 and FY 18 is exploratory data collections that fall under the jurisdiction of the Cognitive, Pilot, and Field Test Studies System.

Pilot SPS

The collection of exploratory data on Social Security coverage and various pension-related actuarial finances at the school district level was supported through the expansion of an interagency agreement between NCES and the U.S. Census Bureau in FY 19 to include the pilot SPS data collection. The Pension Statistics Branch of the Census Bureau's Economy-Wide Statistics Division conducts the SPS data collection. The pilot SPS collected key pension and Social Security coverage data items for FY 17 and covered nine states: Colorado, Connecticut, Florida, Georgia, Iowa, Ohio, Oregon, Rhode Island, and Texas.

This report presents findings from the first year of the SPS. The report is part of NCES's Research and Development (R&D) series of reports and focuses on whether the SPS is a viable and efficient method of collecting school pension data. This R&D report discusses the pension items collected; assesses the ability of the SPS to collect those items at the school district level; explains the SPS data editing process and application of edit rules; and documents data collection deficiencies, data anomalies, and other issues that may have affected data quality.

Sample Design

Nine states were selected for the pilot SPS. A primary objective in selecting states for the pilot was to choose states with varying levels of data availability (i.e., the amount of relevant pension finance data the state makes available to the public and accessibility of that data from centralized sources as opposed to decentralized sources which were generally more difficult to collect SPS data from). This way, the SPS can assess the magnitude of future SPS collections that include more states. Beyond the data availability criteria, states were selected based on differences on a variety of factors, such as geography, population, and Social Security policy. Specifically, states were selected with the aim of

⁵ NCES staff determined that the centralized collection of pension data from state education agencies was not feasible in the pilot SPS subsequent to multiple discussions with State Fiscal Coordinators at training sessions conducted on an annual basis.

⁶ OMB control number 1850-0803.

reflecting regional diversity and variable population sizes. The states selected for the FY 17 pilot collection are geographically diverse in that at least two states were selected from each of the four Census regions.⁷

The nine states selected for the future FY 18 SPS collection are anticipated to be more challenging to collect pension data from than the states selected for this pilot (FY 17) SPS, though the results from the FY 17 SPS seem to indicate that the data collection is feasible across a variety of regions and state population sizes.

A secondary objective was to choose states with a variety of different teacher Social Security policies. An equal number of states across varying levels of Social Security policies were selected within the nine states in the pilot, even with the equal number of states across Social Security policies not necessarily being statistically representative of the national population. The choice of states across varying levels of Social Security policies is crucial in determining whether this factor impacts overall data availability for the pilot SPS. When the Social Security Act was passed in 1935, public employees were initially not covered. In 1950, Congress added Section 218 to the Social Security Act, which allowed states to enter into “Section 218 Agreements” with the federal government that extended Social Security coverage to the state’s public employees, including teachers.⁸ Teachers who have Social Security coverage pay the required tax of 6.2 percent of their salary and accrue Social Security credits. Teachers who are not covered by a Section 218 agreement and are instead covered by another qualifying public retirement system do not pay Social Security taxes and do not receive Social Security coverage when they retire.⁹ In response to public demand on Social Security coverage information for school employees, NCES conducted research during the summer of 2019 and released a report documenting Social Security coverage for teachers by state.¹⁰ The report shows that 33 states chose to extend Social Security coverage to teachers, 12 states and the District of Columbia chose not to extend Social Security coverage, and 5 states left the decision on Social Security coverage up to individual school districts in the state.

This feasibility study on the SPS features nine states with varying Section 218 policies. Three states (Florida, Iowa, and Oregon) offer Social Security coverage to all of their teachers. In addition to Social Security, teachers are covered by the Florida Retirement System in Florida, the Iowa Public Employees’ Retirement System in Iowa, and the Oregon Public Employee Retirement System in Oregon.

Teachers from three states in the pilot SPS (Colorado, Connecticut, and Ohio) do not participate in the Social Security (Federal Insurance Contributions Act) system. For example, Connecticut teachers do not pay the required tax of 6.2 percent of salary and do not accrue Social Security credits. In lieu of Social Security, Connecticut teachers contribute to the Connecticut State Teachers’ Retirement

⁷ The four regions include Northeast, South, Midwest, and the West.

⁸ Social Security Administration, Section 218 Agreements, https://www.ssa.gov/slge/sect_218_agree.htm.

⁹ Internal Revenue Service, State and Local Government Employees Social Security and Medicare Coverage, <https://www.irs.gov/government-entities/federal-state-local-governments/state-and-local-government-employees-social-security-and-medicare-coverage>.

¹⁰ View the NCES story map report *Not All Teacher Retirement is Created Equal*, which documents teacher Social Security policies by state here: <https://nces.ed.gov/programs/maped/storymaps/TeacherSocialSecurity/index.html>.

System, Colorado teachers contribute to the Public Employees' Retirement Association of Colorado, and Ohio teachers contribute to the State Teachers Retirement System of Ohio. When the teachers are not covered by Social Security, pensions are their only source of guaranteed retirement income. The fact that teachers in these states rely on pensions as their only source of guaranteed retirement income makes determining the feasibility of collecting accurate data for pension variables in the pilot SPS even more crucial to increase the use of data to make informed decisions both at the federal and state levels, as well as in the local education community.

Three remaining states in the pilot SPS (Georgia, Rhode Island, and Texas) allowed individual school districts to decide whether or not to extend Social Security coverage to teachers (resulting in some teachers having Social Security coverage and some not having coverage). In Georgia, all teachers are covered under the Teachers' Retirement System of Georgia (TRS Georgia). "The plan provides retirement benefits that are the greater of a) the service retirement benefit, or b) the money purchase benefit based on member contributions plus interest, converted into an annuity based on a 7.5 percent interest rate" (Rhee and Joyner 2019, p. 19). Individual teachers then decide how to supplement their TRS coverage. Some teachers choose Social Security and pay the required tax of 6.2 percent of salary and accrue Social Security credits. In the alternative, other teachers choose other coverage options—this can vary even within school districts in Georgia. (This variability of coverage options within school districts created a landscape of retirement benefits that was at times difficult to categorize and report by school district for the purposes of this report).

In Rhode Island, some school districts opt into Social Security coverage while other school districts opt out. All teachers are covered under the Employees' Retirement System of Rhode Island (ERSRI), and in districts that do not provide Social Security, some are covered by the Teachers Survivors' Benefits Plan (TSB) as well. In Texas, teachers in only 18 out of Texas' 1,022 regular school districts in the FY 17 SPS universe are covered by Social Security. All teachers in Texas—regardless of Social Security coverage—are covered under the Teacher Retirement System of Texas (Texas TRS).

In Georgia, Rhode Island, and Texas wherein school districts are permitted to allow teachers to pay the required tax of 6.2 percent of salary and accrue Social Security credits, the need for studying the feasibility of collecting data for pension data from their retirement systems in the pilot SPS is readily apparent to facilitate districts making informed decisions pertaining to teacher retirement options.

Universe Coverage

For reporting states, the universe for the pilot SPS includes the universe of regular¹¹ school districts included on NCEs's FY 17 School District Finance Survey (F-33) data file. Independent charter schools, vocational and special education LEAs, nonoperating school systems, and regional education service agencies were considered out of scope for the pilot and therefore not included in the SPS collection

¹¹ "Regular" school districts are traditionally structured school districts that focus on providing regular (as opposed to special, vocational, or other nontraditional) education programs to public elementary/secondary students. These school districts are identified on the F-33 data file as having a school level (SCHLEV) code equal to "01" (elementary school district), "02" (secondary school district), or "03" (elementary/secondary school district) and having an agency charter (AGCHRT) code not equal to "1" (i.e., the school district must be a noncharter LEA where at least one school in the LEA is not a charter school).

universe. The listing of regular school districts on the FY 17 F-33 data file was directly derived from, and is essentially identical to, the universe of regular school districts on the school year (SY) 2016-17 Common Core of Data (CCD) Local Education Agency Universe Survey data file.

