

TEACHERS' RETIREMENT BOARD

BENEFITS AND SERVICES COMMITTEE

Item Number: **5**

SUBJECT: Demographic Characteristics of CalSTRS Members

CONSENT: ____

ATTACHMENT(S):

ACTION: ____

DATE OF MEETING: November 6, 2014 /45 mins.

INFORMATION: X

PRESENTER: Ed Derman

PURPOSE

The purpose of this item is to report on the demographics of Defined Benefit (DB) Program members and Cash Balance (CB) Benefit Program participants, including age, gender and employer type, for the 2012–13 fiscal year.

BACKGROUND

At its meeting in July 2014, the board requested a report describing member and participant demographics in greater detail than in the actuarial valuation and other reports provided on a regular basis, to more easily examine differences in member demographics. Specifically, the board expressed an interest in differences between employer types, in particular the population employed by community colleges.

There are six employer types reflected in this analysis:

1. **K–12** employers are:
 - Traditional public schools that provide prekindergarten through grade 12.
 - Charter schools that are part of a larger school district and are reported through that school district.
2. **Community College** employers are members and participants employed by one of the 72 community college districts.
3. **Charter School** employers are K–12 charter schools that operate independently of a traditional school district and report directly to CalSTRS.
4. **County Office of Education** employers are county offices of education that provide fiscal oversight and administration over school districts in their county, as well as provide some specialized educational services to students in their county.
5. **Other** employers are:
 - Regional occupational programs in which career technical education is provided through the California Department of Education's 72 Regional Occupational Centers statewide.
 - A small population of members with employers that are primarily state agencies. For example, former local teachers who become educators for the California Department of Education or the California Department of Corrections and Rehabilitation could continue to be CalSTRS members.

6. **Unknown** are members who retired prior to 1988–89, the earliest year that data on employer type is available in CalSTRS’ current pension administration system.

DEMOGRAPHICS OF DEFINED BENEFIT PROGRAM MEMBERS

Total Population

To provide a broader framework for the study, CalSTRS staff first analyzed total membership over the past five years, from 2008–09 to 2012–13. It remained comparatively stable, from 662,658 in 2008–09 to 653,130 in 2012–13, a decline of 1.4 percent. The ratio between active and retired members shifted down slightly over that period—from 69 percent active and 31 percent retired in 2008–09 to 64 percent active and 36 percent retired in 2012–13. This likely reflects a combination of reduced staffing due to recent school budget problems and the number of members retiring each year outpacing the number of retired members dying.

Figure 1. Total Active and Retired DB Members by Fiscal Year

	2008–09		2009–10		2010–11		2011–12		2012–13	
Active	459,009	69%	441,544	67%	429,600	66%	421,499	65%	416,643	64%
Retired	203,649	31%	213,952	33%	222,222	34%	230,278	35%	236,487	36%
TOTAL	662,658		655,496		651,822		651,777		653,130	

Defined Benefit Members by Employer Type

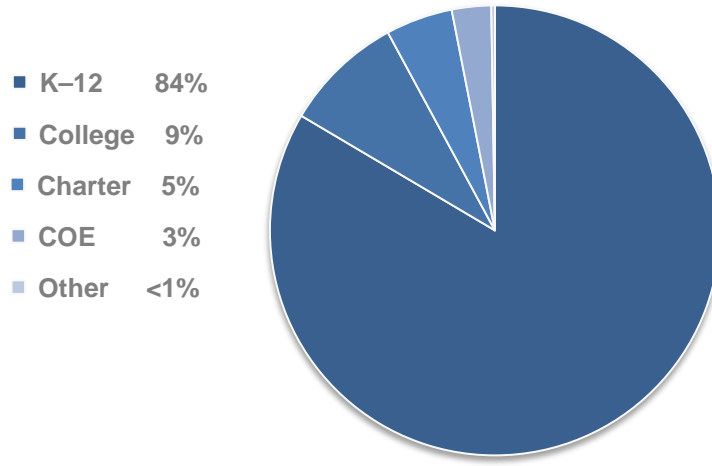
As of the 2012–13 fiscal year, the ratio between active and retired members in the K–12 and Community College segments is similar to the aggregated ratio between active and retired members in the overall population (about 2:1), while the County Office of Education and Other segments are closer to a 1:1 ratio. A notable outlier is the Charter School segment, which is 92 percent active and 8 percent retired, primarily because it is a relatively new employer type.

