

# Board on the Job: Public-Pension Governance in the U.S. States: Online Appendix

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## 1 Information About the Riskless Funded Ratio

In the main paper, I analyze the funded ratio and its two component parts: assets and riskless liabilities (using logged measured of both). Both assets and liabilities are estimated values. The former are based on the current market value of holdings and investments plus a portion of the prior years' unrealized gains and losses. Liabilities, sometimes more formally referred to as a plan's Actuarial Accrued Liability, are estimates of the present value of future benefits that must be paid out to employees. Pension funds self-report their funded levels, among various other actuarial indicators. In Figure 1, I present the self-reported distribution of the funded ratio.

Governments must legally send out paychecks from defined-benefit (DB) pension funds to retired employees. Further, all liabilities will have to be paid for at some point in the future. Given this certainty, some argue that it is inappropriate to use actuarial assumptions that inject significant levels of risk into the calculation of plan liabilities, specifically in terms of the level of future assets. Moreover, liabilities and assets should be calculated distinctly, as they reflect different phenomena. A riskless liabilities approach may be more appropriate, and at least should be reported alongside the traditional funded levels (see Novy-Marx and Rauh 2009, 2011; Biggs 2011). Overly high discount rates result in the under-reporting of liabilities. In my data, while the average discount rate is about 8%, the actual 1-year returns have a geometric mean of about 4.8%. In fact, the lowest discount rate observation is 6.9%, showing that rates tend to be solidly higher than the actual returns.

To be clear, riskless liabilities and funded levels do not mean that investment returns will be static each year. Instead, it means that the discount rate will be lower such that plans can reasonably bank on the actual returns meeting or exceeding that expectation, on average. Although there are different ways to estimate riskless liabilities, the fundamental idea is straightforward: the discount rate must be lower. To calculate this, I assign

benefits the same default and recovery characteristics as the national government's general obligation debt 20 years down the line, which I collected from the U.S Treasury's website and merged with the pension data.<sup>1</sup> First, I calculate the future value of the liabilities 20 years down the line using the plan's self-selected discount rate. Then, I calculate the riskless present value of the liabilities by dividing the future value by  $1 +$  the riskless discount rate, raised to the 20th power.

This approach significantly increases the size of liabilities, and in turn, pushes funded levels downward, from a mean of about 84% to 47%. However, it is important to note that other than suppressing some outliers, moving to riskless funded levels does not do a great deal to change the mostly normal distribution of the variable. In other words, when analyzing factors associated with variation in funded levels, the results should be (and are) quite similar, irrespective of the dependent variable's specification. For simplicity's sake, I report models using only riskless liabilities and funded levels. Figure 2 shows that the average plan between 2001 and 2011 had a funded ratio of about 47%, but with a great deal of variance.

Figures 7 and 8 also show that the distributions of both assets and liabilities are quite right-skewed. Aside from their large size, the distributions' shapes motivate the decision to use logged measures. Doing so imposes a more normal distribution, which better comports with traditional regression assumptions. Additionally, logging downplays especially large outliers.

Another way of showcasing variation in funded ratios is to examine geographic heterogeneity over time, which I do in Figures 3–6. There is not an immediately obvious regional or partisan relationship that states seem to have with funded ratios. Prior work has shown that pensions have been popular with politicians in both parties. For example, as the governor of Wisconsin, Republican Scott Walker has been critical of public employees and rolled back collective bargaining rights. However, he bragged to fellow

partisans in 2012 that his state had the best-funded pension in the country (Umhoefer 2013).<sup>2</sup>

In the ‘red’ state of Alaska, though, the average riskless funded ratio over 2001-2011 was just 37.5%, which was especially low in light of the state’s small tax base. Funded levels dropped sharply there below the national average in 2002 and 2009, demonstrating particular sensitivity to both recessions. Blue states similarly run the gamut. California, which has the most public employees in the country, had an overall ratio of 58.6%. This happened even as the state’s major fund, CalPERS, divested from tobacco in the early 2000s, likely costing hundreds of millions of dollars in foregone revenue.

## **2 Information About Other Variables**

The descriptive statistics for all relevant variables are presented in Table 1. In Figures 9 - 11, I present the bivariate relationships between plans’ discount rates and the board variables. Figures 12 – 14, in comparison, present graphs of the bivariate relationships between the funded ratio and the board variables. Though these do not control for any other factors or provide causal accounts, they are worth considering in their own right.

## **3 Contribution Rates and Investment Returns**

Defined benefit (DB) and defined contribution (DC) plans are financed in a similar way: both depend on contributions from employees, employers, and investment returns. Employers in DB plans, however, must pay employees their ‘defined benefits,’ irrespective of investment returns. They bear the all of the risk, in other words. In pure DC plans, employers bear none of the risk. In so-called ‘hybrid’ plans, the risk is shared. In well-funded plans, employer contributions should come entirely from assets.

Plan managers wish or are forced to maintain plan generosity by not raising employee

contribution rates. Figure 15 shows that employee contributions have remained quite flat from 2001-2011. At the same time, employer contributions have increased, likely in an attempt to cover increasing costs. However, as discussed in the main paper, governments' actual contributions have consistently fallen short of their required contributions, on average.

There is a great deal of evidence that governments have allowed their plans to take on more risk over the years, especially since doing so, when combined with more lax accounting practices, allows politicians to maintain or expand the size of employee benefits without having to raise taxes. As early as 1978, a survey of state and local plans conducted by the national government pointed out that state governments seemed to have little desire to inform the public about these costs: "In the vast majority of public employee pension systems, plan participants, plan sponsors, and the general public are kept in the dark with regard to a realistic assessment of true pension costs. The high degree of pension cost blindness is due to the lack of actuarial valuations, the use of unrealistic actuarial assumptions, and the general absence of actuarial standards" (Congress 1978).

Given the pressure to essentially do more with less, boards began expanding the size and scope of investments to pay for rising liabilities.<sup>3</sup> While governments have promised investments will pay off in the long-run, this strategy led to more heterogeneity in funded levels. According to Governmental Accounting Standards Board (GASB) employee Girard Miller, reducing risk and enhancing assets by increasing employer contributions would require increasing taxes: "Many would agree with me that using risk-free rates of return to value public plans (which enjoy a long term horizon and capacity to prudently assume equity risks) will almost assuredly overburden today's taxpayers" (Mitchell 2009, pp 2-3).

I present a graph of investment returns over time in the main paper, which shows both that there is a great deal of fluctuation in returns every year, and that the discount

rate is significantly higher than mean actual returns. In becoming increasingly reliant on investments, boards typically operate on the assumption that their portfolios eventually will deliver the required returns. Unsurprisingly, this is one of the most controversial public-sector plan practices in recent years. Plans also have adjusted their investment strategies over time, in an attempt to realize these large returns on which they have increasingly come to depend. Figures 17-20 show how these different types of investments have changed over time in the data.

## 4 The Possible Role of Unions

In the main paper, I consider the percentage of public employees who are covered by unions within the state as a metric or proxy for overall union power. Downs (1967) and Niskanen (1968) argue organizations need resources to survive, incentivizing workers to organize to expand compensation. Unions seem like an especially salient culprit behind rising costs, particularly as battles to curb collective bargaining rights play out in states like Wisconsin and Ohio. Government employees are more likely to belong to unions than their private-sector counterparts: membership grew from about 10% of employees in the 1950s to about 38% in 2011 (Munnell et al. 2011). In the private sector, however, membership shrunk from about 35% in the 1950s to just 7% in 2010.<sup>4</sup> In my data, just under 40% of public employees are unionized.<sup>5</sup>

Evidence is mixed as to whether unions actually expand benefits and salaries for employees, though. Freeman and Valletta (1988) find employees in states with strong collective bargaining laws had higher wages than their counterparts in other states. Kearney and Morgan (1980a, 1980b) recover significant wage gaps across various types of public employees.<sup>6</sup> Lewis (1986) and Jarrell and Stanley (1990) survey 75 studies, and recover a wage gap of about 8 to 12%, with substantial gaps in fringe benefits.

