



ISSUE BRIEF:

State and Local Government Contributions to Statewide Pension Plans: FY 24

January 2026

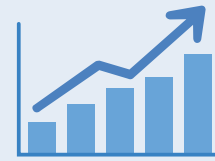
OVERVIEW

Pension benefits for employees of state and local governments are paid from trust funds to which public employers and employees contribute during employees' working years. While employees contribute with every paycheck at required statutory rates, timely and full employer contributions also are vital both to adequate funding and to the sustainability of these plans: failing to pay required contributions results in higher future costs due to foregone principal and investment earnings that the contributions would have generated.

According to the US Census Bureau, on a national basis, contributions made by employers—states and local governments—in 2024 accounted for 76 percent of all contributions received by public pension plans. The remaining contributions were paid by employees.¹ A 2025 NASRA issue brief finds that contributions made by state and local governments to pension trust funds in recent years account for 5.1 percent of all non-federal spending.²

Funding a pension plan takes place over many years and, as described in the box on the following page, typically involves a combination of contributions from employees and employers, which are invested to generate investment earnings. The amount of contributions needed to fund a pension plan is calculated as part of an actuarial valuation, a mathematical process that determines a pension plan's condition and the cost needed to pay promised benefits. As shown in Figure A, contributions are a vital source of public pension funding: of the \$10+ trillion in public pension revenue received during the 30-year period since 1995, 41 percent, or more than \$4.3 trillion, came from contributions paid by employers and employees.³ Contributions, of course, provide the basis for investment earnings, which are responsible for the majority of revenue—59 percent for the same 30-year period—received by public pension funds.

Key Findings



Aggregate employer contribution efforts are at a historic high



Most employers are paying at or above the actuarially recommended amount



Governance arrangements have meaningful effects on funding outcomes

¹ US Census Bureau, 2024 Annual Survey of Public Pensions

² NASRA, "State and Local Government Spending on Public Employee Retirement Systems," March 2025; calculation excludes spending from federal sources

³ Contributions@NASRA.org, <http://www.nasra.org/contributions>

A Brief History of Public Pension Contributions⁴

Although employee and employer contributions today are a core feature of funding for most public pension plans, this has not always been the case. For many years, including, for some plans as recently as the 1980s, pension benefits for employees of state and local government either were not prefunded, or these benefits were funded without the use of actuarial calculations to determine the annual amount needed to fund promised benefits. For example, some states and cities funded pension plans either on a pay-as-you-go basis, in which current benefits were paid with current employer revenues; or public employer payments into the pension plan were not based on an amount determined by actuarial calculation or as a consistent, fixed percentage of employee pay. The practice of not funding benefits using actuarial cost or based on a fixed percentage of worker pay resulted in inadequate contributions; this in turn resulted in significant unfunded liabilities, some of which persist today.

The amount needed to adequately fund a pension benefit also has not always been a clear or settled matter. Efforts by the accounting and actuarial professions to establish a consensus methodology for determining a contribution required for funding new benefit accruals and for systematically eliminating any unfunded liabilities resulted in the creation in 1994 of the Annual Required Contribution, or ARC, by the Governmental Accounting Standards Board (GASB). In Statement 25, GASB defined the ARC (paraphrased) as the sum of the plan's normal cost (i.e., the cost of benefits accrued each year) and the annual cost to amortize the plan's unfunded liability over a period of years, known as the funding period.