Figure 2. Total Active and Retired DB Members by Employer Type

	K–12		College		Charter		COE		Other		Unknown		TOTAL	
Active	347,929	64%	35,843	61%	20,033	92%	11,765	54%	1,073	57%	0	0%	416,643	64%
Retired	198,178	36%	23,228	39%	1,626	8%	10,220	46%	799	43%	2,436	100%	236,487	36%
TOTAL	546,107		59,071		21,659		21,985		1,872		2,436		653,130	

Of the employer types, K–12 represents by far the largest percentage of both active and retired members, reflecting the much larger student population of that education sector. Eighty-four percent of active members work for a K–12 employer. The next largest segment is Community College at 9 percent.

Figure 3. Active DB Members by Employer Type

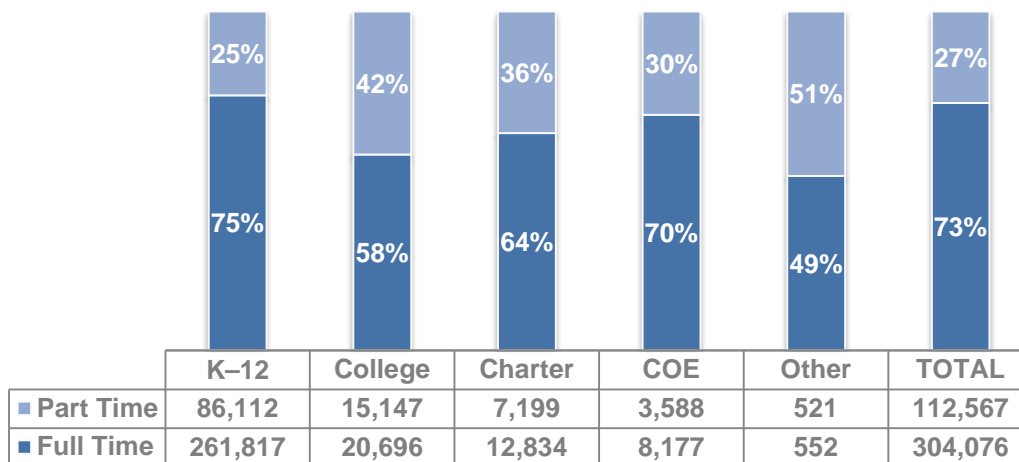


Employer Type and Time Base

Members with full-time assignments account for most of the DB Program membership. As of the 2012–13 fiscal year, there are 304,076 active members with full-time assignments (73 percent) and 112,567 active members with part-time assignments (27 percent).

When the time-base data is further segmented by employer type, members with full-time assignments make up the majority in most segments, but that percentage varies by employer type. In the K–12 segment, full-time assignments account for the largest majority (75 percent), while in the County Office of Education, Charter School and Community College segments, the full-time majority becomes progressively smaller (70, 64 and 58 percent, respectively). The Other segment is the only one in which full-time assignments are in the minority (49 percent).