SPS data were collected for the pension systems of regular school districts and matched to the corresponding school districts on the FY 17 F-33 data file during the collection process. Most SPS data were able to be matched to the F-33 file by school district name; for approximately two-thirds of school districts, the school district name provided within the SPS data was an exact or near-exact match to the school district name appearing in the F-33 data file. Fuzzy matching techniques were also utilized to successfully match cases where the school district name associated with the SPS data for a given state was similar to, but not sufficiently close enough to apply an automated match to a corresponding school district name in the F-33 data file for that state without further research. The remainder of SPS universe matching issues (e.g., SPS data that could potentially be matched to multiple school district with similar names, SPS data where the provided school district name did not closely match any school district names in the F-33 data file for the given state) were manually resolved on a case-by-case basis through additional research and analysis by NCES and Census Bureau staff as appropriate. School district pension system records that were collected but could not be matched to a regular school district in the FY 17 F-33 data file were excluded from the SPS data file and were not included in the tables and figures presented in this report.¹²

The FY 17 SPS data file includes pension data from a universe of 2,810 regular school districts across the nine states selected for the pilot collection; SPS data was reported for 2,610, or 96 percent, of these districts.

B. Data Variables

The pilot SPS consisted of 11 core data items collected at the school district level. Nine of the items were pension finance items, while two provided information on Social Security coverage for teachers within the school district. Between these variables we can get a sense financially of the retirement picture for teachers in public school districts and begin to answer the following three questions: (1) what is the financial burden on school districts in providing these pension benefits, (2) how likely is it that these school districts will be able to pay the promised pension benefits, and (3) do these school districts have Social Security to augment these pension benefits? Answers to these questions also serve to provide clarity on (1) the current health of a school district pension plan and (2) whether that pension plan is getting more or less healthy over time.

¹² The SPS collection universe excludes collected school districts that are unable to be matched to the F-33 data file. For FY 17, there were three school districts in the SPS collection that could not be matched to the F-33 data file; those districts were excluded from the SPS data file and from the tables and figures presented in this report.

The data items selected for collection generally reflect data that school pension researchers have expressed the most interest in, subject to constraints of what can be reasonably obtained from state and local governmental entities.

“The contributions calculated to fully fund [pension] benefits are based on a variety of assumptions, including the expected return on investment... If the assumptions do not pan out, the plan will accumulate unfunded liabilities, or pension debt.” (Costrell and McGee in press).

The R&D report on the pilot SPS primarily focuses on the feasibility of collecting and reporting pension data, rather than specifically on actuarial assumptions across the nine states. The limitation of not discussing actuarial assumptions within this report is hereby acknowledged, particularly pertaining to unfunded liabilities.¹³

While rates of return are also a good indicator of how much risk a pension plan is willing to take on, they tend to be uniform across districts in a state plan. These data could be obtained from a central state source in many cases. The actuarial assumptions would also likely be shared across districts within a state. If the SPS project is scaled to include these assumptions in the future, they could be obtained from the same central sources as the rates of return.

Pension Finance Items

Pension finance data were collected across the following SPS items:

- *Actuarially Determined Contributions (ADC)*. The amount of contributions determined to be necessary by the actuaries for the pension system to achieve its financial goals. This amount is determined based on a number of assumptions including but not limited to the larger economy, employee demographics, investment strategy, and plan design. The ADC can change if any assumption changes. In most systems the school district and the state will have separate ADC values. They can be the same (representing an even split between school districts and the state) or different based on the plan design. In some cases the state may make all the contributions and the school district would have no ADC (or vice versa). In terms of whether a plan is getting healthier or less healthy, the actuarially determined contributions (ADC), the actual contributions, and their ratio provide a good indication of where the plan is headed in a way that allows easy comparison across plans.

¹³ “When assets equal liabilities, pre-funding benefits only requires contributions that cover newly accrued liabilities—the estimated normal cost. Assets would continue to accumulate in step with liabilities, provided the actuarial assumptions are fulfilled. When actuarial assumptions do not pan out or when actual contributions fall short of normal cost, unfunded liabilities ensue.” (Costrell and McGee in press)

The actual cost of fully funding teacher pension benefits—as assessed by calculation of ADC—is hard to predict for several reasons, including the “uncertainty and volatility of investment returns” and other assumptions the ADC is based on (Costrell and McGee in press). The SPS accepts and does not attempt to adjust for any variances in these assumptions across school districts and states.¹⁴

- *Actual Contributions (District and State)*. The contributions that the school district or state (on behalf of the school district) actually made to a particular pension plan during the fiscal year. This value in comparison to the ADC provides insight into whether the pension plan is moving toward meeting its actuarially determined obligations.

For the FY 17 SPS, actual contributions were collected across two data items. Actual Contributions (ACD) are actual contributions made directly by the school district during the fiscal year. State Contributions (ACS) are actual contributions made by the state government on behalf of the school district during the fiscal year.

- *Financial Net Position (FNP)*. The actuarially determined value of assets owned by the pension system. Often similar to, but not the same as, the market value of assets. Similar to ADC, this can be portioned out between the state and the school district or held entirely by just one of those entities.
- *Total Pension Liability (TPL)*. The total liabilities of the pension system. TPL is determined based on the same assumptions involved in the calculation of the ADC (e.g., the larger economy, employee demographics, investment strategy, and plan design). Similar to ADC, this liability can be portioned out between the state and the school district or held entirely by just one of those entities.
- *Net Pension Liability (District and State)*. Net Pension Liability (NPL) is the difference between the FNP and the TPL (TPL - FNP). Positive NPL values show an unfunded liability, while negative numbers indicate a surplus. This value can vary drastically for small changes in assumptions given the time frames pension systems operate for. A sensitivity analysis is often provided for a pension system to show just how much this can change based on a one percent change in assumed rate of return (discount rate). In general, the net pension liability (NPL) is the “bottom line” number of current plan health that most researchers and governments are interested in. NPL provides the best picture of the current financial state of a plan; however these numbers are often difficult to evaluate without additional context.

For the FY 17 SPS, Net Pension Liability was collected across two data items. District Net Pension Liability (DPL) is the Net Pension Liability in the pension plan for the school district.

¹⁴ This R&D report on the pilot SLFS focuses primarily on the feasibility of collecting and reporting school pension data, rather than specifically on variances in actuarial assumptions across the reporting school districts and states. With that said, while actuarial assumptions vary across states, these assumptions are often similar across school districts within a state, in particular within school districts under the same state pension plan.

State Net Pension Liability (SPL) is the Net Pension Liability carried by the state government for the pension plan.

- *Funded Ratio*. A ratio expressing the relationship of FNP to TPL (FNP divided by TPL). The Funded Ratio is one measure of how well a pension plan is funded and, relative to DPL, is more comparable across pension plans. The funded ratio provides an understandable number to utilize when comparing the health of plans. At 100 percent, a plan has enough assets (FNP) to fully cover liabilities (TPL). Generally, Funded Ratio values greater than 80 percent are considered healthy; however, states determine what level of Funded Ratio values they are comfortable with for their pension plans—whether through legislative mandates or nonlegislative policies.
- *Covered Payroll (CVP)*. The gross amount in payroll (i.e., wages and salaries) paid during the fiscal year to employees that are provided with pensions through the pension plan.

Social Security Coverage Items

Details on Social Security coverage for teachers were collected within the following items:

- *Covered Teachers (CVT)*. The count of teachers in the school district pension system covered by Social Security.
- *Social Security Coverage Status*. Text indicating whether Social Security coverage is provided for teachers in the school district’s pension system. For some states, the text refers to statewide policies on Social Security coverage.

See the appendix (“Glossary”) at the end of this report for a complete list of definitions associated with the SPS data items.