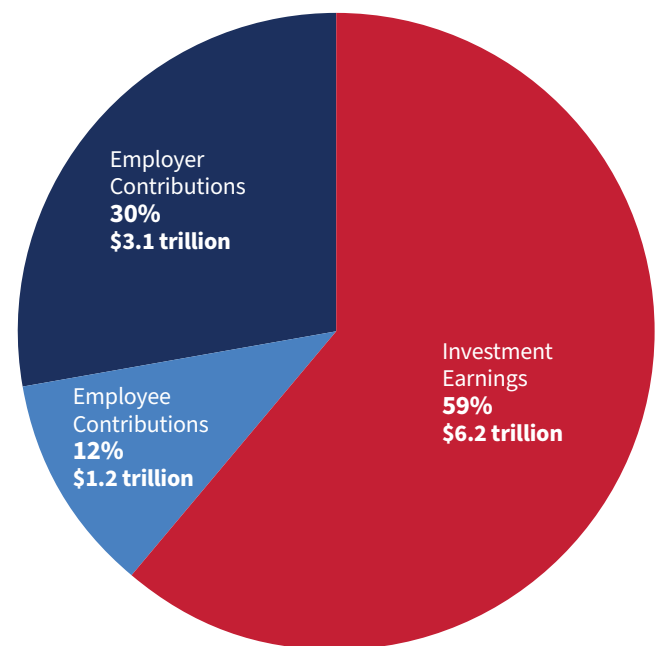
Although established only as an accounting requirement, the ARC became widely recognized as a de facto measure of employers' effort to fund the pension benefits they were sponsoring. However, compliance with the GASB ARC also permitted the use of certain actuarial methods that resulted in contributions that were insufficient to actually amortize unfunded liabilities over the funding period. One example of such a method was the use of a so-called rolling amortization period, in which the funding period does not decline because it is effectively refinanced each year. Using

A basic formula describes the financing of any type of retirement benefit:

$$C + I = B + E$$

Contributions plus investment earnings equals benefits plus expenses. The money that is drawn from a retirement plan, for benefits and administrative costs, ultimately must equal the money that is contributed to the plan and the investment earnings those contributions generate. This fundamental formula illustrates the vital role contributions play in funding a pension plan.

FIGURE A: Public Pension Sources of Revenue, 1995-2024



Compiled by NASRA based on U.S. Census Bureau data

this method, when the amortization period is lengthy, such as longer than 20 years, the result is amortization of an unfunded liability over a considerably longer period. (See more: [NASRA Overview of Public Pension Plan Amortization Policies](#), April 2022)

⁴ The authors wish to thank Paul Angelo and David Kausch for their input on this section.

Following the onset of GASB 25, the actuarial and accounting professions continued to make efforts to strengthen required contributions to public pension plans: in 2014, the Conference of Consulting Actuaries published non-binding guidelines for developing a principles-based actuarial funding policy. (These guidelines were updated, as a 2nd edition, in August 2024).⁵ These guidelines articulate key elements of an actuarial-based funding policy and specify recommended practices for implementing such a policy.

In 2015, GASB supplanted Statement 25 with Statement 67, replacing the ARC with a new term, the Actuarially Determined Contribution, or ADC. Through Statement 67, GASB sought to clarify and emphasize that its pension accounting standards are, indeed, *accounting* standards, not guidelines for how a public pension plan should be funded. This distinction is evident in the GASB 67 definition of an ADC, which, rather than specifically defining what an appropriate pension contribution should be, instead defers to the Actuarial Standards Board (ASB) (the entity charged with promulgating guidelines for professional actuaries known as Actuarial Standards of Practice, or ASOPs), the responsibility for defining how a public pension plan should be funded. The GASB 67 definition of an ADC is as follows:

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.

For practical purposes, in most cases the ADC is substantially the same as the ARC in that both measures reflect a contribution dollar amount and a percentage

of pay rate that are based on an actuarial calculation reflecting the sum of the normal cost and a cost to eliminate any unfunded liability, over a specified timeframe. GASB's switch to the ADC was intended to shift the focus of funding a pension plan from accounting standards to actuarial standards.

Another change made by Statement 67 was that single employer and (multiple-employer) cost-sharing plans that calculate an Actuarially Determined Contribution are required to report:

- a) the ADC;
- b) if different from the ADC, the contractually required contribution rate, such as would exist under a statutory fixed contribution requirement for cost-sharing plans;
- c) actual contributions made to the plan; and
- d) the dollar difference between the ADC and the actual contributions.⁶

Because GASB 67 permits agent plans and plans that do not calculate an ADC⁷ to forgo reporting an ADC and its actual contributions received toward the ADC, since the onset of this statement in 2015, several plans that previously were included in the dataset that accompanies this brief ceased including this information in their financial reports. That experience is reflected in Appendix A.

