

State Pension System Update

PICPA Not-for-Profit and Gov't Accounting Conference

Matthew Knittel, Director
Independent Fiscal Office



July 13, 2021

State Pension System Funding Outlook

FY Ending	SERS ¹				PSERS			
	Empl. Rate	\$ State Contrib	System Return	Unfunded Liability	Empl. Rate	\$ State Contrib	System Return	Unfunded Liability
2005-10	3.53%	\$225	3.50%	\$9,736	5.34%	\$337	2.99%	\$19,699
2010-15	10.87	745	6.90	19,452	11.63	699	9.73	37,336
2016	25.01	1,622	6.51	19,923	25.84	1,719	1.29	42,724
2017	29.51	1,897	15.08	19,662	30.03	2,064	10.14	44,512
2018	33.24	2,049	-4.55	22,793	32.57	2,264	9.27	44,855
2019	32.93	2,115	18.75	23,039	33.43	2,488	6.66	44,135
2020	33.59	3,186 ²	11.11	22,395	34.29	2,628	1.11	44,035
2021	33.48	2,936 ³	7.00	17,217	34.51	2,702	7.25	44,130
2022	33.81	2,146	7.00	16,436	34.94	2,734	7.25	43,874
2023	33.95	2,191	7.00	14,931	35.62	2,894	7.25	43,414

Note: Millions of dollars. Data sourced from various system projections, releases and financial reports, unless noted otherwise. For year ranges (ex: 2005-10), Employer Contribution Rate and State Contributions are averages. System Return is 5-year performance as noted in system CAFR. Unfunded Liability is final year UAL. Calculations by the IFO.

1 SERS reported on calendar year basis except for Employer Contribution Rate. Includes all funds.

2 SERS 2020 employer contributions include \$1.1 billion prepayment in unfunded liability from The Pennsylvania State University.

3 SERS 2021 employer contributions include \$825 million prepayment in unfunded liability from The Pennsylvania State System of Higher Education.

Pension Funding as Share of Total General Fund Revenues

FYE	SERS	PSERS	Total	Annual Growth	Share of Revenue
2016	\$665	\$1,719	\$2,384	--	7.7%
2017	784	2,064	2,848	19.5%	9.0
2018	840	2,264	3,104	9.0	9.0
2019	856	2,488	3,344	7.7	9.6
2020	877	2,628	3,505	4.8	10.2
2021	650	2,702	3,352	-4.4	8.7
2022	931	2,734	3,665	9.3	9.6
2023	982	2,894	3,876	5.8	10.2

Note: Dollars in millions. FYE 2020 revenues increased by approximately \$2.0 billion due to revenue delays resulting from the COVID-19 pandemic. FYE 2021 values reduced by same amount. Excludes any funding from non-General Fund sources.

Sources: Various reports issued by the Independent Fiscal Office, the State Employees' Retirement System and the Public School Employees' Retirement System.

State Pension System Funding Comparison

State	2014			2018		
	Funded Ratio	Rank	Per Capita	Funded Ratio	Rank	Per Capita
New York	98.1%	6	\$186	98.0%	2	\$217
Delaware	92.4	9	810	85.1	10	1,824
Georgia	83.3	17	1,639	80.1	18	2,182
Ohio	80.3	20	3,162	75.8	22	4,284
West Virginia	77.7	23	2,066	82.3	13	1,861
Virginia	75.1	27	2,569	79.0	20	2,392
Maryland	71.3	31	3,085	70.4	28	3,637
Pennsylvania	59.6	46	4,257	54.8	45	5,377
Illinois	41.3	49	8,658	39.0	49	11,050
New Jersey	42.5	48	12,762	38.4	50	14,710
U.S. Total	74.8	--	2,933	70.7	--	3,789

Note: Per capita column equal to unfunded accrued liability divided by state population. Excludes municipal pension systems.

Source: The State Pension Funding Gap: 2018 and 2014, Pew Charitable Trusts.