C. Data Collection Methodology

Frequency and Method(s) of Data Collection

FY 17 SPS data were collected from a universe of regular school districts in nine states—Colorado, Connecticut, Florida, Georgia, Iowa, Ohio, Oregon, Rhode Island, and Texas. The fiscal year begins on July 1 and ends on June 30 for all states participating in the SPS with the exception of Texas, whose fiscal year begins on September 1 and ends on August 30. SPS data were not edited to conform to a uniform fiscal year.¹⁵

For the pension finance items, SPS data were collected primarily from Comprehensive Annual Financial Reports (CAFRs). Creation and publication of CAFRs are required by law for most state and

¹⁵ Similar to NCES’s NPEFS, F-33, and SLFS finance surveys, SPS data are not edited to conform to a uniform fiscal year across states. Not conforming the data to a uniform fiscal year of reporting generally allows SPS data to be consistent with the audited financial statements of the reported school districts; this is not expected to have any notable impact on data usage, including any comparative data analysis across school districts and states.

local government entities, including school districts. Accessibility of these data is enhanced by financial reporting requirements already established for government entities by the Government Accounting Standards Board (GASB). CAFR data are collected for the SPS primarily through online administrative records sources. CAFRs that could not be obtained online could also be solicited for submission by fax, mail, or e-mail.¹⁶

CAFR sources for the SPS were often determined through internet searches and were varied in terms of structure and amount of relevant pension finance data available. Some of the data were obtained through a central online source such as a state's clearinghouse of financial reports for all its local governments. In most states, even if this clearinghouse was well-maintained, the information was accessible only one financial report at a time. Being able to find all of the reports in a centralized location saved time in the data collection process. For states that did not have centralized financial record dissemination, data availability was mixed. For some districts in these states, financial data could only be collected for some of the SPS variables. Other districts did not appear to have any SPS financial data available online.

Determining where to find the correct financial data was largely dependent on the organizational structure of the school districts in each state. For county-dependent school districts, the county CAFR would often contain the necessary financial information, while for municipal-dependent districts, it might be the city CAFR that contains the necessary data. For legally independent school districts and consolidated school districts, the state government often publishes the requisite financial data. In some instances, school districts disseminate their own financial reports rather than relying on the governing city, county, or state.

Within each state, the format of school district CAFRs (structure, verbiage, breadth, and depth of reporting, etc.) was generally consistent. Across states, however, considerable differences existed. In collecting data for the SPS, significant time was saved by identifying consistencies in school district CAFRs—both within and across states—and completing one state at a time. In most states, school district listings were not readily available in a user-friendly format for SPS processing. Sometimes web pages containing school district contact information or Microsoft Excel spreadsheets containing demographic statistics could be adapted into a list of school districts. Regardless of the source, most of the school district lists obtained included local education agencies out of scope for the SPS collection such as charter schools, schools for the deaf and blind, juvenile detention education centers, centralized special education services offices, and shared educational services programs.¹⁷ Determining which school entities within the obtained lists were in scope was sometimes determined by the name of the entity, but other times was not apparent until well into the search for the relevant financial data.

¹⁶ While solicitation by fax, mail, or e-mail were alternate sources of submission for CAFRs, all CAFRs collected for the FY 17 SPS were obtained from online website sources.

¹⁷ Centralized and shared education service offices were generally considered out of scope; however, given the exploratory nature of the SPS, there were instances within the data collection where some of these entities were included as they were deemed to have a sufficient number of licensed educators to be considered in-scope (e.g., education service districts in Oregon).

SPS Social Security coverage data items were collected separately from—and also served as a cross-check for—the aforementioned pension finance items. To ascertain Social Security coverage policy and coverage levels for school district teachers, research was conducted on state retirement websites and state legislative code. Social Security administrators across the nine SPS states were also consulted as necessary. Once the district-level Social Security coverage policy was determined, full-time teacher counts from NCES were linked to the SPS data to estimate the number of teachers covered by Social Security in the school district. The estimates assume that full-time teacher counts represented teachers who would fall under the state or school district’s Social Security policy.

Exhibit 1 (below) identifies the pension finance data sources for each participating SPS state. The remainder of this section summarizes in greater detail pension finance data item collection procedures for each state in the FY 17 SPS collection.

Exhibit 1. Pension finance data sources for the School Pension Survey (SPS), by participating state: Fiscal year (FY) 2017

Participating state	Reporting agencies within state	Type of school district administrative record(s)	Website link(s) for SPS data sources
Colorado	Individual school districts	CAFRs, other audited financial reports	Individual school district websites
Connecticut	Connecticut Office of Policy and Management	CAFRs, other audited financial reports	https://www.appsvcs.opm.ct.gov/Auditing/Home.aspx
Florida	Office of the Florida Auditor General	CAFRs	https://flauditor.gov/pages/dsb_efiles.html
Georgia	Georgia Department of Audits and Accounts	CAFRs	https://www.audits.ga.gov/rsaAudits
Iowa	Office of the Iowa Auditor of State	CAFRS, other audited financial reports	https://www.auditor.iowa.gov/reports/audit-reports/
Ohio	Office of the Ohio Auditor of State	CAFRS, other audited financial reports	https://ohioauditor.gov/auditsearch/Search.aspx
Oregon	Individual school districts	CAFRs	Individual school district websites
Rhode Island	Rhode Island Division of Municipal Finance	CAFRs	https://municipalfinance.ri.gov/financial-tax-data/municipal-audits
Texas	Texas Comptroller of Public Accounts; Texas Education Agency Division of Financial Compliance	Pension plan reports; CAFRS; audited financial reports	https://comptroller.texas.gov/application.php/pension ; https://tealprod.tea.state.tx.us/Audit/Public/PDFViewer.asp ; https://tea4avholly.tea.state.tx.us/Tea.AskTed.Web/Forms/Home.aspx

Colorado

The Colorado Open Records Act requires all levels of government in Colorado to make sure government records, including the financial data of government entities, are readily available to the public.¹⁸ As a result, all school districts in Colorado provide adopted budgets and audited financial reports on their individual websites. Most of these reports are provided in PDF format, while others are embedded directly within the school districts' websites in HTML format. Other times the websites might link to a document storage archive such as Google Drive. The ability to obtain CAFRs from these websites sometimes varied based on each school district's method of dissemination; this was due in part to the internet security risks inherent in accessing certain file sharing websites on computers protected by secure firewalls.

Once the desired financial documents were accessed, the data were generally extracted manually from the PDF documents using keyword searches and experience with the structure of published audits.

Connecticut

Connecticut's Office of Policy and Management maintains the Electronic Audit Reporting System (EARS), which is a searchable database of all audits for public entities in the state, including school districts. The audit reports in this database can be downloaded as PDF documents. The reports are listed in the order they were uploaded to EARS, so using the database filters to filter for the desired fiscal year and type of report was important. SPS staff then searched the reports manually for the relevant financial data. Based on the pension data found in these reports, it appears that pension finance reporting requirements are less uniform and comprehensive for school districts in Connecticut as compared to school districts in other states.

Florida

In the initial stages of the collection process, a central source was discovered online that provided reliable Net Pension Liability, Financial Net Position, and Total Pension Liability amounts for all school districts in Florida. Data were also provided for some Florida school districts on contributions, total expenses, and payroll finances. In the later stages of compiling pension data for Florida's school districts, another source was found—the Florida Auditor General's Office. The Florida Auditor General's Office maintains a searchable database of audit reports that were more comprehensive than the initial source. SPS staff were able to get accurate pension liability data from this initial source but anticipate being able to collect more complete pension information in future SPS collections through the Florida Auditor General's Office's database. The reports in the Auditor General's database are available as downloadable PDF documents. The relevant pension data can then be found within the downloaded PDF document through manual keyword searches and prior staff experience with Florida CAFRs.