ASOP No. 4⁸ defines an actuarially determined contribution as:

A potential payment to the plan as determined by the actuary using a contribution allocation procedure. It may or may not be the amount actually paid by the plan sponsor or other contributing entity.

⁵ Conference of Consulting Actuaries, *Actuarial Funding Policies and Practices for Public Pension Plans*, 2nd Edition, 2024

⁶ Statement 67 also eliminates the requirement that agent plans report their ADC experience, because, as the statement says, "aggregated information about contributions to agent pension plans has limited decision utility because the pattern of contributions to each individual agent employer's pension plan would be obscured if the aggregated amounts were reported about the agent pension plan as a whole." Individual employers participating in agent pension plans each have their own actuarial experience, with their own liability and contribution rate. Many agent plans permit employer members to contribute more than the ADC.

⁷ Statement 67 requires plans to report their ADC experience if an ADC is calculated. Since contribution requirements for fixed rate plans are set in statute, some of these plans do not report their ADC experience and instead compare their contributions received to the legal or statutory requirement.

⁸ Effective for any actuarial report issued on or after February 15, 2023, ASOP No. 4 will require the disclosure of a so-called reasonable actuarially determined contribution, which requires following a contribution allocation procedure that adheres to a set of conditions specified in the standard. For more information, see here: <http://www.actuarialstandardsboard.org/asops/asop-no-4-measuring-pension-obligations-and-determining-pension-plan-costs-or-contributions/#321-reasonable-actuarially-determined-contribution>

Recent Contribution Experience

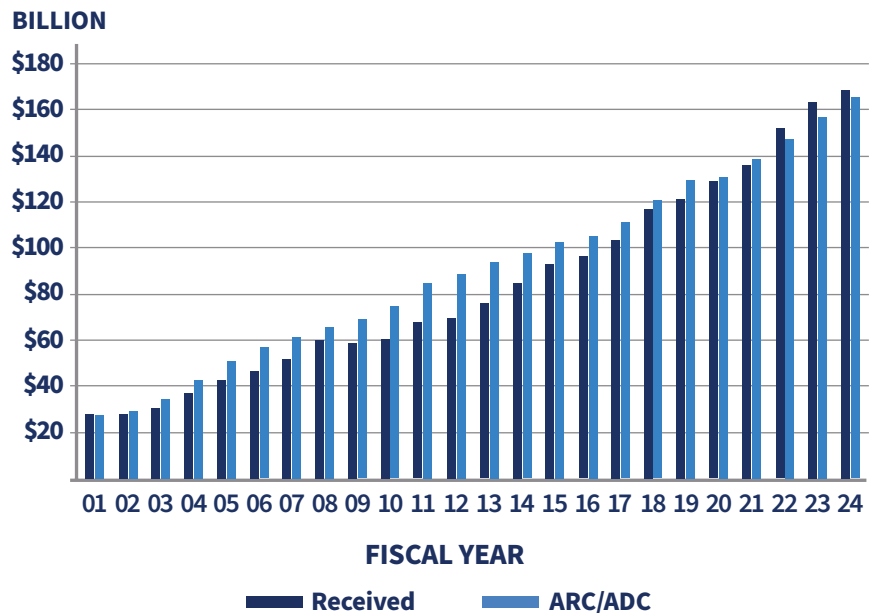
Figure B charts aggregate contributions received in FY 24 by the plans included in this analysis compared to the aggregate actuarially determined contribution for the year. Contributions received in FY 24 increased over FY 23 by 3.2 percent, growing from \$163 billion to \$168 billion. This is the lowest rate of year-over-year growth since FY 16 and reflects a decline from the prior two years, FY 22 and FY 23, when contributions received grew by 7.2 percent and 11.8 percent, respectively. One reason for this lower rate of growth is that the change in the ADC from FY 23 to FY 24 also is lower than in most recent years.

Even with this lower rate of growth, the overall contribution experience reflects an effort among state and local governments to pay a larger portion, including more than 100 percent, of their actuarially determined pension contributions. Figure C illustrates that the median percentage of ADC received in FY 24 was again 100 percent. The dollar-weighted average was down slightly from FY 23, but at 102 percent, remained above 100 percent for the third consecutive year and the fifth consecutive year in which the aggregate ADC experience was above 98 percent.