Figure 4. Active DB Members by Employer Type and Time Base



Employer Type and Gender

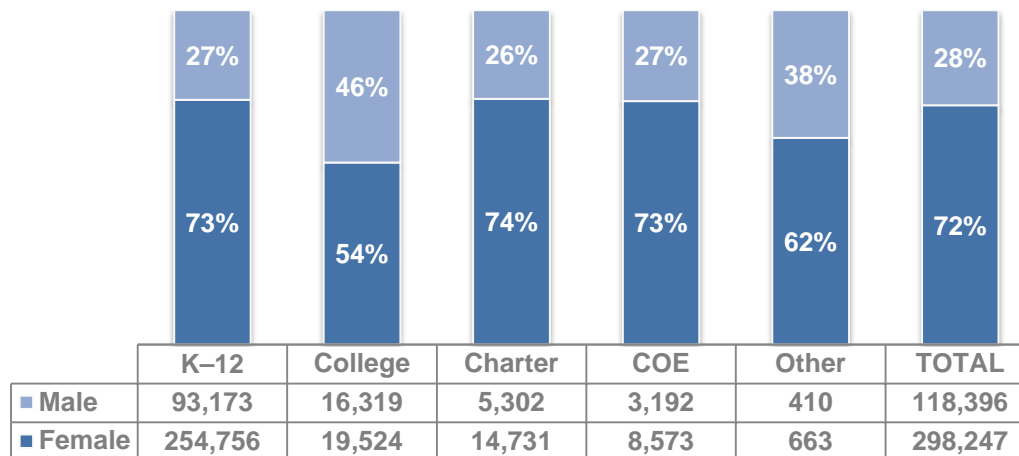
Female members comprise a large majority of the DB Program. As of the 2012–13 fiscal year, the program has 298,247 female active members (72 percent) and 118,396 male active members (28 percent). That is, the program has about two-and-a-half times as many women as men.

Figure 5. Active and Retired DB Members by Gender

	Active		Retired		TOTAL	
Male	118,396	28%	79,414	34%	197,810	30%
Female	298,247	72%	157,073	66%	455,320	70%

When the data is further delineated by employer type, the percentage varies. For active members in the Charter School, K–12 and County Office of Education segments, female members account for majorities (74, 73 and 73 percent, respectively) similar to that of the total active population, while in the Other and Community College segments, female members account for smaller majorities (62 and 54 percent, respectively).

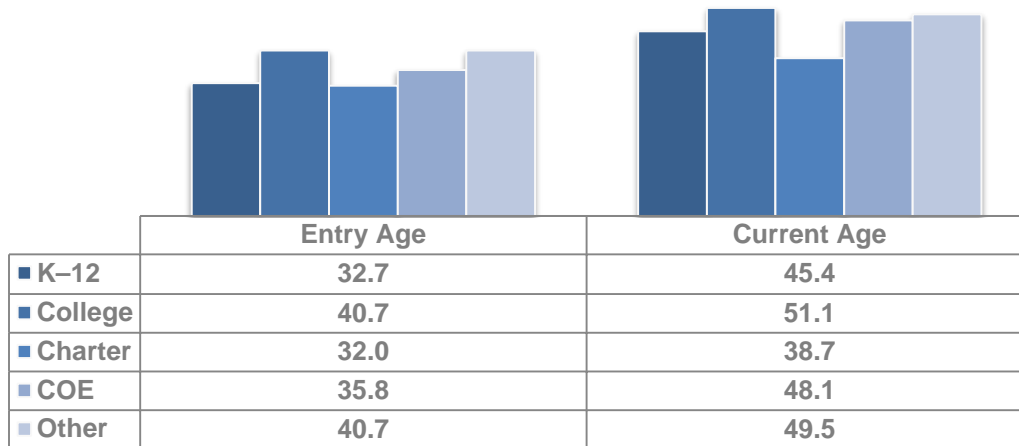
Figure 6. Active DB Members by Employer Type and Gender



Employer Type and Age of Member

Comparing the average entry and current ages of active members shows significant variation between employer types. Charter School members have the lowest average age in which they become members—about nine years younger than members in the Community College and Other segments. Similarly, the average current age of Charter School members is less than that of any other employer type—about 12 years younger than the average age of Community College members.