¹⁸ https://www.sos.state.co.us/pubs/info_center/cora.html

Georgia

Georgia maintains a searchable clearinghouse of local government reports and audits through the Georgia Department of Audits and Accounts (DOAA). The DOAA reports are available as downloadable PDF documents. The audits are stored in the order they were uploaded to the clearinghouse, so the ability to search on a set of criteria including fiscal year and specific keywords is essential for locating school district reports within the system. Some school districts were missing the desired pension data or only had pension data for previous fiscal years, though these cases were the exception. Relevant pension data had to be manually extracted from the PDF documents using keyword searches and SPS staff experience with the structure of published audits.

Iowa

The Iowa Auditor of State maintains a website containing audit reports for the state's various government entities, including school district audit reports. The report database allows users to filter for school district reports, as well as filter on other search criteria including fiscal year. Iowa school district audit reports are available as downloadable PDF documents, from which relevant pension data can be extracted manually using keyword searches. SPS staff were not aware of this searchable clearinghouse until the later stages of the data collection process. Although SPS staff had success finding financial reports containing relevant pension data for Iowa school districts in the early stages of the data collection through keyword internet searches, SPS staff anticipate future data collection efforts for Iowa to be even more successful with the Iowa Auditor of State website as the primary data source through the entire data collection cycle.

Ohio

Ohio publishes all local government audits—including school district financial audits—on the Ohio Auditor of State website. Searches for audits can be filtered by specific criteria, including fiscal year, type of audit report, and type of public entity. Keyword searching by entity name or title of audit report is available as well. Audited school district CAFRs are available on the Ohio Auditor of State website as downloadable PDF documents, from which relevant pension data can be extracted through keyword searches.

Oregon

Oregon does not have a central location for its financial reports. Most school districts have their financial reports posted to their school district website, though the location of the reports on the websites are not consistent across school districts. Many of Oregon's financial reports were collected for the SPS through internet keyword searches that often led directly to the report. Each school district required a separate internet search for its relevant financial reports. For some Oregon school districts, internet searches were unsuccessful in locating the relevant financial information for the district (thus the data for these school districts are missing from the SPS data file).

In addition to traditional regular school districts, Oregon has education service districts. Education service districts are entities that allow Oregon to centralize specialized education services such as speech and language pathology, occupational therapy, and other special education programs. Some,

but not all, of the specialists employed by these districts are licensed educators, thus possibly putting these districts in scope for the SPS collection. Relevant financial data were collected for most of the specialists employed by education service districts, though there may need to be a determination in future collections on whether these types of districts are truly in scope for the SPS.

Rhode Island

Rhode Island teacher pension data were collected through the municipal audits posted on the Rhode Island Division of Municipal Finance's Municipal Audits web page. The audit reports are available on the web page as downloadable PDF documents. Late reporting by municipalities and delays in posting the PDF reports to the web page sometimes resulted in the web page not having all expected municipal audits available during the FY 17 SPS collection period. (All Rhode Island municipal reports are posted eventually but occasional delays by the state in posting them to the Municipal Audits web page are worth noting here as they affected the SPS collection process for Rhode Island.) It will be important to clarify in the future whether the Teachers Survivors' Benefits Plans (TSB) in Rhode Island are in scope for the SPS. The use of the TSB as a supplement for retirement benefits is widespread, and their inherent liabilities have a financial impact but, by definition, they are not strictly teacher pensions. SPS staff's collection of TSB data was not comprehensive (only a portion of these data were collected and ultimately included in the SPS data), but provides an exhibit to help demonstrate what types of pension-related data can be collected in Rhode Island; a decision will need to be made to determine for future collections on whether these finances are in scope.

Texas

The Texas Comptroller of Public Accounts website maintains a centralized database of pension information, as reported to the Texas Pension Review Board, for all levels of local government including school districts. Although the pension data tables generated for the website are not directly downloadable, the data were generally easy to extract for the SPS collection through manual copy and paste procedures. Additionally, the Division of Financial Compliance under the Texas Education Agency (TEA) has a searchable database of all school district financial reports. (All of the financial reports are available on the website as downloadable PDF documents.) The TEA website also maintains a searchable AskTED database, which allows searches for financial reports by school, school district, county, region, and statewide.

D. Ability to Report and Format

Ability of Participating States to Report SPS Data

As noted in the previous section of this report, SPS staff collected survey data online from CAFRs and other administrative records sources. Each SPS state had financial data or other administrative records showing that the pension data items collected through the SPS were generally obtainable; however, some of the more notable challenges in collecting and reporting SPS data were as follows:

- In most states, SPS data item amounts were sometimes not obtained directly; in some cases these amounts had to be derived from component data item amounts that were publicly

available. This shows that the states do have these data but may have chosen to present a more restricted view to the public. This derivation process primarily affected the Financial Net Position (FNP) and Total Pension Liability (TPL) data items, which in some cases had to be derived from Net Pension Liability (NPL) and Funded Ratio.

- Rhode Island utilized older GASB concepts for some of its pension data reporting. For example, the state reported the actuarial value of assets for school district pension plans instead of FNP. The reporting of certain pension data under old GASB concepts in Rhode Island is not expected to continue indefinitely, but may provide some challenges in comparing Rhode Island's FY 17 SPS data to that of other states.

In Rhode Island, SPS data also could not be obtained for several school districts due to lack of availability of the data online. Obtaining these data would have necessitated contacting each of these school districts individually, which was not feasible given the time and budget constraints of the pilot SPS collection.

- As mentioned earlier in the report, charter schools were deemed out of scope for the pilot SPS collection. In Georgia, however, FY 17 SPS data include pension data for charter school teachers as data for charter schools were unable to be excluded from SPS reporting. (For all other SPS states with charter schools, pension data for charter school teachers were able to be excluded.)
- SPS data were not available in particular for smaller districts in rural areas across the nine states in the FY 17 pilot collection. Of the nonresponsive districts, the majority were located in remote rural codes, large suburban locale codes, rural fringe locale codes, remote town locale codes, and rural distant locale codes. The majority of nonresponsive districts included those with less than 300 students; 300 to 599 students; 600 to 999 students; and 1,000 to 2,499 students.

Burden Estimate

Respondent burden for the SPS is estimated to be low as most of the survey's data items are already produced and published through school district and other government CAFRs, as well as other administrative record sources, and align with the generally accepted accounting principles developed by GASB. For the most part, no additional calculations or significant extra resources are needed to produce the amounts collected for the SPS. Given that most SPS data items are available through publicly accessible CAFRs, it's generally feasible to collect data for the SPS through administrative records already published by school districts and other government entities.

E. Data Editing and Data Quality

All of the school district CAFRs that SPS pension finance items were collected from are audited financial documents; thus, the data contained within them have already been subject to extensive review by professional auditors and certified as accurate. Furthermore, the actuarial data within

CAFRs are prepared by licensed actuaries who also certify the data they provide. While these data are subject to human error, the multiple layers of verification minimize the chances for erroneous data. Given the certification procedures for CAFRs, it is unlikely more accurate school district finance data—including the pension data collected for this survey—could be found elsewhere.

The SPS collection process often involved SPS staff “transcribing” (i.e., manually keying) amounts from school district CAFRs to spreadsheets for further processing.¹⁹ As a largely manual process, transcribing data from CAFRs creates opportunities for errors. Three types of errors are possible while transcribing: (1) transcription errors that occur when amounts from CAFRs are read wrong by the transcriber (and then keyed wrong as a result), (2) miskeying errors that occur when CAFR amounts are read correctly but incorrectly keyed, and (3) tracking errors that occur when either the wrong row from a table within the CAFR is keyed, or CAFR data are keyed into the wrong row of the transcribed table.