Following the recession of 2007-09 and the market decline of 2008-09, many public pension plans changed their funding policies and practices, resulting in increases in required contributions. Many of these changes also included implementation of more aggressive funding policies; lower investment return assumptions; updated mortality assumptions; and reduced amortization periods.

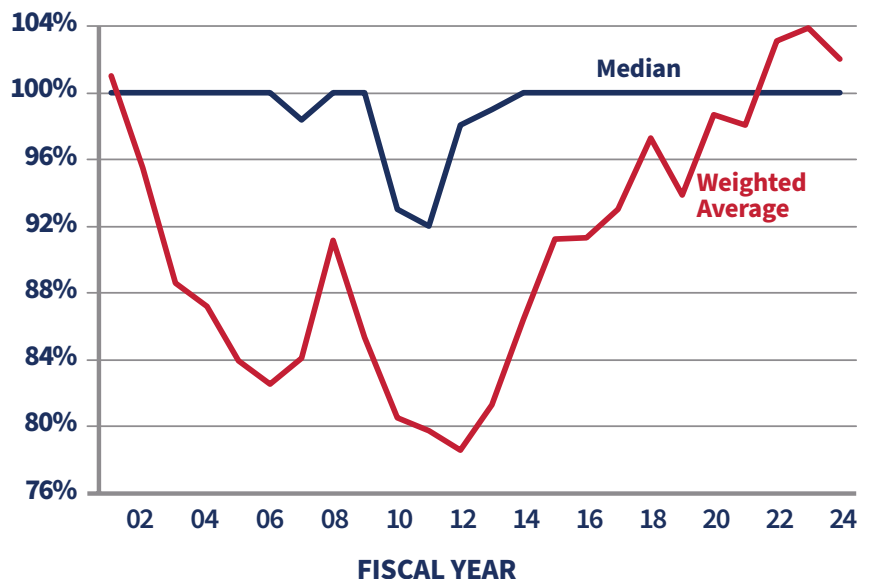
These efforts to increase contributions and improve pension funding levels are also visible in this brief's appendix, which focuses on the 10-year period ended in FY 24. The appendix lists each plan's contribution received as

FIGURE B: Inflation-adjusted change in ARC/ADC and employer contributions, FY 01 to FY 24



Source: State retirement system financial reports, compiled by NASRA

FIGURE C: Median and weighted average employer contributions as a percentage of ARC/ADC, FY 01 to FY 24



Source: State retirement system financial reports, compiled by NASRA

a percentage of its actuarially determined contribution for FY 15 and FY 24, and the weighted average contribution for the 10-year period. The weighted average contribution received in FY 15 was 91.2 percent, which rose in FY 24 to 102.0 percent. As mentioned previously, the FY 24 experience marked the third consecutive year above 100 percent, a level not seen since FY 01.

Dedicated Funding Sources

In recent years, a growing number of public employers established dedicated public pension funding sources to supplement or replace other sources of funding for employer contributions to public pensions. Traditionally, contributions to public pension funds come from employers' general fund and other sources that are used to pay employees. Such dedicated funding sources include dedicated sales taxes, insurance policy surcharges, budget surplus monies, mineral and severance tax revenues, and others. Perhaps the most notable source of dedicated funding is in the State of New Jersey, which in 2017 transferred rights to all net proceeds generated by the state lottery to the state pension plans.⁹

Contributions above the ADC

As shown in Figure D, continuing a trend seen in recent years, some plans received more than their ADC in FY 24, and some of these same plans have consistently received contributions well above the actuarially determined amount. Some of these are agent plans, in which each employer has its own actuarial experience and required contribution rate, and some employers elect to contribute more than the actuarially determined amount.

Contributions above the ADC can be made for a variety of reasons, including a statutory fixed contribution rate that exceeds the actuarially determined contribution; with surplus revenue, such as from a budget surplus; changes to the timing of contributions, such as from one fiscal year to another; and to pre-fund targeted benefits, such as a cost-of-living adjustment.