Taking a regression-discontinuity approach, however, DiNardo and Lee (2004) recover

a null effect of collective bargaining on wage differentials and several other private-sector employer outcomes.<sup>7</sup> Lovenheim (2009) find a similar null result for teacher pay, but show union presence leads to more employment. Munnell, Aubry, and Quinby (2011) do not find a significant relationship between unions and pension growth, but do find a correlation between membership and slightly higher wages. In contrast, Anzia and Moe (2015) find unions increase the number of state and city employees, as well as the size of salaries, health benefits, and pensions.

## 5 Additional Background on Pension Actuarial Techniques

The plan sponsor chooses the discount rate, which is based on the yields from plan investments. Plans utilize either Market Valuation of Liabilities (MVL) or Actuarial Accrued Liability (AAL) to calculate discount rates. MVL involves equating the discount rate with the current market rate of a group of high-quality fixed income investments, which makes it more responsive to economic fluctuations. Specifically, it utilizes a portfolio of traded securities that matches employee benefits in amount, timing, and payment probability. The portfolio is independent of the expected return on investments, meaning that market performance does not affect the funded ratio simply due to using MVL. In comparison, AAL uses longer actuarial smoothing periods to spread costs into the future. The vast majority of public plans use AAL, as seen in Figure 21. The actuarial plan type is used in liability estimation. My data contain four of six possible cost-estimation methods, as seen in Figure 22.

The Entry Age Normal (EAN), Projected Unit Credit (PUC), and Traditional Unit Credit methods all directly calculate liabilities at each evaluation date. In comparison, the Frozen Initial Liability and Attained Age Normal methods evaluate liabilities at one date, but do not update in the future, except to amortize liability funded by plan contributions. Lastly, the Aggregate Method does not determine any accrued liability

and counts all liabilities as future normal costs, meaning plans appear 100% funded at all times. In the private sector, plans always utilize PUC. In the public sector, though, any plan type is considered acceptable. While some plans in my data use the aggregate method, I lump this with other approaches due to its small frequency.

## 6 Board Composition to Reign in Low Funded Levels?

One potential challenge in studying pensions is that it can be difficult to pin down the direction of causality between plans and the various forces that likely influence them over time. Here, I hypothesize that although external economic and political forces may shape board composition, boards also will exert their own direct influence on pensions. Alternatively, it could be the case that boards have no such direct effects, and changes in them merely reflect prior plan policies or funded levels. Under this latter possibility, politicians would simply use boards to push plan policies in their preferred directions.

Table 1 in the main paper shows that there is no evidence that board composition shifts in response to either prior investment returns or the prior discount rate. There is some evidence, though, that board composition is sensitive to prior investment strategies, meaning that politicians very well could seek to influence or exploit boards' investment powers.

However, there is no evidence here that politicians 'rein in' plans with lower funded ratios. In Table 2, I rerun the regression from Table 1 in the main paper, this time also including the plan's lagged funded ratio as a covariate. Plan fixed effects ensures that the focus is solely within plans over time. As can be seen, the lagged funded ratio is insignificant, ruling out the possibility that boards change in response to the prior funded ratio. This suggests that effects between board membership, discount rates, funded ratios, assets and liabilities are more likely to be driven by boards themselves, rather than the other way around.



## 7 When Boards Change, What Makes them Change?

While board staff does vary across plans and over time, it is often likely to remain static. Though Table 1 in the main paper generally examines the factors associated with these changes, we may instead accept that some boards never change, and instead simply focus on those that do. That is, I ask here, given that a board changes, what characteristics is it likely to have? This provides additional insight into the factors associated with changes in boards. Here, I stratify on the boards that do change between 2001 and 2011, and re-run the model in the main paper.

I present the results in Table 3. Once again, active membership insulates plans from politicization, and encourages the appointment of active and retired members to boards. Polarization is also now significant across the models, showing that more polarized governments will seek to exert greater control over pensions, and likely other aspects of government, as well. Interestingly, there is some evidence that more polarized states are keen to place more retired appointees on boards, but not active ones. Boards also seem sensitive to investment policy decisions. Interestingly, politicization does seem to increase here in response to lower prior-year investment returns, providing potential evidence that at least some reining in may occur in response to poor investment returns.

## 8 The Next-Year Funded Ratio and Board Membership

To further assess the relationship between funded ratios and board membership, I regress the funded ratio in year  $t$  on the independent variables at time  $t - 1$ , and present the results in Table 4.

The results are largely consistent with the those in the main paper, though retired boards have a negative and significant effect in two of the non-instrumented models. Aside from the board variables, the lagged Republican legislative control variable has a

negative and significant impact on plan funded ratios across all specifications. This may suggest that upturns in Republican legislative control have a delayed negative impact on funded ratios. The other variables, though, are largely consistent with the results from the main paper.

## 9 The Effects of ‘Large’ Changes in Boards on Funded Ratios

As a further test of how boards shape funded ratios, I examine how more dramatic changes in board composition shape funded levels. To be clear, these changes are quite rare, and tend to result from legislation designed to alter boards. In comparison, the results in the main paper incorporate the effects of all plans, irrespective of the size of changes in their boards. Here, I focus on comparing large changes against observations with no change. To measure this, I take a first-differenced approach, which accounts for whether or not the board has changed from the prior year. I then use a dummy variable to code large changes as those greater than or equal to an absolute value of 0.2 in any of the three board variables. Moreover, I create separate dummy variables for large positive and negative changes. Thus, there are six total variables capturing large positive and negative changes in board composition.

The regression is otherwise the same as in the main paper, except that the dependent variable and all other independent variables are first-differenced. I present the results in Table 5. Among the board variables, positive large changes in the politicization variable have mixed and insignificant effects. In model (2), though, large negative changes in politicization are associated with increased funded ratios. This provides some evidence that boards may become healthier as governments cede direct influence over their management. In comparison, large changes to the active variable negatively influence funded ratios, whether positive or negative. It seems likely that such dramatic changes in active membership on boards destabilize plans to some degree, irrespective of the direction of

the change. This implies that the positive relationship between active membership on boards and funded ratios is driven by smaller changes and the positive portion of large change effect. Consistent with the results from the main paper, though, shifts in retired board membership are not significant.

Interestingly, legislative professionalism is now significant, suggesting that in some cases, professionalized legislatures may be more likely to recognize a need to make more significant changes to pension plans and their management, thereby improving funded ratios.

## 10 Boards and Employer Contributions

Boards determine required employer contributions. However, they do not control actual contributions, which legislatures decide. I examine the former in Table 6, and the latter in Table 7, which both portray empirical support for this fact. Though it is possible that boards could exercise unofficial influence over states actual contributions, there is little evidence that this is actually happens.

In Table 6, we see that active board membership primarily plays a role in shaping the size of the employer contribution as a percentage of payroll. Perhaps counterintuitively, boards with greater levels of active membership are associated with smaller required contributions from governments. This could reflect a fact that such boards are more distanced from politicians, and strategically ask for less. In Table 7, active membership plays less of a role, suggesting that board composition is not a primary driver of states' decisions to make their actual contributions into plans. Though I do not report it here, plans' funded ratios increase significantly when states make greater portions of their required contributions into funds. This suggests that board influence on the funded ratio, as recovered in the main paper, is not due to influencing actual contributions.

Among the other variables, legislative professionalism also is associated with requests

for more contributions into pensions. In a few of the specifications, public safety plans seem to receive larger actual contributions from states, even as they do not ask for significantly more money. This may provide some evidence for their relative popularity with politicians relative to other types of public employees. Overall, these results show that board personnel, politics, and plan policies can influence required employer contributions. Of course, though, that does not mean that elected officials will then choose to make those full contributions. Boards have little influence over this, and unfortunately, states increasingly fail to make their full employer contributions into pensions.

## **11 Boards and Employee Contributions**

I then move onto examining whether and how boards influence employee contributions as a portion of total payroll in Table 8. Boards generally do not set employee contributions, which are one of the key proxies of plan generosity. The power to change contributions typically rests with state legislatures. As such, we might expect a greater role for the political variables here compared to boards. Indeed, that is the case: none of the board variables significantly impact employee contributions as a portion of payroll.