Apart from transcribing, another type of data error that can occur during the collection process is selecting the wrong table in the CAFR to retrieve the data from. Often, school districts have noninstructional support services staff (e.g., janitors, nurses, bus drivers, etc.) that do not participate in the district’s teacher pension plan but participate in a more general pension plan for state employees. School districts have also begun reporting actuarial data on retiree healthcare plans. The actuarial data for these plans, as well as the pension plans for teachers, are usually reported together within one section of the CAFR. Misreading CAFR tables without regard for this sort of detail could, for example, result in SPS staff processing these tables transcribing pension data items from the wrong tables (i.e., tables not containing the expected teacher pension plan amounts).

The most effective method of minimizing transcription and table selection errors was to compare the relative magnitudes of the pension data collected with SPS staff’s understanding of the geographic differences across school districts and states. For example, SPS staff generally expected for the state of Georgia that certain pension-related finances for Atlanta Independent School District (AISD)—one of the largest school districts in the state by student enrollment—would be significantly greater than the corresponding finances for the much smaller Chickamauga City Schools. The data collected for the FY 17 SPS indicated that AISD had a net pension liability of \$603.2 million, while Chickamauga had net pension liability of \$10.8 million. These amounts are consistent with expectations and thus would be part of the justification to accept the amounts as reasonable. Similar editing logic can be applied across other SPS data items and within other states. Edit checks were also applied based on population within the school district’s geographic locale, teacher counts, and payroll associated with the school district to identify data anomalies that may warrant further investigation.

The SPS editing process also examined consistency within survey data items. Since all SPS data are collected from the same fiscal year, school districts within a given state that participate in the larger state teacher’s pension plan will have similar Funded Ratios (for that fiscal year). Therefore, the

¹⁹ “Transcribers” for the pilot SPS collection were staff from the Census Bureau’s Pension Statistics Branch, which has several decades of experience collecting pension finance data (via transcription methods similar to the processes described in this section of the report) for other government pension finance surveys conducted internally by the Census Bureau.

Funded Ratio amounts across all plans in the state system should be the same (or very similar) for a given fiscal year. Sometimes, school district CAFR amounts overlap fiscal years for state teacher pension data; the expectation for these amounts is that they are reasonably similar, though not necessarily the same. Note that not all defined benefit pension plans in the SPS collection are part of a state teacher pension. Pension plans for Gwinnett County and Polk County school districts in Georgia are both examples of plans that are not expected to align with the state teacher pension data as those plans are administered separately (thus explaining why those districts may have a Funded Ratio amount substantially different than the Funded Ratio for most other school districts in Georgia).

Another effective method of checking for errors was to verify whether the items collected were consistent with expectations for typical pension plan reporting. For example, contributions to the pension plan (actual contributions) should never be higher than payroll of employees covered by the pension plan (i.e., covered payroll) since pensions invest a portion of salaries into their plans. Also, Net Pension Liability should always be higher than Covered Payroll since those pension liabilities are designed to cover multiple years of income replacement. These were not formal editing rules but merely rules of thumb that indicated to SPS staff that certain amounts collected were inconsistent with expectations, thus warranting further examination.²⁰

Unfortunately, the SPS does not have any comprehensive outside sources to compare survey data to. Prior to this pilot SPS collection, no other public entity or private organization had attempted to compile district-level pension data for public dissemination. The SPS also could not compare collected data to the larger CAFRs of state teacher retirement systems because these systems often include—in addition to pension data for elementary/secondary educators—pension data for educators from out-of-scope entities such as universities and colleges, charter schools, and regional education service agencies, as well as special education schools such as schools for the deaf and blind and juvenile detention education facilities for incarcerated youth. Separating out the data for these out-of-scope entities in order to compare pension items such as FNP or the various pension liabilities items would be difficult given current reporting methods of state teacher systems.

Some data could not be collected within the time frame of the pilot collection. In some cases, the delay between when the CAFR was created and when the state or school district actually made the CAFR publicly available on its website resulted in SPS staff not being able to obtain the necessary CAFR detail within the collection period. (This was particularly noticeable in Rhode Island, where many school district CAFRs for FY 17 weren't made available online until after the collection period ended.) In some cases, particularly in Colorado, the CAFRs were made available online but they were not accessible due to internet firewall issues. (SPS staff were not able to pursue collection of these inaccessible CAFRs outside the firewall within the FY 17 collection period.)

²⁰ The SPS edit process included several other data validation checks other than the methods described here and above within this section. However, given the primarily experimental nature of the pilot SPS, many of the data validation checks (including the methods described in this report) were by design relaxed in terms of ranges of data item amounts deemed to be reasonable. The pilot SPS focused more on the feasibility of collecting and reporting the selected SPS data items, and less on applying tight edit logic to assess whether SPS data item amounts fell within a strict range.

Minimal time was spent contacting school districts directly for SPS data; SPS staff did not directly contact school districts by methods such as e-mail or phone to obtain the requisite pension data, though in the future that will be a method considered to obtain the data the most difficult to collect in a more timely manner.

Data quality could also be improved by beginning data collection with a clear list of school districts of interest for each state. Different lists existed for each state and choosing the best list within the framework of collecting pension data was subjective. As mentioned earlier in the report, what constitutes a school district in some states can include some education entities that might be out of scope for the project. Clearly defining earlier in the collection process whether traditional, regular elementary/secondary public schools districts comprise the complete scope of collection, or if nontraditional public schools (e.g., charter schools) were also in scope would clarify and provide better focus for collection objectives.

The primary focuses of the pilot SPS collection were pension finances and Social Security coverage data for teachers employed by traditional public elementary/secondary school districts. There were other components of pension data for which it was not clear whether the data were within the scope of the SPS. For example, the SPS collection process located several supplemental (and generally optional) pensions such as Rhode Island's TSB Plan and the secondary defined benefit plans for Polk County Public Schools and Gwinnett County Public Schools in Georgia. When located, data from these supplemental plans were included in SPS reporting, but collection of data from supplemental pensions outside of traditional teacher pension plans was not comprehensive; they may be much more widespread than SPS data would indicate. Also, some supplemental plans may be better classified as other postemployment benefits (OPEB) rather than as true pension benefits. Better clarity on whether these supplemental pension plans fall within the scope of the SPS would improve the efficiency of future collections. Also, if collecting complete school district pension liability data is of interest, excluding the collection of retiree healthcare plan liabilities and the liabilities of school district support services staff enrolled in the state employees' plans would result in incomplete data. Contributions to other school-related retirement savings plans such as 403(b) plans are another example of liabilities that school districts are contractually obligated to pay that impact their financial positions. If the goal is to develop a complete picture of school district financial liabilities, all sources of liability should be considered.

F. Data Review and Analysis

Ability to Report Data Items

Unit response rates

Overall, across the nine reporting states, FY 17 SPS data were reported for 96 percent of regular school districts (table 1).²¹ At the state level, the percentage of regular school districts for which pilot SPS data were reported ranged from 70 percent in Colorado to a full 100 percent in Iowa. Six out of nine states had SPS data reported for at least 90 percent of regular school districts, while four out of nine states have SPS data for at least 95 percent of regular districts.

Table 1. Number of regular school districts in the School District Finance Survey (F-33), and number and percentage of regular school districts with Social Security and pension data reported in the School Pension Survey (SPS), by participating state: Fiscal year (FY) 2017

Participating state	Number of regular school districts		Percent of regular school districts in F-33 reported in SPS
	Reported in F-33 ¹	Reported in SPS ²	
Reporting states	2,810	2,684	95.5
Colorado	179	126	70.4
Connecticut	173	146	84.4
Florida	74	67	90.5
Georgia	185	173	93.5
Iowa	333	333	100.0
Ohio	620	610	98.4
Oregon	180	173	96.1
Rhode Island ³	40	34	85.0
Texas	1,026	1,022	99.6

¹ The number of regular school districts was obtained from the Common Core of Data (CCD) FY 17 F-33, where SCHLEV is equal to 01, 02, or 03 and AGCHRT is not equal to 1. Independent charter districts, vocational or special education school systems, nonoperating school systems, and education service agencies are excluded because those are out of scope of the SPS.