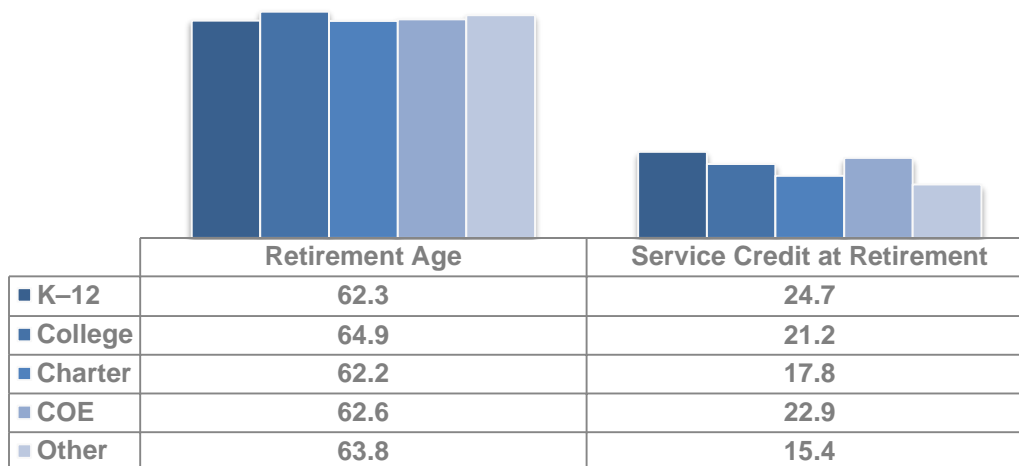
Figure 7. Active DB Members Average Age by Employer



There is also significant variation between employer types regarding how much service credit recently retired members have at retirement. K-12 members have the highest amount of total service credit (24.7), while members in the Other segment have the lowest (15.4), which is consistent with that segment’s greater reliance on part-time employees.

There is less variation between employer types regarding the average retirement age of recently retired members—ranging from 62.2 for Charter School to 64.9 for Community College.

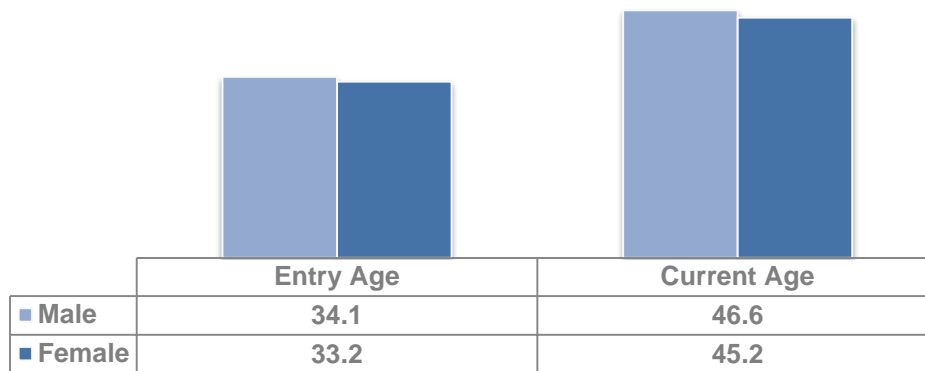
Figure 8. Retired DB Members Average Age and Service Credit by Employer



Gender and Age of Member

When comparing the average entry and current ages of active members, slight differences exist by gender. There is about a one-year difference between the average entry age for female members (33.2) and male members (34.1). Similarly, there is about a one-and-a-half-year difference between the average current age for female members (45.2) and male members (46.6).

Figure 9. Active DB Members Average Age by Gender



For retired members, the differences between genders are even smaller with a half-year difference between the average age at retirement for female members (62.4) and male members (62.9). There is also about a half-year difference between the average total service credit at retirement of female members (23.9) and male members (24.6).