Among the political variables, there is evidence that greater polarization is associated with larger employee contributions. In comparison, more Republican legislatures ask less from public employees in contributions from their salaries. Thus, legislative conditions seem to have much more impact than board membership on employee contributions.

## **12 Boards and Investment Returns**

Given that plans rely heavily on investments, it is useful to examine them as a dependent variable. Here, I regress the one-year returns on all of the independent variables, and present the results in Table 9. Useem and Mitchell (2000) argue that board-setting

allocations do not affect investment returns. Instead, they find that boards are more likely to have indirect effects through their choice of investment policies. Consistent with their finding, I do not see clear evidence that boards impact investment returns.

There is a positive effect of union coverage on returns, though it is only significant at the 10% level in most of the specifications. None of the political variables appear to affect returns, however, showing that neither Republican nor Democratic-leaning states appear to enjoy an edge in successfully predicting future investments.

After accounting for lagged investment returns, none of the plan variables are significant, either. This includes the four major types of investment (equities, real estate, bonds, and alternatives). Thus, there is no ‘correct’ investment type. Each has its own risks and benefits. Unsurprisingly, the economic control is very significant here. Plans would likely to well to diversify their investment strategies and limit costly fees.

### **13 Boards and the Gap Between Expected & Actual Investment Returns**

Separately, we might care about the degree to which discount rates accurately reflect or match actual investment returns over time. The use of a higher discount rate in a particular plan may not be problematic if it is accompanied by strong investment returns. I present the results of regressing the difference between the discount rate and the mean plan return from 2001-2011 on the independent variables in Table 10. Positive coefficients mean that the discount rate is large relative to the actual investment returns. The results show that in the models lacking the actuarial controls, the retired board trustee variable is associated greater discrepancies between the actual and assumed returns. The other board variables are not significant.

Among the other significant variables, legislative gridlock is associated with less real-

istic discount rates. This implies that such governments lean on investments in unrealistic ways to cover long-term costs, which could be ominous for pensions in such states. Similarly, unions have a positive effect, suggesting that discount rates are larger in plans located in states with greater public union coverage. Interestingly, public safety plans tend to use lower discount rates.

Not surprisingly, market valuation has a negative impact, meaning that it encourages the use of discount rates that may actually be smaller than the real returns. The employer contributions variable also has a positive impact here, suggesting that when employers contribute more into funds in the prior year, they tend to use discount rates that are less realistic in the following year. This might be due to the fact that plans that need to make higher government contributions could be less well run in other capacities, leading them to use unrealistic discount rates. Overall, these results show that both political forces and prior plan policies can encourage the use of unrealistic pension policies. As for boards, it would seem that retired employees employees are more likely to push for higher discount rates.

## **14 Boards and Investment Types**

Below, I consider the factors associated with the four major types of investments plans make in equities, real estate, bonds, and alternatives. The results appear in Tables 11-14. Boards matter in various ways for the allocation of investments. There is some evidence that politicized boards are more likely to invest in equities and alternatives. They are less likely to invest in bonds, however. This may reflect a greater desire among political appointees to yield larger investment returns. Active trustees are somewhat less likely to invest in alternatives and real estate, though the results are only significant in some of the specifications. Retired trustees are associated with somewhat reduced investment in bonds and alternatives and greater investment in equities.

Among the political variables, Republican control of the legislature is associated with somewhat less investment in bonds. Union coverage is associated with more investments in alternatives, and fewer investments in bonds, suggesting that states with stronger unions might prefer less traditional investment strategies.

Plans that cover teacher employees are more likely to invest in real estate, while public safety plans are somewhat more likely to pursue investments in bonds. The results also indicate that plans with smaller employer contributions are more likely to invest in alternatives. Thus, such plans may look to cover pensions' rising costs with returns from these investments rather than taxes. It is telling that this relationship only exists for alternatives: plans increasingly look to these investments to cover costs.

However, as discussed above, boards do not have a major impact on overall investment returns, with the exception of the retired trustee variables in several of the specifications (and only in specifications leaving out the plan variables, implying that such boards tend to have policies that are correlated with the drop in investment returns). It is likely that there is no ideal combination of board personnel that leads to robust and certain investment returns. In this sense, boards are not well-suited to bolster funded ratios via improved investment returns.

However, they may still be able to play a role in investments. Board would do well to avoid high side fees or investments that seem especially risky, preventing underfunding. Additionally, occasional socially active investing is probably perfectly fine, in the sense that it is probably as likely to pay off as plans' other investments, while also achieving ends that provide additional positive externalities.

## **15 Versions Without Lags and Without Fixed Effects**

Here, I re-run the models from the main paper, but respectively without lagged versions of the dependent variables as controls in Tables 15-19, and without fixed effects in

Tables 20-24. This is meant to test the assumptions of the model, as well as to account for potential Nickell bias, which can result in inconsistent estimates of causal effects when including lagged dependent variables and fixed or random effects (Nickell 1981). However, Keele and Kelly (2005) provide evidence that despite the concerns of bias, including both lags and fixed effects is the most appropriate way to model panel data, given the expectation that prior year's values play an important role in shaping those in the following year. As such, I focus on those models in the main paper, but also show here how they change when failing to control for those factors.

Generally, leaving out the lagged dependent variables does little to change the results, with the exception that plan size no longer is a significant predictor of the percent of the board that is retired. In comparison, leaving out the fixed effects, but including the lagged dependent variables results in null relationships for the board variables in nearly all specifications. As discussed in the paper, there are strong *a priori* reasons for including the fixed effects. There certainly is unobserved variation both over time and within geographies that affects pension governance. It is not surprising that excluding the fixed effects alters the significance of the results, given that the models fail to account for unobserved variation over time and within states.



## Notes

1. <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

2. Walker was accurate using using the self-reported measures. However, using the risk-less measure, Wisconsin averages about 53.8%, making it above average, but not the highest. Nonetheless, upon hearing Walker's pronouncement, the audience responded only with scattered applause.

3. Specifically, states moved away from explicit laws to the more vague Prudent Pension Rule (Cayer 1998). This nebulous rule requires sponsors make investments "with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with such aims" (Alabama 2012 CAFR).

4. Unions often translate into increased benefits for employees and higher prices, so competition tends to push against their influence. Since private companies frequently go in and out of business, and new ones typically open as closed shops, it follows unions' influence will continue to diminish in that sector.

5. A standard deviation of 17.7% suggests a great deal of variance.

6. They find that firefighters receive greater compensation and work fewer hours when unionized. Their results for police are mixed, though.

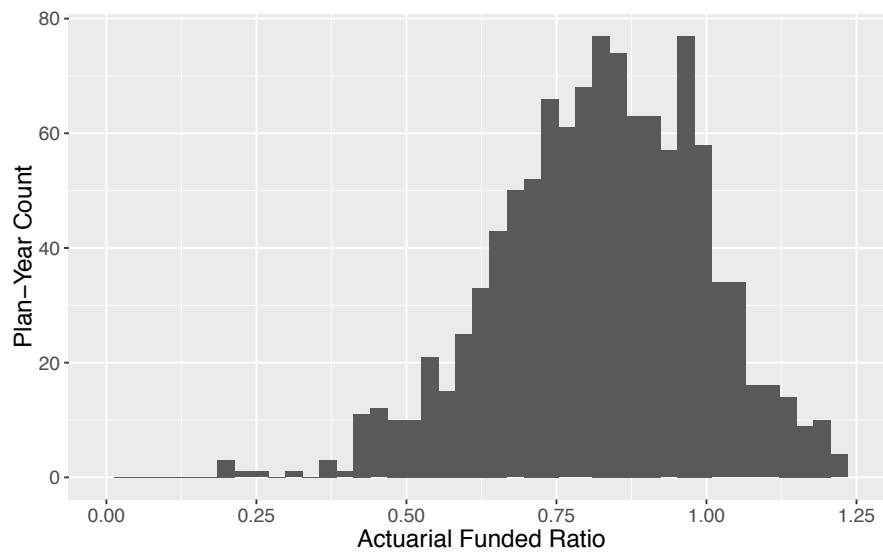
7. They compare cases where where a single vote determined union election-outcomes.