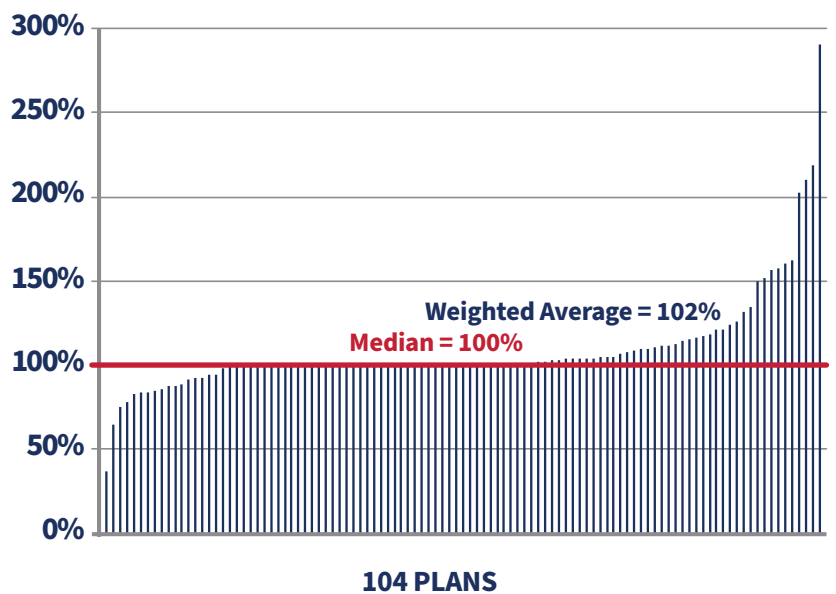
After operating for decades on a pay-as-you-go basis, for most of the past 20 years, the West Virginia Teachers' Retirement System has received its full required contribution,

including an average of 109 percent of its ADC since FY 11. Over the last 20 years, the plan's contribution sources have included state budget surplus funds and a portion of the state's tobacco settlement monies, used to reduce the state's unfunded actuarial liability. In 2010, legislation approved in West Virginia directs 10 percent of revenues from the state tax on fire insurance premiums and casualty insurance policies to the Teachers' Retirement System.

During the past decade, public employers in Nebraska—chiefly the state and counties—have contributed an average of more than 150 percent of the ADC to the defined benefit plan for school teachers and the cash balance plans for state and county employees. Employer contributions for Nebraska plans are set in statute at rates higher than the actuarially determined contribution rates.

In some cases, surplus contributions are directed to public pension funds by state law. For example, in 2011 Louisiana voters passed a constitutional amendment that directs 10 percent of the state's budget surplus from the prior fiscal year to the unfunded liability of LASERS and TRSL. A 2023 ballot measure passed by voters increased the percentage to 25 percent and expanded the target plans to include the state's School

FIGURE D: Distribution of employer contributions received in FY 24 as a percentage of actuarially determined contribution



Source: State retirement system financial reports, compiled by NASRA

⁹ Funding Policies@NASRA.org, <http://www.nasra.org/funding>

Employees' and State Police Retirement Systems.

In 2014 California voters approved Proposition 2, which amended the California Constitution to require the state to set aside certain excess revenues each year to pay down specified state liabilities, including unfunded state pension liabilities. Enacted state budgets for fiscal years 2022 through 2025 identify a total of approximately \$7.8 billion in supplemental contributions to CalPERS¹⁰.

Budgetary controls implemented in Connecticut in 2017, known as fiscal guardrails, require that excess revenues in volatile categories be captured and deposited into the state's Budget Reserve Fund (BRF). Per state policy, when the BRF reaches a specified portion of state spending, a provision is triggered directing the remainder of the volatility transfers and remaining operating budget surplus to pay down debt, including in the state pension plans. Pursuant to this policy, over \$10 billion in additional contributions have been