² Includes records that can be matched to regular districts in the CCD FY 17 F-33 file and for which Social Security coverage and at least one item among district net pension liability, state net pension liability, financial net position, total pension liability, funded ratio, actuarially determined contributions, actual contributions, and state contributions are reported in the SPS. For states other than Rhode Island, if a district has more than one retirement benefits plan that maps to a local education agency ID (LEAID), reporting from any plan is considered reporting for that LEAID.

³ For Rhode Island, many districts have more than one retirement benefits plan. If the district has a retirement benefits plan administered by Employees' Retirement System of Rhode Island (ERSRI), that plan is used for reporting purposes. If the district does not have a retirement benefits plan administered by ERSRI, reporting from any retirement benefits plan from that district is considered reporting for that LEAID.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "School Pension Survey (SPS)," fiscal year 2017, Provisional Version 1a; "School District Finance Survey (F-33)," fiscal year 2017, Provisional Version 1a.

²¹ A regular school district was considered to be "reported" for the FY 17 SPS if (1) the status of Social Security coverage for the district's teachers was able to be reported within the Social Security Coverage Status data item and (2) at least one SPS pension finance data item was reported for the district.

Three out of the nine reporting states (Colorado, Connecticut, and Rhode Island) had pilot SPS data reported for less than 90 percent of regular school districts. Colorado has transparency regulations requiring that school districts make most of their public financial information available to the public. However, numerous Colorado school districts disseminated their financial data on cloud file sharing applications that posed firewall and other security issues for the Census Bureau staff collecting the requisite pension data from the published financials. Given the security issues and limited time for the pilot data collection, this resulted in no pension finance data collected for nearly 30 percent of Colorado's regular school districts.

In Connecticut, decentralized financial reporting requirements had a significant effect on data collection. With each school district seeming to have its own requirements for reporting financials, the pension data for several of the districts that had less stringent reporting requirements were not sufficient to be reported for the pilot collection. And Rhode Island's school district reporting rates were affected by late financial reporting and unexpected delays for some districts in getting financial audit reports posted to the state's centralized web page, which ultimately resulted in Census Bureau staff not being able to collect the requisite pension data for a few of those districts within the pilot survey's collection period.

But despite the difficulties in collecting pension data for certain school districts in a few states, the percentage of school districts for which SPS data were reported was consistently high across the reporting states.

Item response rates

Table 2 displays the item response rates for the two SPS Social Security coverage data items. As shown in the fifth column, the percentage of regular school districts in the FY 17 SPS that reported whether the district had Social Security coverage (i.e., the percentage of districts that were able to report the Social Security Coverage Status data item) was 98 percent, with percentages by state ranging from 90 percent in Rhode Island to 100 percent in Iowa. Five out of the nine SPS states had Social Security coverage status data reported for over 95 percent of regular school districts. (Note that these percentages are response rates and are not intended to reflect the percentage of regular school districts that extend Social Security coverage to teachers.) In Georgia, Rhode Island, and Texas, the extension of Social Security coverage is decided by the school districts; in Georgia, 96 percent of regular school districts reported whether the district had Social Security coverage while in Rhode Island and Texas, 90 percent and nearly 100 percent of regular school districts reported this information, respectively.

Table 2. Number of regular school districts in the School District Finance Survey (F-33), and number and percentage of regular school districts with data reported in the School Pension Survey (SPS), by Social Security data item and participating state: Fiscal year (FY) 2017

Participating state	Number of regular school districts			Percent of regular school districts in F-33	
	Reported in F-33 ¹	Reported whether a district has Social Security coverage in SPS ²	Reported the number of teachers covered by Social Security in SPS ^{2,3}	Reported whether a district has Social Security coverage in SPS	Reported the number of teachers covered by Social Security in SPS ³
Reporting states	2,810	2,755	803	98.0	99.4
Colorado	179	167	†	93.3	†
Connecticut	173	164	†	94.8	†
Florida	74	67	67	90.5	100.0
Georgia	185	177	174	95.7	98.9
Iowa	333	333	333	100.0	100.0
Ohio	620	610	†	98.4	†
Oregon	180	179	176	99.4	98.3
Rhode Island ⁴	40	36	35	90.0	100.0
Texas	1,026	1,022	18	99.6	100.0

† Not applicable.

¹ The number of regular school districts was obtained from the Common Core of Data (CCD) FY 17 F-33, where SCHLEV is equal to 01, 02, or 03 and AGCHRT is not equal to 1. Independent charter districts, vocational or special education school systems, nonoperating school systems, and education service agencies are excluded because those are out of scope of the SPS.

² Includes records that can be matched to regular districts in the CCD FY 17 F-33 file. For states except Rhode Island, if a district has more than one retirement benefits plan that maps to a local education agency ID (LEAID), reporting from any plan is considered reporting for that LEAID.

³ Number and percentage are among districts that provide Social Security coverage.

⁴ For Rhode Island, many districts have more than one retirement benefits plan. If the district has a retirement benefits plan administered by Employees' Retirement System of Rhode Island (ERSRI), that plan is used for reporting purposes. If the district does not have a retirement benefits plan administered by ERSRI, reporting from any retirement benefits plan from that district is considered reporting for that LEAID.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "School Pension Survey (SPS)," fiscal year 2017, Provisional Version 1a; "School District Finance Survey (F-33)," fiscal year 2017, Provisional Version 1a.

As shown in the sixth column, among those districts that provided Social Security coverage, the percentage of regular school districts in the FY 17 SPS that reported the number of teachers covered by Social Security (i.e., the percentage of districts that were able to report the Covered Teachers data item) was 99 percent, with percentages by state ranging from 98 percent to 100 percent. As noted in the “Sample Design” section earlier in the report, Florida, Iowa, and Oregon offer Social Security coverage to all teachers. Counts of teachers covered by Social Security were reported for 100 percent of regular school districts in Florida and Iowa, and were reported for 98 percent of regular school districts in Oregon. Colorado, Connecticut, and Ohio do not extend Social Security coverage to teachers; therefore, counts of teachers covered by Social Security were not applicable to these states. It should be noted that while Texas had a response rate of 100 percent for this item, only 18 of the state’s 1,022 regular school districts in the FY 17 SPS reported providing Social Security coverage for its teachers. (The 100 percent response rate in Texas thus only reflects the 18 school districts in the state that reported providing Social Security coverage for teachers.)

Four of the core pension finance items—District Net Pension Liability, Funded Ratio, Actuarially Determined Contributions, and Actual Contributions—were able to be reported for over 90 percent of regular school districts in the pilot SPS (table 3). District Net Pension Liability and Funded Ratio were each reported for 94 percent of school districts, while Actuarially Determined Contributions and Actual Contributions were reported for 93 percent.

Table 3. Number of regular school districts in the School District Finance Survey (F-33), and number and percentage of regular school districts with data reported in the School Pension Survey (SPS), by pension data item and participating state: Fiscal year (FY) 2017

Participating state	Number of regular school districts reported in F-33 ²	Number of regular school districts that reported pension data items in SPS ¹				Percentage of regular school districts in F-33 that reported pension data items in SPS			
		District net pension liability	Funded ratio	Actuarially determined contributions	Actual contributions	District net pension liability	Funded ratio	Actuarially determined contributions	Actual contributions
Reporting states	2,810	2,466	2,634	2,450	2,450	93.5 ³	93.7	92.9 ³	92.9 ³
Colorado	179	126	126	126	126	70.4	70.4	70.4	70.4
Connecticut ⁴	173	†	146	†	†	†	84.4	†	†
Florida	74	67	67	30	30	90.5	90.5	40.5	40.5
Georgia	185	172	171	172	172	93.0	92.4	93.0	93.0
Iowa	333	285	333	284	284	85.6	100.0	85.3	85.3
Ohio	620	610	610	610	610	98.4	98.4	98.4	98.4
Oregon	180	150	146	172	172	83.3	81.1	95.6	95.6
Rhode Island ⁵	40	34	13	34	34	85.0	32.5	85.0	85.0
Texas	1,026	1,022	1,022	1,022	1,022	99.6	99.6	99.6	99.6

† Not applicable.