Figure 10. Retired DB Members Average Age and Service Credit by Gender



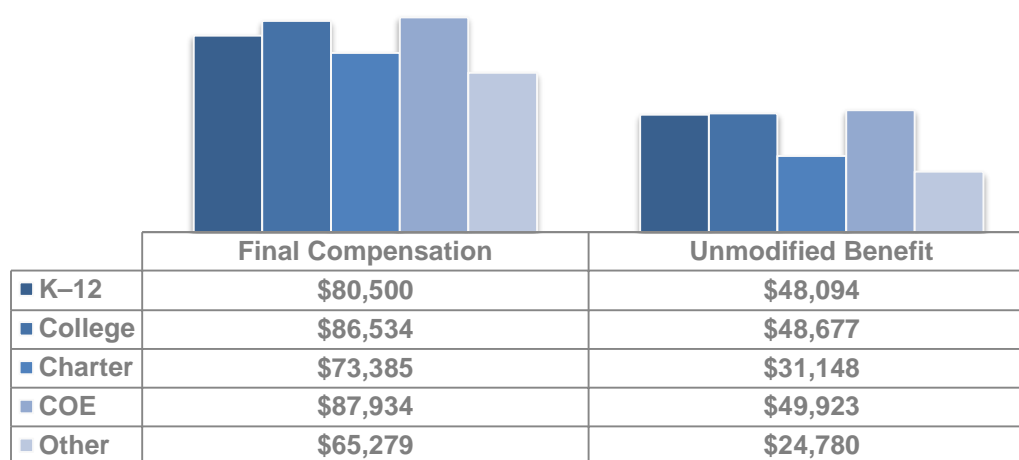
Employer Type and Final Compensation

Comparing the average final compensation and unmodified benefit of recently retired members shows significant variation between employer types. County Office of Education and Community College members have the highest final compensation (\$87,934 and \$86,534, respectively), while members in the Other segment have the lowest (\$65,279).

The average unmodified benefit shows a similar pattern. County Office of Education and Community College members have the highest unmodified benefit (\$49,923 and \$48,677, respectively), while members in the Other segment have the lowest (\$24,780), reflecting their lesser amount of service, which also likely reduces their final compensation.

It is interesting to note that while the K–12 segment has an average final compensation that is about \$7,000 less than the County Office of Education segment, its unmodified allowance is boosted by the highest average service credit at retirement compared to the other four segments.

Figure 11. Retired DB Members Average Compensation by Employer



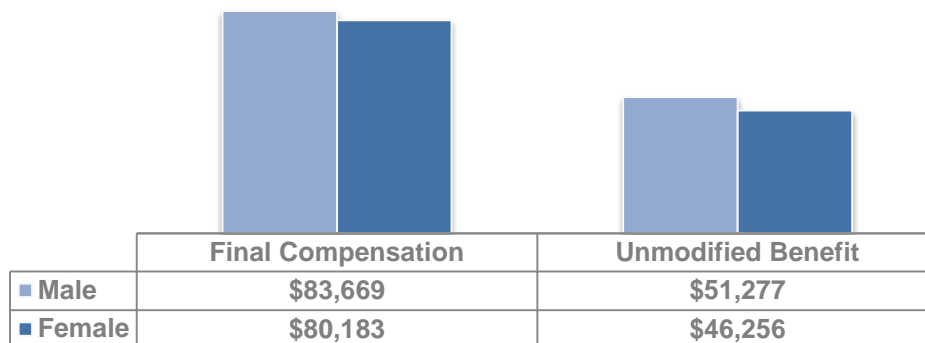
Gender and Final Compensation

When comparing the average final compensation and unmodified benefit of recently retired members, the differences between genders are a bit more pronounced. There is a difference of \$3,486 (or 4.2 percent) between the average final compensation of female members (\$80,183) and male members (\$83,669).

In addition, there is a difference of \$5,021 (or 9.8 percent) between the average unmodified benefit of female members (\$46,256) and male members (\$51,277), because male members have both higher average final compensation and higher average total service credit at retirement.

It is interesting to note that the average service credit accrued at retirement by females is 97.1 percent of the average service credit accrued by men, which is only slightly higher than the 95.8 percent of the average male final compensation that women earned. That difference probably reflects, to at least some degree, the higher representation of men in higher-paying administrative positions. The California Department of Education reports that, in 2012–13, men represented 38 percent of K–12 administrative positions, compared to 27 percent of K–12 teaching positions.

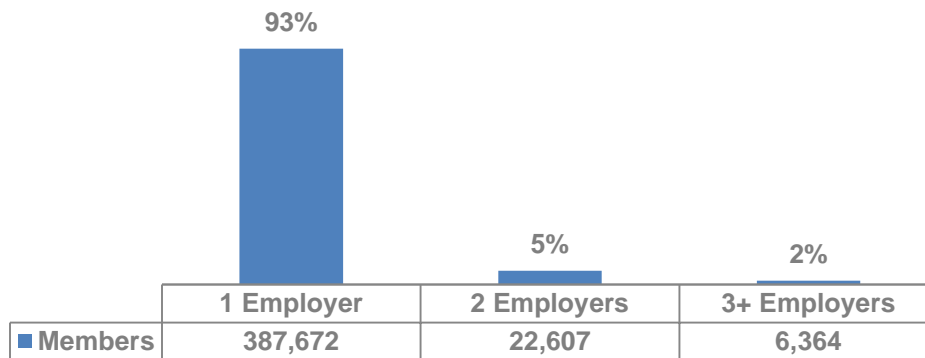
Figure 12. Retired DB Members Average Compensation by Gender