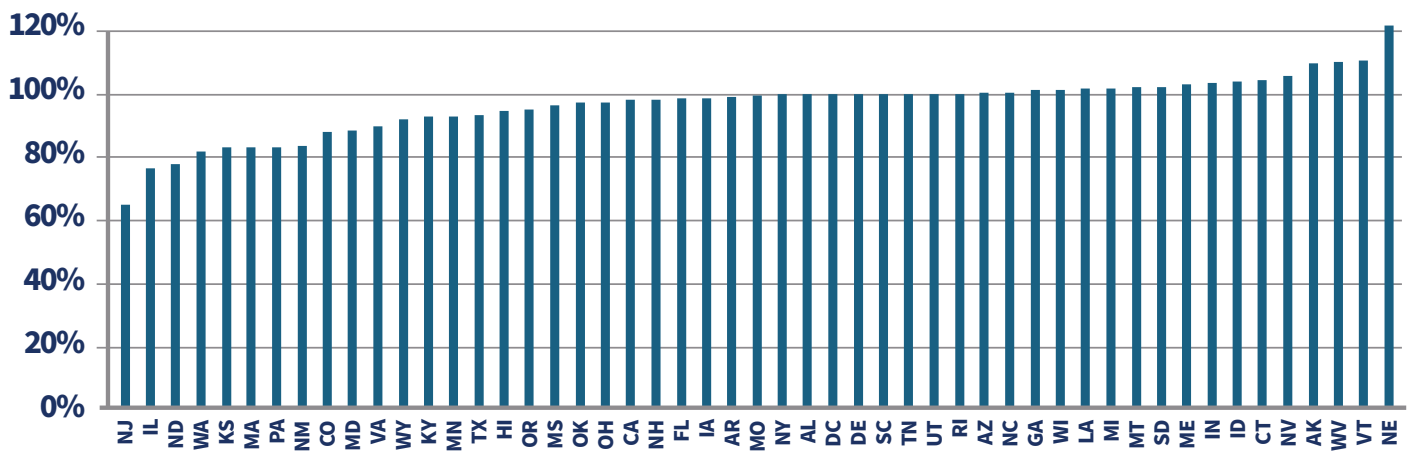
made into the state's pension funds since FY 2020.

In other cases, surplus contributions to public pension funds are discretionary, rather than being subject to a legal requirement or other formulaic provision governing their distribution. Examples in recent years include:

- 2022 legislation directed an extra \$300 million to the Employees' Retirement System of Hawaii
- The FY 2023 Missouri budget included a \$500 million extraordinary payment to the Missouri State Employees' Retirement System (MOSERS)
- The Tennessee Consolidated Retirement System has received a total of \$900 million in excess contributions directed to its State and Higher Education legacy pension plan from FY 22 to FY 24.

See more ([Selected States Appropriating Funds Above the ADEC to Public Pension Plans since FY 21, NASRA](#)).

FIGURE E: Distribution of weighted average employer contributions made to plans in this analysis for each state, for period FY 01 to FY 24



Source: State retirement system financial reports, compiled by NASRA

Governance Structure May Impact Funding Experience

NASRA research has found that public pension plan governance arrangements—the laws and rules determining the payment of contributions—affects the plan's contribution experience. Specifically, plans

whose employers are statutorily required to pay the Actuarially Determined Contribution are more likely to receive their ADC than plans with a Fixed contribution arrangement or with no legal requirement.¹¹

¹⁰ California state budget, FY22-FY25, <https://ebudget.ca.gov/>

¹¹ Employer Contribution Governance Structure and Pension Funding Experience, NASRA

Conclusion

Although employer contributions are a vital component of funding public pension benefits, only recently—over the past 30 years—has a broad consensus and practice developed that pension benefits should be funded on an actuarial basis, and on how the amount should be calculated.

The experience of state and local government employers making contributions has been mixed, with some plans consistently receiving all or more of their full actuarially calculated contributions, while other plans have consistently received less than the actuarially determined amount. In some cases, amounts contributed by employers have been substantially less. This varied contribution experience is explained in part by the wide diversity in the governance arrangement states and local governments use to make their employer pension contributions.