¹ Includes records that can be matched to regular districts in the Common Core of Data (CCD) FY 17 F-33 file. For states except Rhode Island, if a district has more than one retirement benefits plan that maps to a local education agency ID (LEAID), reporting from any plan is considered reporting for that LEAID.

² The number of regular school districts was obtained from the CCD FY 17 F-33, where SCHLEV is equal to 01, 02, or 03 and AGCHRT is not equal to 1. Independent charter districts, vocational or special education school systems, nonoperating school systems, and education service agencies are excluded because those are out of scope of the SPS.

³ The percentages for the reporting state row are based on the number of regular school districts reported in the F-33 in all participating states except Connecticut.

⁴ In Connecticut, the state holds all pension liability and makes all contributions. Districts do not hold liability or make contributions. The actuarially determined contributions and actual contributions are contributions by the district. In Connecticut, 146 districts, 84.4 percent of regular school districts in the F-33, report state net pension liability in the SPS.

⁵ For Rhode Island, many districts have more than one retirement benefits plan. If the district has a retirement benefits plan administered by Employees' Retirement System of Rhode Island (ERSRI), that plan is used for reporting purposes. If the district does not have a retirement benefits plan administered by ERSRI, reporting from any retirement benefits plan from that district is considered reporting for that LEAID.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "School Pension Survey (SPS)," fiscal year 2017, Provisional Version 1a; "School District Finance Survey (F-33)," fiscal year 2017, Provisional Version 1a.

For District Net Pension Liability, the item response rates ranged from 70 percent in Colorado to nearly 100 percent in Texas, with six out of the eight SPS states where the data item is applicable able to report the item for at least 85 percent of its regular school districts. (In Connecticut, District Net Pension Liability is not applicable as school districts do not hold any pension liabilities; all pension liabilities are held by the state.) For Funded Ratio, the response rates ranged from 33 percent in Rhode Island to a full 100 percent in Iowa, with five out of nine SPS states being able to report the data item for at least 90 percent of its regular school districts.

For Actuarially Determined Contributions and Actual Contributions, the item response rates ranged from 40 percent in Colorado to nearly 100 percent in Texas, with six out of the eight SPS states where the data items are applicable able to report the item for at least 85 percent of its regular school districts. (In Connecticut, Actuarially Determined Contributions and Actual Contributions are not applicable at the school district level as the state is responsible for all contributions made into pension systems.) Four states—Georgia, Ohio, Oregon, and Texas—were able to report the Actuarially Determined Contributions and Actual Contributions data items for greater than 90 percent of their regular school districts.

G. Factors Supporting and Limiting the SPS

Factors Supporting the SPS

The SPS represents a significant step toward achieving more complete reporting of school spending

With the structured collection of pension cost data such as actuarially determined contributions and pension liabilities, the SPS provides a uniform and consistent construct from which to collect and report the pension data necessary to provide a more complete picture of elementary/secondary school spending. Across reporting states, school district net pension liabilities and pension fund contributions—finances that comprise a substantial portion of the school spending not currently collected through the NCES CCD fiscal surveys—were reported for over 90 percent of regular school districts.²²

The first step to expanding the SPS is determining the feasibility of collecting and reporting accurate pension data in a limited number of states. Depending on the results of the R&D collection of FY 17 data for nine states, it is quite possible, going forward, that the SPS will become a full-scale pension data collection across all states. This R&D report focuses on the feasibility of collecting and reporting accurate pension data, rather than on the costs to collect pension data for teachers across all states. With time, there is hope that the SPS can supplement NCES's other school fiscal surveys to provide a more complete accounting of current expenditures for public elementary/secondary education.

²² For the nine SPS reporting states, FY 17 F-33 data were reported for 99.8 percent of regular school districts within those states.

The SPS leverages NCES and Census Bureau expertise in collecting related school finance data

The SPS is a collaborative effort between NCES and the Census Bureau that leverages the Census Bureau's existing expertise and collection infrastructure for related pension finance data. The pilot FY 17 SPS was conducted by the Census Bureau's Pension Statistics Branch, which has decades of experience collecting pension finances for the Census Bureau's local and state government finance surveys, including the collection of the Annual Survey of Public Pensions: State- and Locally Defined Benefit Data since 1957. Similar to the F-33, SPS data are collected at the school district level; with time, the pension data collected through the SPS may be able to be reviewed and processed in conjunction with the F-33 and other CCD fiscal surveys collected by NCES and the Census Bureau.

Limitations of the SPS

Pension costs do not comprise all costs excluded from NCES spending estimates

One general, high-level limitation of the SPS is that even a complete collection of pension costs does not encompass all liabilities currently excluded from NCES school spending estimates. For example, nonpension benefits such as OPEB and liabilities for other retiree healthcare systems were considered out of scope for the SPS. For some school districts, these nonpension benefits might comprise the majority of liabilities excluded from NCES current spending figures. For a more complete accounting of elementary/secondary education spending, the collection of OPEB and other nonpension liabilities will have to be considered.

The SPS does not collect complete pension data

For exploratory purposes, the scope of the pilot SPS was limited to pension costs and Social Security coverage data for *teachers*; pension and Social Security coverage data for all other school district employees (e.g., nonteacher instructional staff, support services staff, etc.) were considered out of scope. This limitation of scope allowed for a simplified, more focused collection of pension data for the initial collection year. While teacher costs generally comprise the largest portion of pension spending, future SPS collections will have to consider expanding the survey to include pension costs for nonteacher school district staff.

For some states, administrative records for pension finances and Social Security coverage were not readily available (and thus not collected) for numerous school districts within the scope of the SPS. In Colorado, for example, there was difficulty obtaining CAFRs for many school districts due partly to secure firewalls and other internet security restrictions. In Oregon, the lack of a central or consistent location for school district finance reports led to low reporting rates for Net Pension Liability and some other pension finances relative to most other states. And in Rhode Island, late reporting and other delays in public dissemination of audit reports resulted in SPS data for some school districts not being available during the pilot collection period.

Given the general limitation of the pension data not encompassing complete spending liabilities, the focus of the pilot SPS on teacher pensions, and the difficulties of collecting complete pension data in certain states, many school districts may have less than half of their true liabilities—outside of the spending reported through the regular NCES CCD fiscal surveys—accounted for through the SPS.

Difficulties in the SPS data collection process

In general, difficulty of collecting pension data could vary greatly between states, which posed significant challenges in the SPS collection process. However, the difficulty in collecting SPS data can largely be summarized within two issues: (1) lack of uniformity in SPS data sources and (2) the SPS was labor-intensive and time-consuming for significant portions of the collection.

The FY 17 SPS data collection was largely decentralized for both the pension finances and Social Security coverage portions of the collection; data collection sources often differed across states and even across school districts within states. As mentioned above, some states had a central source for collecting pension and Social Security coverage data while others did not. This lack of uniformity increased resource requirements and overall difficulty in data collection for the SPS. In particular for the states with decentralized SPS data sources, data collection was generally more manual and time-consuming. It was also more likely in states with decentralized sources for SPS staff to be unable to locate some of the requisite district-level pension finance and Social Security coverage data (in many cases because the necessary pension or Social Security coverage data for certain districts in these states has never been made readily available). For the Social Security data, there were issues in some states with Social Security administrators not being willing to provide details about Social Security coverage, which affected SPS response rates in some instances.