Multiple Employers

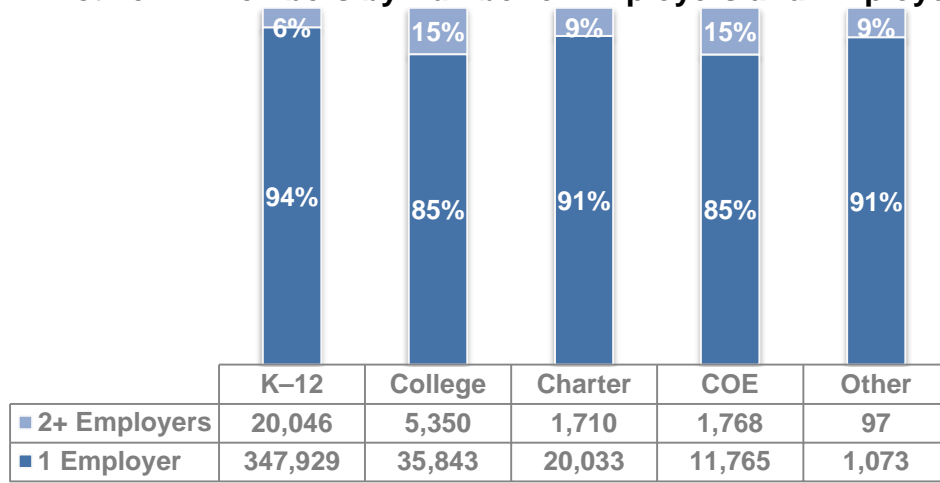
The vast majority of active members in the DB Program work for only one employer. In the 2012–13 fiscal year, an average of 93 percent of active members worked for one employer, while 5 percent worked for two employers, and 2 percent worked for three or more employers.

Figure 13. Active DB Members by Number of Employers



When the data is further segmented by employer type, the Community College and County Office of Education segments have the largest percentage of active members with multiple employers (15 percent), while the K–12 segment has the lowest (6 percent).

Figure 14. Active DB Members by Number of Employers and Employer Type



Of the active members with one employer, 72 percent are female and 28 percent are male, which is the same gender ratio as that of the overall active population. For active members with multiple employers, the ratio shifts slightly—65 percent are female and 35 percent are male.

Figure 15. Active DB Members by Number of Employers and Gender

	One Employer		Multiple Employers	
Female	279,404	72%	18,843	65%
Male	108,268	28%	10,128	35%
Total	387,672		28,971	

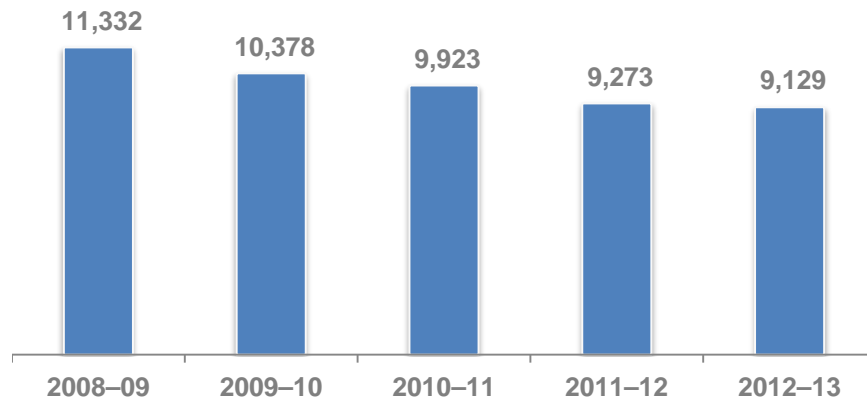
DEMOGRAPHICS OF CASH BALANCE BENEFIT PROGRAM PARTICIPANTS

The CB Benefit Program is for part-time, substitute, adjunct or temporary educators as an alternative to the DB Program, Social Security or other alternative retirement program offered by the employer.