Actuarially calculated employer contributions increased significantly following the market declines of 2000-2002 and 2008-2009, even while in the case of some

plans, actual employer contributions have struggled to keep up with actuarially calculated levels. In FY 24, for the 13th consecutive year, aggregate employer contributions for the plans in this analysis grew from the prior year; the average annual rate of growth in employer contributions over the past 10 years is 7.2 percent. As a percentage of actuarially determined contributions, aggregate contributions in FY 24 remained near their all-time high, reached in FY 23, and remained above 100 percent for the third consecutive year. The aggregate experience is affected by one-time or regular supplemental contributions received by some plans, and obscures a wide range of experience, as some plans received less than 80 percent of their required contribution, while others received contributions in excess of 200 percent of their ADC. Many others continued to receive 100 percent of their actuarially determined contribution. Overall, as a group, public pension plans in recent years have received significantly higher contributions, measured both in dollars and as a percentage of their actuarially determined amount.

See Also

National Association of State Retirement Administrators, “The Annual Required Contribution Experience of State Retirement Plans,” 2015, http://www.nasra.org/files/JointPublications/NASRA_ARC_Spotlight.pdf

National Association of State Retirement Administrators, “Recession and Market Decline Impacts on Public Pension Plans,” 2020, <https://www.nasra.org/content.asp?admin=Y&contentid=246>

National Association of State Retirement Administrators, Issue Brief: State and Local Government Spending on Public Employee Retirement Systems, March 2025, <http://www.nasra.org/costsbrief>

National Association of State Retirement Administrators, Issue Brief: Employee Contributions to Public Pension Funds, November 2025, <http://www.nasra.org/contributionsbrief>

National Association of State Retirement Administrators, “Significant Reforms to State Retirement Systems,” 2018 and “Selected Approved Changes to State and Selected Local Public Pensions,” 2019-present FundingPolicies@NASRA.org

Contact

Keith Brainard, Research Director, keith@nasra.org

Alex Brown, Research Manager, alex@nasra.org

[National Association of State Retirement Administrators](http://www.nasra.org)

Appendix A: Basis of employer contribution and contribution history

Plan Name	History of Contributions Received		
	FY 15 %	FY 24 %	10-Year Weighted Avg % ARC/ADC Received, FY 15 to FY 24
Alaska PERS	231.7	104.3	108.1
Alaska Teachers	527.7	105.0	165.8
Alabama ERS	100.0	100.0	100.0
Alabama Teachers	100.0	100.0	100.0
Arkansas PERS	100.0	100.0	100.0
Arkansas Teachers	86.0	103.8	97.6
Arizona SRS	100.0	100.0	100.0
California PERF	100.0	111.6	116.4
California Teachers	53.1	109.9	91.3
Colorado Municipal	89.1	161.9	109.0
Colorado School	79.8	110.1	94.0
Colorado State	80.4	118.7	97.8
Denver Public Schools	11.8	218.3	84.5
Connecticut SERS	99.5	102.8	100.9
Connecticut Teachers	100.0	123.6	102.9
DC Police & Fire	100.0	100.0	100.0
DC Teachers	100.0	100.0	100.0
Delaware State Employees	100.0	100.0	100.0
Florida RS	100.0	100.0	100.0
Georgia ERS	100.1	156.2	107.5
Georgia Teachers	100.0	100.0	100.0
Hawaii ERS	97.1	100.0	93.5
Iowa PERS	101.9	111.9	104.3
Idaho PERS	98.0	85.2	103.1
Illinois Municipal	100.0	100.0	100.0
Illinois SERS	88.2	82.7	82.7
Illinois Teachers	87.3	64.9	66.2
Illinois Universities	94.2	87.9	86.1
Indiana PERF	103.6	151.8	124.8