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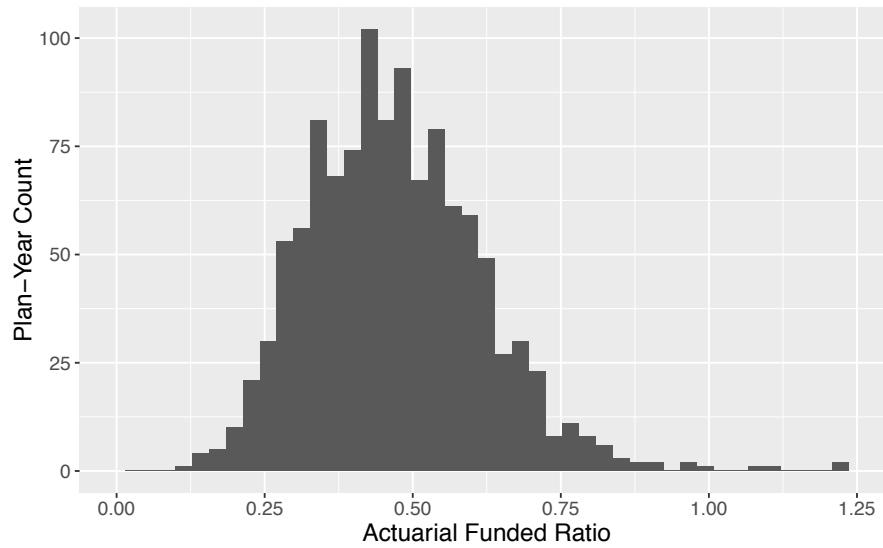
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Figure 1: Distribution of Self-Reported Funded Levels (2001-2011)



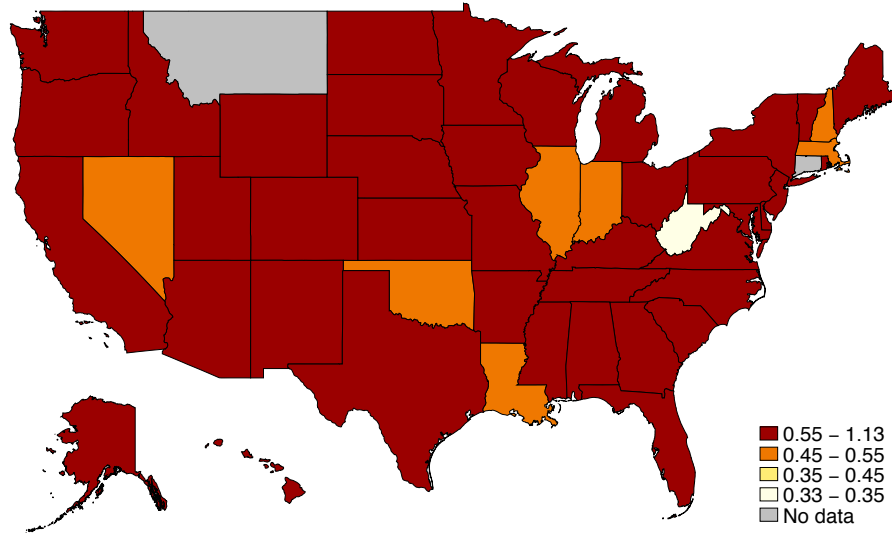
The above histogram shows the distribution of the self-reported funded ratio (assets/liabilities) for all plan-year observations (Source: Based on Data from the Public Plans Database).

Figure 2: Distribution of Riskless Funded Levels (2001-2011)



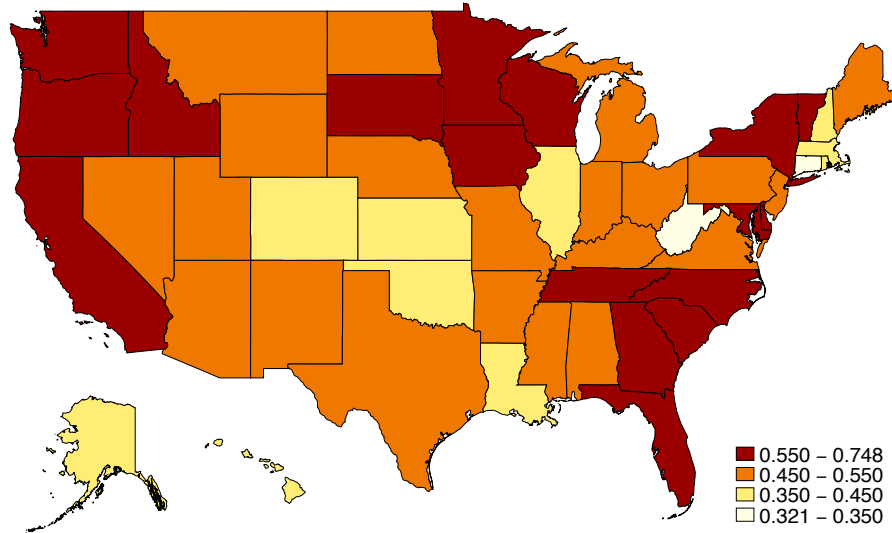
The above histogram shows the distribution of the riskless funded ratio for all plan-year observations, which is a ratio of assets to riskless liabilities (Source: Author's own calculations based on data from the Public Plans Database).

Figure 3: Average State Funded Levels: 2001



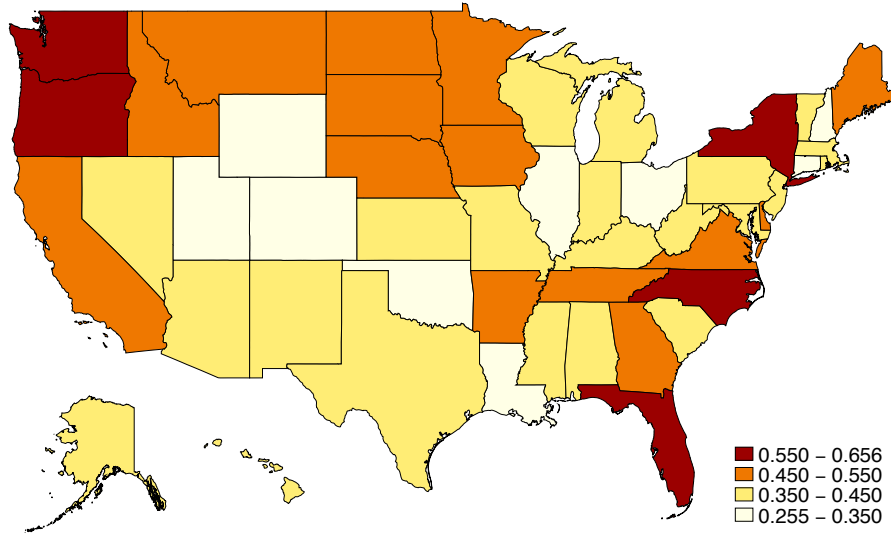
This map presents the average riskless funded ratio for all plans in the data within each state in fiscal year 2001 (Source: Author's own calculations based on data from the Public Plans Database).

Figure 4: Average State Funded Levels: 2004



This map presents the average riskless funded ratio for all plans in the data within each state in fiscal year 2004 (Source: Author's own calculations based on data from the Public Plans Database).