The size of the CB Benefit Program population is approximately two percent of the size of the DB Program population. As of the 2012–13 fiscal year, there are 9,129 active participants in the CB Benefit Program, compared to 416,643 active members in the DB Program. Moreover, the number of active CB participants has decreased by an aggregate of 19.4 percent (or 1,771 members) over the past five fiscal years (2008–09 to 2012–13), which is more than twice the rate of decline of the larger active DB population (9.2 percent) over the same period.

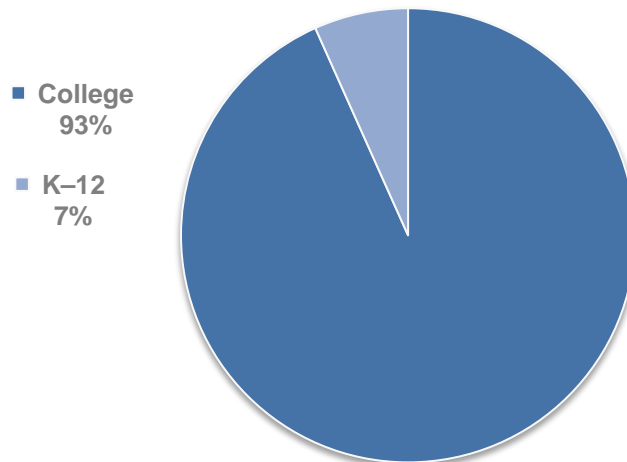
One reason for the more significant decline in the participation in the CB Benefit Program is that changes in state law in 1998 made the DB Program more attractive for adjunct and adult education faculty in the Community College segment because it became more likely that members would vest in the program.

Figure 16. Active CB Participants by Fiscal Year



The vast majority of CB participants work for a Community College employer, which is consistent with the segment’s greater reliance on part-time employees compared to other employer types. While 93 percent of active participants work for a Community College employer, 7 percent work for a K–12 employer.

Figure 17. Active CB Participants by Employer Type

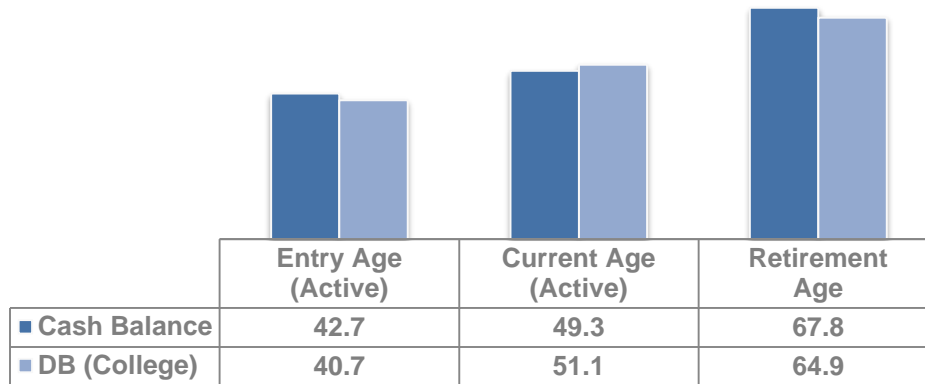


The ratio between males and females among CB participants is more balanced than it is among DB members overall. It is consistent with the gender ratio of the Community College segment of the larger DB Program; 52 percent of active CB participants are female and 48 percent are male.

The average entry and retirement ages of CB participants are two to three years older than those of DB members employed in the Community College segment only. The average entry age of active CB participants¹ is 42.7 and the average retirement age is 67.8. For comparison, the average entry age of active DB members employed in the Community College segment only is 40.7, and the average retirement age is 64.9.

These age differences may reflect a greater likelihood that CB participants teach primarily for Community College employers to supplement their income later in their working life.

Figure 18. Active and Retired Average Age by Benefit Program



The average annual employee contribution of active participants in the CB Benefit Program is \$647, and the average annual employer contribution is \$676. The average account balance of active participants is \$10,981.