Plan Name	History of Contributions Received		
	FY 15 %	FY 24 %	10-Year Weighted Avg % ARC/ADC Received, FY 15 to FY 24
Indiana Teachers	102.7	100.3	102.4
Kansas PERS	74.5	101.8	92.1
Kentucky County	100.3	100.0	92.1
Kentucky ERS	100.2	121.0	107.9
Kentucky Teachers	61.2	100.0	96.7
Louisiana SERS	103.6	109.1	104.4
Louisiana Teachers	107.5	110.4	105.6
Massachusetts SERS	72.0	94.5	81.1
Massachusetts Teachers	72.0	94.5	80.9
Maryland PERS	83.9	100.0	95.3
Maryland Teachers	89.4	100.0	95.7
Maine Local	100.0	100.0	100.0
Maine State and Teacher	100.0	100.0	100.0
Michigan Public Schools	90.1	116.6	110.8
Michigan SERS	114.5	112.1	102.8
Minnesota PERF	83.2	150.2	111.1
Minnesota State Employees	73.7	160.0	109.6
Minnesota Teachers	74.0	104.4	92.2
Missouri DOT and Highway Patrol	100.0	100.0	99.1
Missouri PEERS	98.0	99.7	103.0
Missouri State Employees	100.0	100.0	111.7
Missouri Teachers	98.6	98.5	106.0
Mississippi PERS	96.7	92.5	94.3
Montana PERS	102.4	100.0	98.1
Montana Teachers	100.0	100.0	100.0
North Carolina Local Government	101.6	121.2	104.5
North Carolina Teachers and State Employees	100.0	100.0	100.5
North Dakota PERS	65.9	126.2	70.4
North Dakota Teachers	101.5	102.0	100.6
Nebraska County Cash Balance	163.0	132.0	143.0

Plan Name	History of Contributions Received		
	FY 15 %	FY 24 %	10-Year Weighted Avg % ARC/ADC Received, FY 15 to FY 24
Nebraska Schools	138.0	210.0	147.3
Nebraska State Cash Balance	158.0	135.0	148.6
New Hampshire Retirement System	100.0	100.0	100.0
New Jersey PERS	53.3	103.6	83.1
New Jersey Police & Fire	76.6	100.7	90.4
New Jersey Teachers	23.4	104.1	72.5
New Mexico PERF	80.9	78.0	75.2
New Mexico Teachers	87.6	105.2	83.0
Nevada Police Officer and Firefighter	98.0	84.0	96.1
Nevada Regular Employees	87.0	88.0	95.8
New York State Teachers	99.1	100.0	99.9
NY State & Local ERS	100.0	100.0	100.0
NY State & Local Police & Fire	100.0	100.0	100.0
Ohio PERS	100.0	100.0	100.0
Ohio School Employees	100.0	100.0	101.1
Ohio Teachers	105.9	202.5	153.9
Oklahoma PERS	145.0	290.1	187.6
Oklahoma Teachers	127.8	105.1	105.7
Oregon PERS	100.0	100.0	100.0
Pennsylvania School Employees	78.5	100.0	97.6
Pennsylvania State ERS	92.5	100.0	108.4
Rhode Island ERS	100.0	100.0	100.0
South Carolina Police	100.0	100.0	100.0
South Carolina RS	100.0	100.0	100.0
South Dakota RS	115.1	100.0	102.0
Tennessee Consolidated Retirement System	100.0	100.0	100.0
Texas County & District	104.0	108.0	104.3
Texas ERS	67.9	100.0	95.3
Texas Municipal	100.0	103.2	101.7
Texas Teachers	93.6	100.5	94.7

Plan Name	History of Contributions Received		
	FY 15 %	FY 24 %	10-Year Weighted Avg % ARC/ADC Received, FY 15 to FY 24
Utah Noncontributory	100.0	100.0	100.0
Virginia Retirement System	83.5	106.7	98.2
Vermont State Employees	125.1	115.6	120.0
Vermont Teachers	100.1	114.3	116.4
Washington LEOFF Plan 2	100.0	85.4	99.3
Washington PERS 1	101.8	75.4	95.5
Washington PERS 2/3	96.5	88.7	94.8
Washington School Employees Plan 2/3	102.8	91.7	95.0
Washington Teachers Plan 1	102.4	36.9	89.2
Washington Teachers Plan 2/3	99.2	83.9	94.2
Wisconsin Retirement System	100.0	100.0	100.0
West Virginia PERS	103.4	157.6	134.4
West Virginia Teachers	107.9	117.8	110.1
Wyoming Public Employees	85.9	92.4	83.4
Weighted Avg	91.2	102.0	97.9

Note: GASB Statement 67, which became effective in fiscal year 2015, eliminated the requirement that multiple-employer agent pension plans report aggregated employer contribution data. As a result, this data is no longer reported in this brief for some plans that were previously included in this appendix.