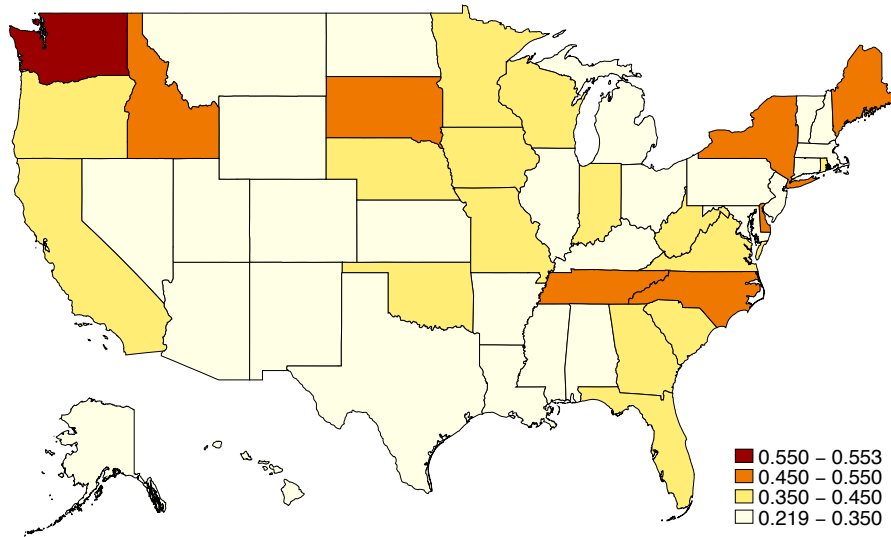
Figure 5: Average State Funded Levels: 2008



This map presents the average riskless funded ratio for all plans in the data within each state in fiscal year 2008 (Source: Author's own calculations based on data from the Public Plans Database).

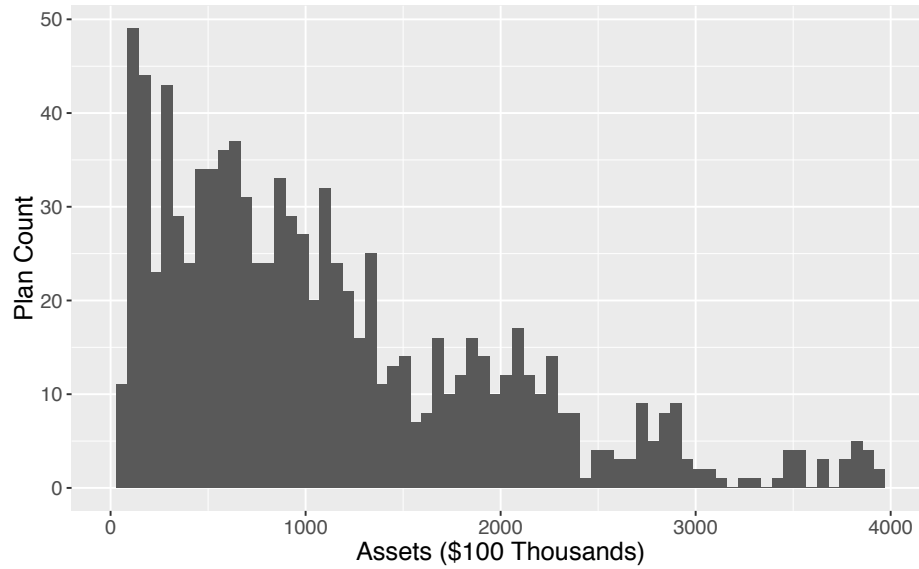


Figure 6: Average State Funded Levels: 2011



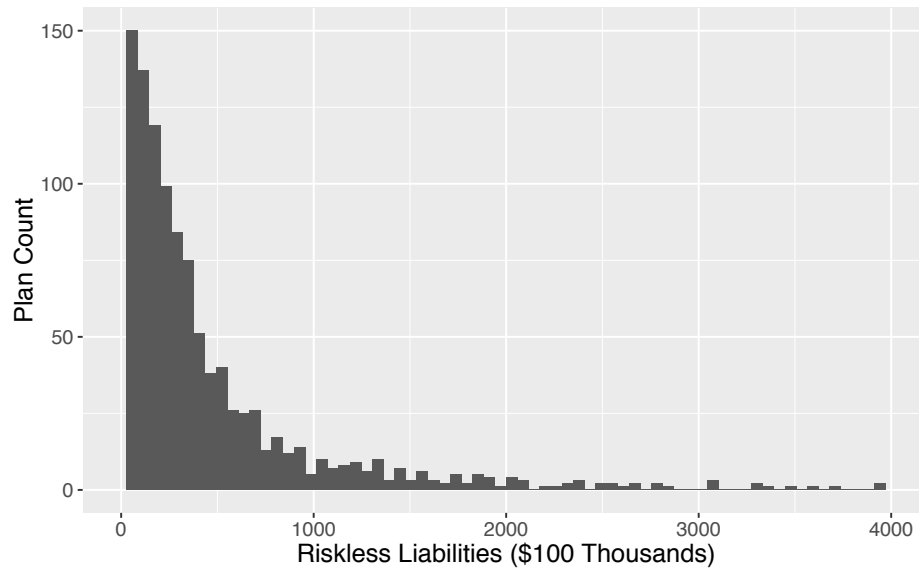
This map presents the average riskless funded ratio for all plans in the data within each state in fiscal year 2011 (Source: Author's own calculations based on data from the Public Plans Database).

Figure 7: Distribution of Plan Assets (2001-2011)



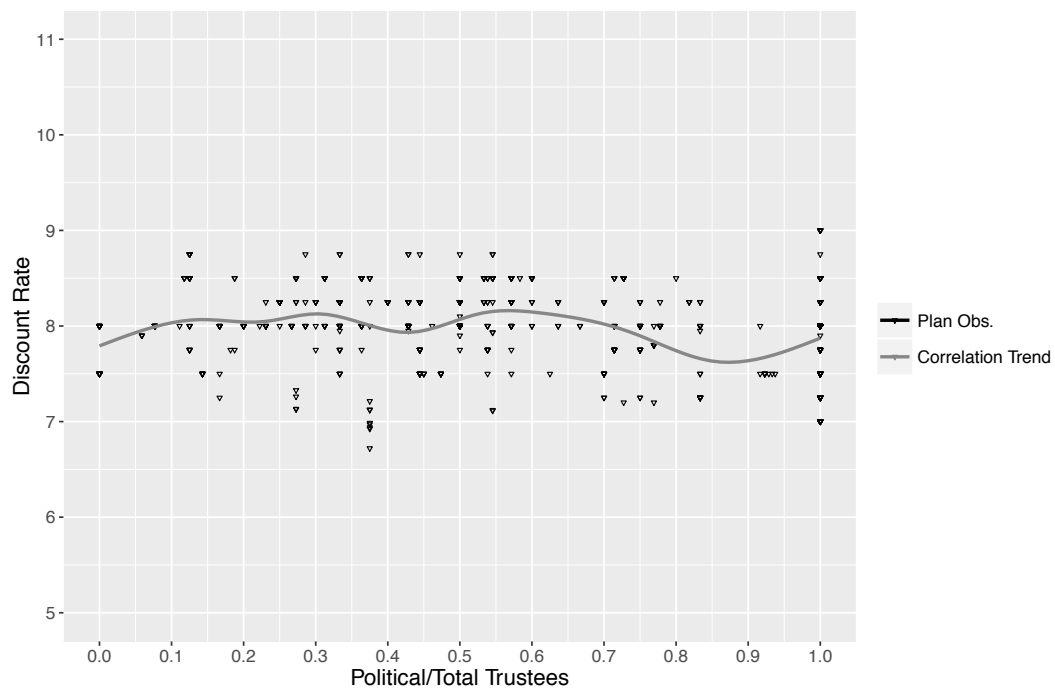
There is a fair amount of variation in plan assets, with a clear right skew (Source: Based on Data from the Public Plans Database).

