While the average funded ratio of the 170 state and local government pension plans in publicplansdata.org was 72 percent in 2016, there is wide variation in the funded levels among plans even within a single state. Figure 1 shows the distribution of funded ratios for public plans in FY 2016.

The median required contribution as a percentage of payroll was 16.4% in FY 2016.

Another factor to consider is whether employers are meeting their required contribution, a calculation that is intended to keep pension plans on a path to full funding. In FY2016, employers paid 92 percent of the aggregate required contribution.

Paying the full contribution is not a guarantee that the plan will achieve funding improvements as some plans adjust the period in which the plan is expected to be fully funded. Another funding challenge occurs when the plan's assumptions are not fully met.

Compared to 2010, just as state and local governments were facing the impacts of the Great Recession, the share of employers contributing 80% or more of their required contributions was just 37.6%. Given that baseline, with the current contribution level of 88.9%, the share of jurisdictions contributing at or near actuarially determined contribution levels has more than doubled in the last 6 years.

Pension costs are another important variable that sheds light on pension funding challenges. The PPD offers data on pension costs as a percentage of payroll.

The bulk of the pension funds assumed an inflation rate between 2.25 and 3.25%.

Investment returns vary significantly, depending on the fund's portfolio and the orientation of its investment policy. Most funds (90%) had investment return assumptions in the range of 7-8%.

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