Time and resource issues were a significant limiting factor for the SPS. Given the exploratory nature of this initial collection, time, finance, and staff resources for both Census and NCES were limited relative to the more established CCD fiscal surveys (e.g., NPEFS, F-33, SLFS) conducted by NCES on an annual basis.

Comparability issues between teacher pension data within and across states

The net impact on pensions is more important than the small impact of assumption changes and actuarial calculations

Particularly within the context of pension data, the definition of “teacher” varies from state to state, which impacted the comparability of the teacher pension finances collected. Further complicating this issue is that the precise, state-specific definition of “teacher” is sometimes difficult to find; while there is evidence that the definition of “teacher” varies across some states, it was difficult in many instances to find formal state documentation identifying specific differences.

Across states, school district employees with similar teaching roles may not necessarily participate in the same type of pension plan. School district employees with specialized teaching roles, for example, might participate in teacher-specific retirement plans in some states, while school district employees in other states with similar teacher roles might be part of more general retirement plans for all school district or state employees—plans for which the teacher-specific pension data collected through the SPS can be more difficult to extract.

In some states, certain teachers considered out of scope for the pilot SPS could not be excluded from the data. Charter school teachers, for example, were considered out of scope for collection. In

Georgia, however, pension finance data for charter school teachers could not be separated from the pension finances of other teachers.

In some cases, states varied in the quality of teacher pension data collected. In Rhode Island, for example, much of the pension data collected was not compliant with GASB 67 or GASB 68 standards for pension plan financial reporting.

Actuarial assumptions have not been closely examined in the pilot SPS

Actuarial assumptions across the nine states have not been closely examined in the pilot SPS. The instant R&D report on the pilot SPS primarily focuses on the feasibility of collecting and reporting pension data. The net impact on pensions is more important than the small impact of assumption changes and actuarial calculations.

I. Conclusion

The pilot SPS was designed to assess the feasibility of collecting the school pension costs not currently included in the elementary/secondary education spending data NCES disseminates through its annual NPEFS and F-33 school finance collections. Collection of this additional pension cost data is an important step toward the objective of accounting for the total cost of school pensions and thus providing a more complete picture of elementary/secondary school spending.

The high data item and school district response rates for school teacher pension finances—as well as supplementary Social Security coverage data—across the nine states selected for the pilot SPS indicate that the collection of these pension data at the school district level may be feasible. In just the first year of collection, SPS data were able to be collected for over 95 percent of school districts in the SPS collection frame, with the majority of SPS states having survey data reported for over 90 percent of school districts.

The pilot SPS was not without its limiting factors and caveats. To reduce burden, the initial year of collection focused only on teacher pensions; pensions for other school district employees were considered out of scope. Collection of SPS data was also at times labor-intensive and time-consuming given the limited resources available for the pilot collection, in particular for states where pension data sources were largely decentralized. And—given the varying data collection methods, pension system structures, and pension-related definitions across school districts—there were some comparability issues between pension data within and across states.

Many of the limiting factors and challenges outlined in this report stemmed from the largely manual nature of the pilot collection, which may bring into question the viability of expanding the SPS to additional states—and ultimately a national collection from all states. However, many of these limitations are expected to be controlled in future collections with increased experience, training, and improved survey processes focused on mitigating the difficulties that arose from conducting the initial SPS collection manually. As the data collection matures, further implementation of standardized survey processes—along with the additional years of historical SPS pension data for comparative analysis—are expected to result in more efficient, less time-consuming data collection and editing procedures.

The limiting factors of a manual pilot SPS collection are expected to be even further mitigated for future collections given (1) an anticipated increase in resources and (2) an expanded collection scope to include pension data for all school district employees. With time, alternative methods of SPS data can be considered—including the possibility of developing central collection agreements with some state education agencies in the hopes of collecting much of the requisite pension data from a single state source.

Respondent burden for future SPS collections is anticipated to be low as school districts already produce and publish most of the survey's pension items within government CAFRs and other administrative records sources, and in many instances report the data to their state education agencies.

The success in collecting comprehensive teacher pension data from a high percentage of regular school districts provides evidence that an annual collection of more complete school district-level pension data through the SPS may be viable. Future collections will determine whether the requisite pension data can be feasibly collected at an expanded scale manually through CAFR and other administrative records research, or if a central collection through the state (similar to NPEFS, F-33, and SLFS) will be necessary.

While the FY 17 SPS data discussed in this report was collected for nine states, the FY 18 SPS was expanded from FY 17 to collect pension data from nine additional states—California, Indiana, Louisiana, Maine, Massachusetts, Montana, New Jersey, Pennsylvania, and Vermont. Analysis of these additional states alongside the original nine states collected for the pilot SPS should provide further indication of whether complete pension liabilities data can be feasibly collected through the SPS.

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Appendix: Glossary

This glossary applies to the School Pension Survey (SPS). When applicable, the corresponding School-Level Finance Survey (SLFS) variable(s) are listed in brackets.

actual contributions made: The actual contribution amounts made to the pension plan within the fiscal year. This can be less or more than the Actuarially Determined Contribution amounts. [Actual Contributions, State Contributions]

actuarial valuation: The determination, as of a point in time (the actuarial valuation date), of the service cost, total pension liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the Government Accounting Standards Board (GASB).

actuarial valuation date: The date as of which an actuarial valuation is performed.

actuarially determined contribution: A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. [Actuarially Determined Contributions]

covered payroll: The payroll of employees that are provided with pensions through the pension plan. [Covered Payroll]

current expenditures: Funds spent operating local public schools and school districts, including such expenses as salaries for school personnel, student transportation, school books and materials, and energy costs, but excluding capital outlay, interest on school debt, and nonelementary-secondary expenses.

defined benefit pension plans: Pension plans that are used to provide defined benefit pensions.

defined benefit pensions: Pensions for which the income or other benefits that the plan member will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for the purposes of this collection.)

defined contribution pension plans: Pension plans that are used to provide defined contribution pensions.

defined contribution pensions: Pensions having terms that (a) provide an individual account for each plan member; (b) define the contributions that an employer is required to make (or the credits it is required to provide) to an active plan member's account for periods in which that member renders service; and (c) provide that the pensions a plan member will receive will depend only on the

contributions (or credits) to the plan member's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other plan members, as well as pension plan administrative costs, that are allocated to the plan member's account.

elementary/secondary education: Programs providing instruction, or assisting in providing instruction, for students in prekindergarten, kindergarten, grades 1 through 12, and ungraded programs.

employee benefits: Expenditures made in addition to gross salary that are not paid directly to employees. Employee benefits include amounts paid by, or on behalf of, an LEA for retirement contributions, health insurance, Social Security contributions, unemployment compensation, worker's compensation, tuition reimbursements, and other employee benefits.

expenditure: All amounts of money paid out by a school system, net of recoveries and other correcting transactions, other than for retirement of debt, purchase of securities, extension of loans, and agency transactions. Expenditures include only the external transactions of a school system and exclude noncash transactions such as the provision of perquisites or other payments in-kind.

financial net position: The assets of a defined benefit pension plan reserved for providing benefits to plan members. [Financial Net Position]

funded ratio: A ratio expressing the relationship of Financial Net Position (FNP) to Total Pension Liability (TPL) (FNP divided by TPL). At 100 percent a plan has enough assets (FNP) to fully cover liabilities (TPL). Generally, Funded Ratio values greater than 80 percent are considered healthy. Funded Ratio values are a way to make NPL more comprehensive and make comparisons across plans easier. [Funded Ratio]

net pension liability: The liability of employers and nonemployer contributing entities to plan members for benefits provided through a defined benefit pension plan. [District Net Pension Liability, State Net Pension Liability]

pension plans: Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed, and benefits are paid as they come due.

pensions: Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.

public employee retirement system: A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.

total pension liability: The portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service in conformity with the requirements of GASB statements 67 and 68. [Total Pension Liability]