Figure 8: Distribution of Riskless Plan Liabilities (2001-2011)



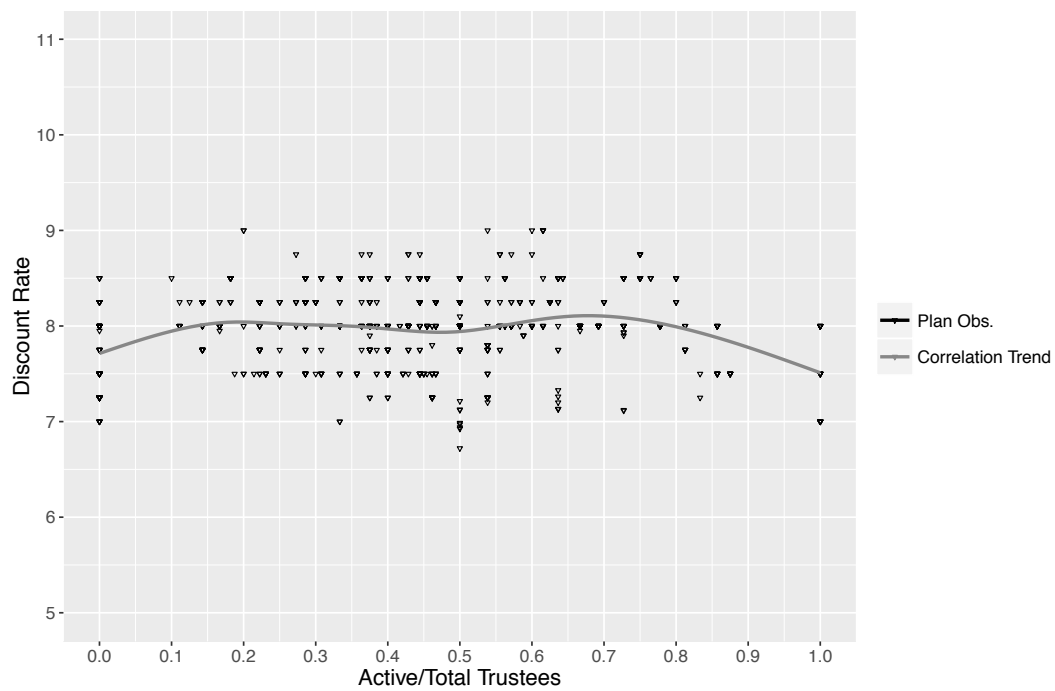
There is a fair amount of variation in plan liabilities, with a clear right skew (Source: Author's own calculations based on data from the Public Plans Database).

Figure 9: Political Trustees and Discount Rates (2001-2011)



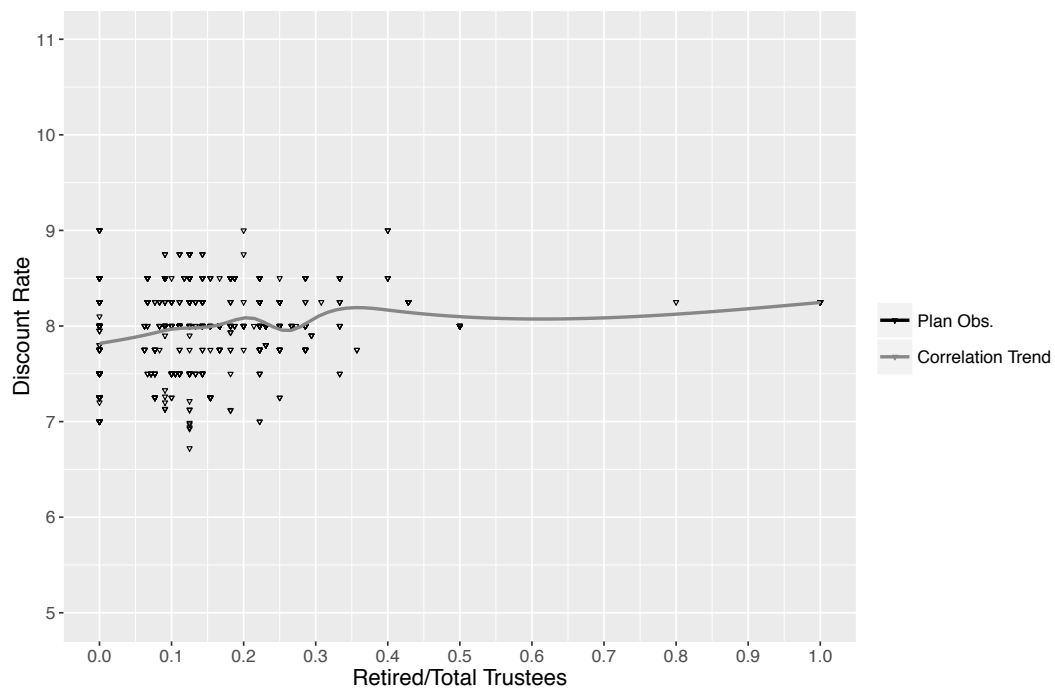
This plots the bivariate relationship between plans' discount rates and board politicization (Source: Public Plans Database and plan CAFRs).

Figure 10: Active Trustees and Discount Rates (2001-2011)



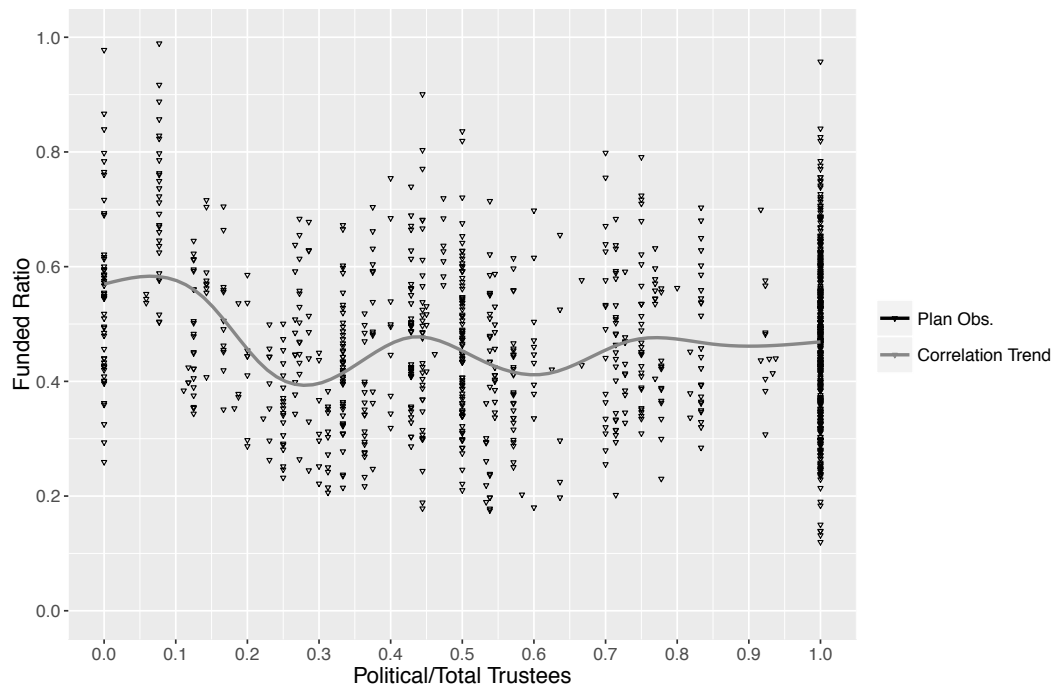
This plots the bivariate relationship between plans' discount rates and the fraction of active members on their boards (Source: Public Plans Database and plan CAFRs).

Figure 11: Retired Trustees and Discount Rates (2001-2011)



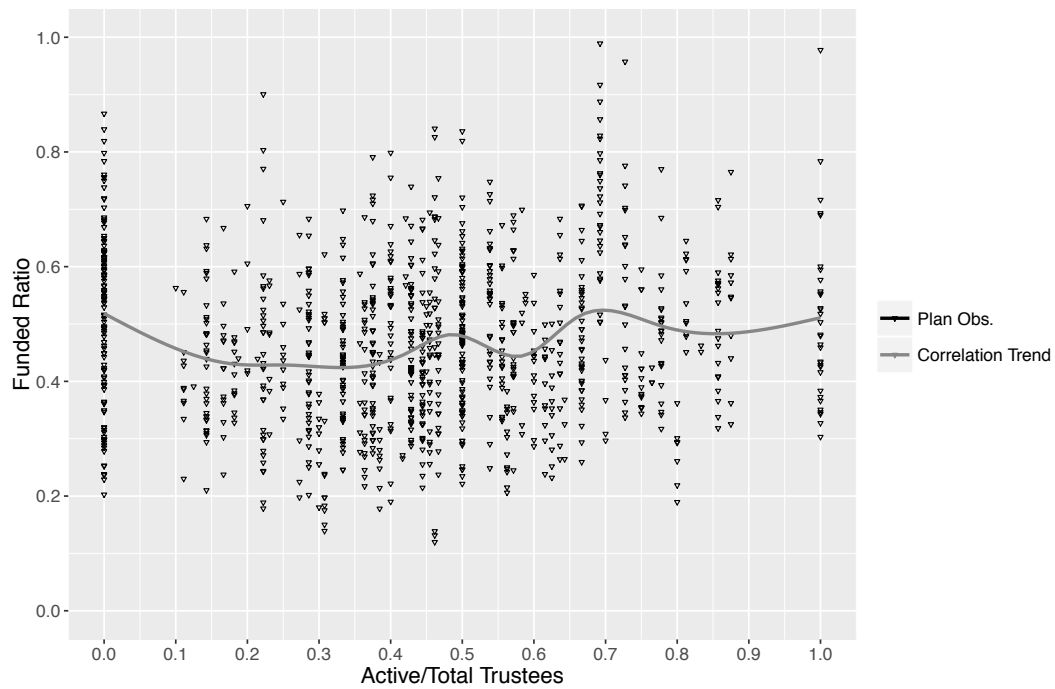
This plots the bivariate relationship between plans' discount rates and the fraction of retired members on their boards (Source: Public Plans Database and plan CAFRs).

Figure 12: Political Trustees and Funded Levels (2001-2011)



This plots the bivariate relationship between the funded ratio and the political trustees board variable (Source: Public Plans Database and plan CAFRs).

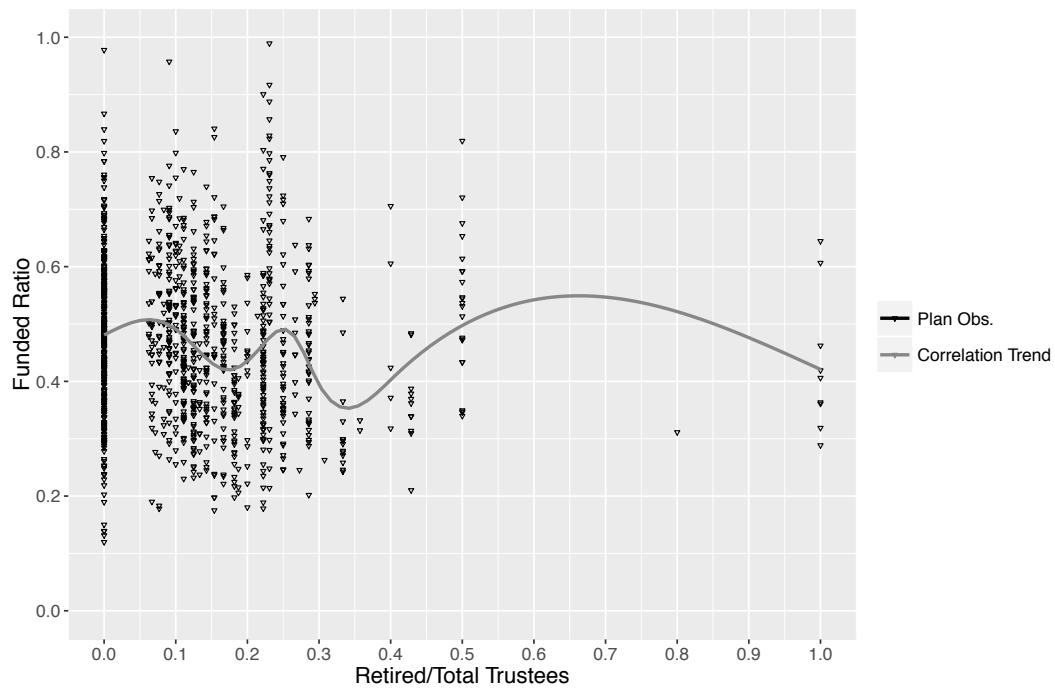
Figure 13: Active Trustees and Funded Levels (2001-2011)



This plots the bivariate relationship between funded ratios and the fraction of active-employee members on boards (Source: Public Plans Database and plan CAFRs).

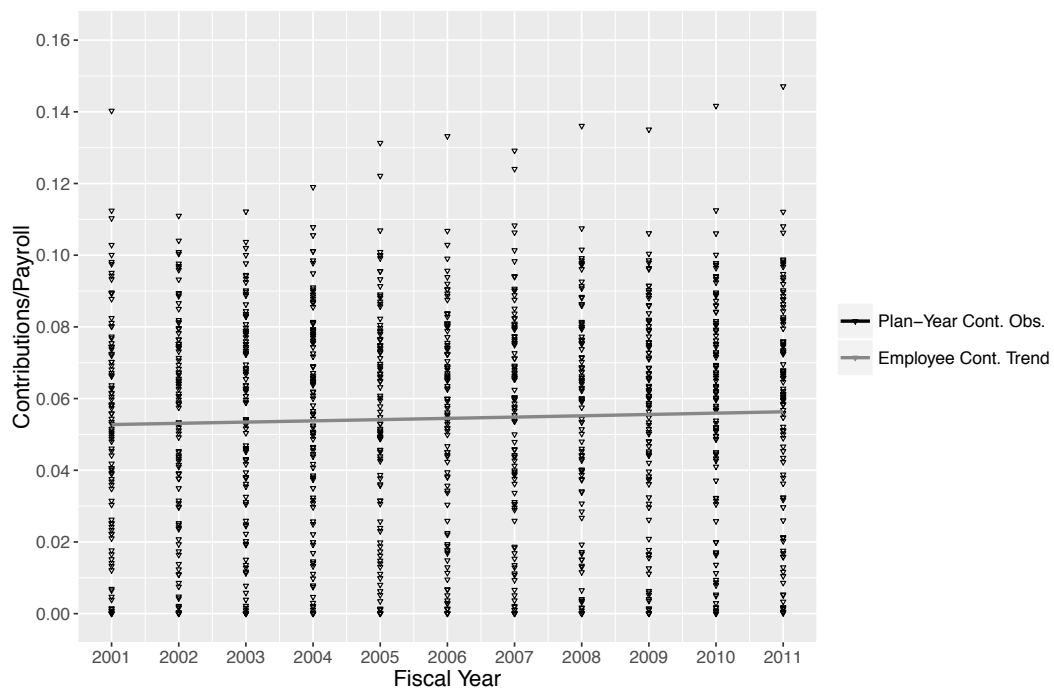


Figure 14: Retired Trustees and Funded Levels (2001-2011)



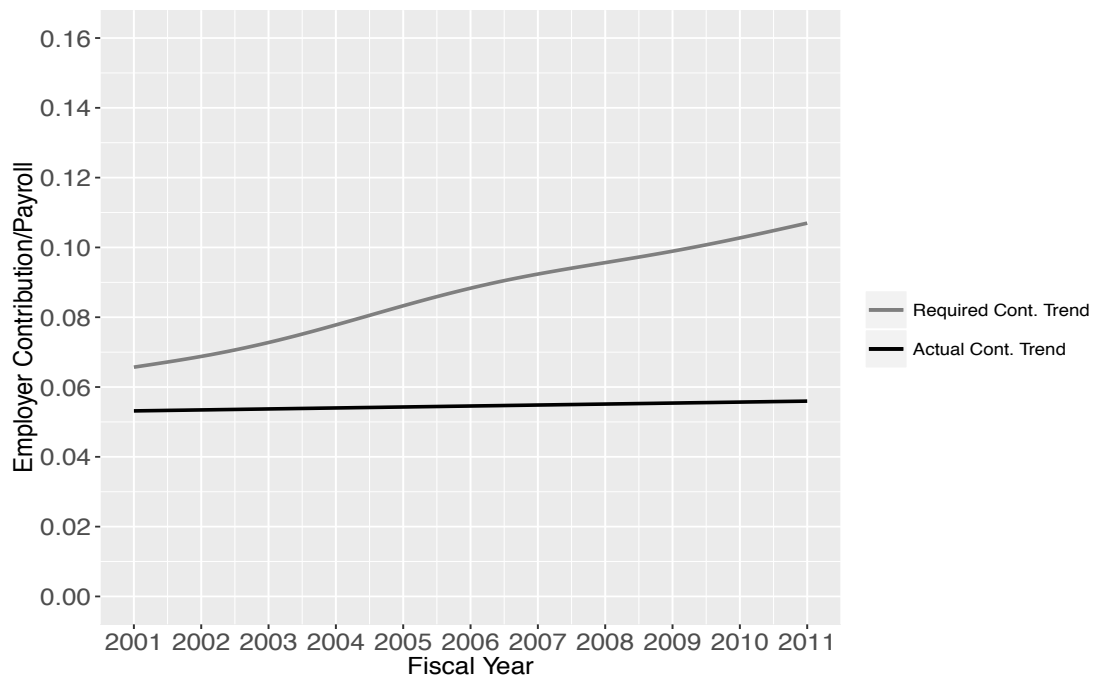
This plots the bivariate relationship between funded ratios and the fraction of retired plan members on boards (Source: Public Plans Database and plan CAFRs).

Figure 15: Employee Contributions (2001-2011)



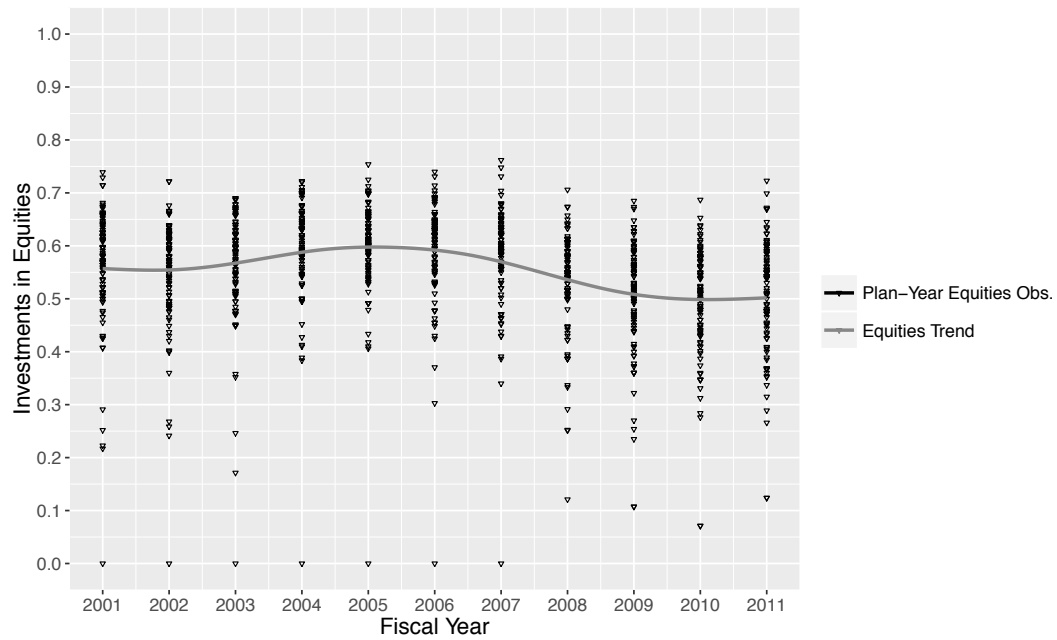
This plots the observations and trend of employee contributions as a fraction of total payroll over time. Although there is some variation, average employee contributions have remained quite flat over time (Source: Based on Data from Public Plans Database).

Figure 16: Average Required vs. Actual Employer Contributions/Payroll Over Time



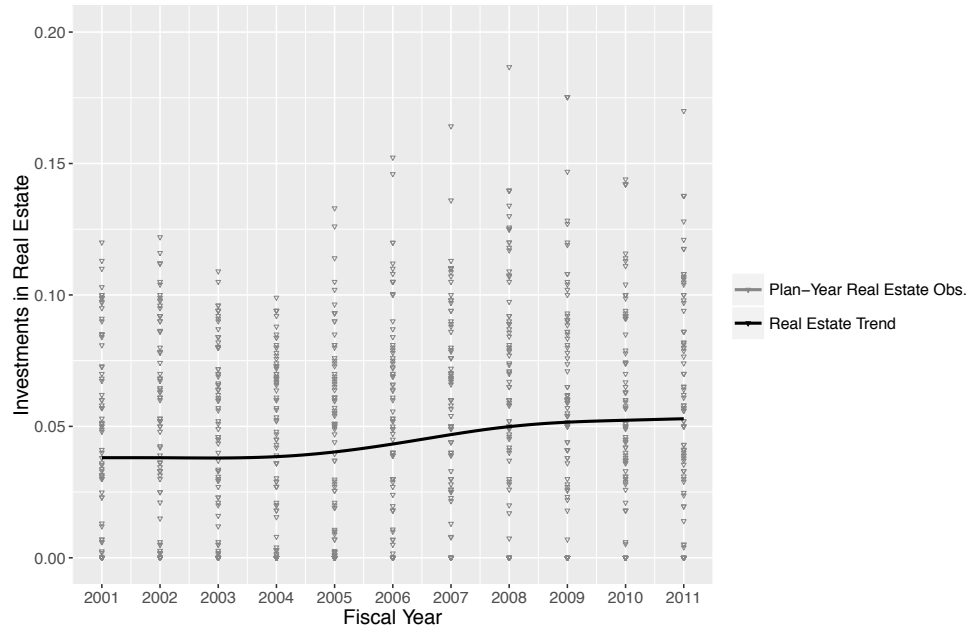
This graph plots the smoothed trends in average required and actual employer contributions, both as fractions of total plan payroll, into all plans in each year in the data. Average required contributions have risen over time in response to plans' growing liabilities. However, states' actual contributions have not increased in turn, on average (Based on Data from Public Plans Database).

Figure 17: Percentage of Plan Investments in Equities (2001-2011)



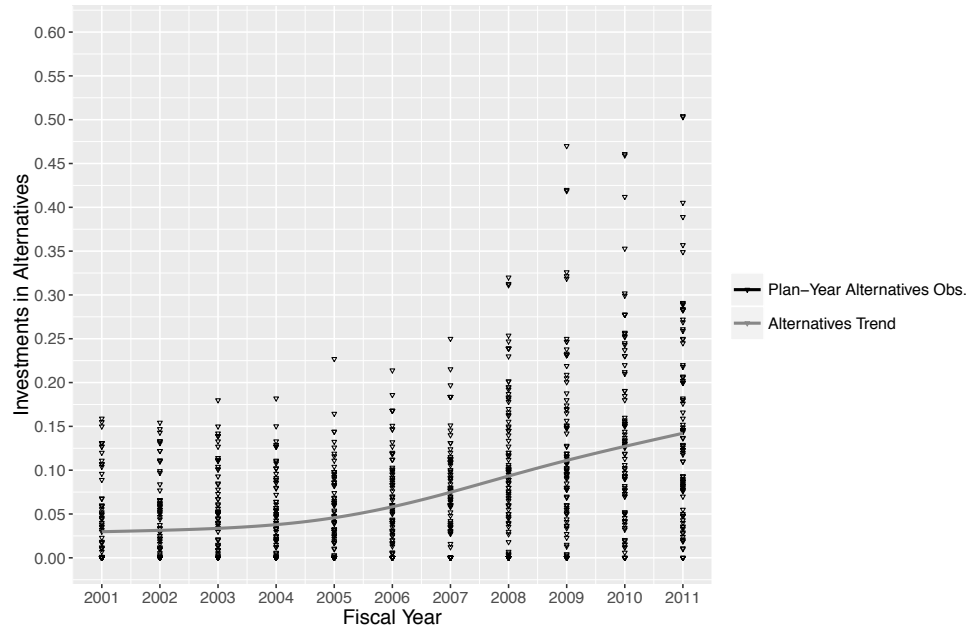
This plots the annual plan individual observations and smoothed time trend of equities investments over time (Source: Based on Data from Public Plans Database).

Figure 18: Percentage of Plan Investments in Real Estate (2001-2011)



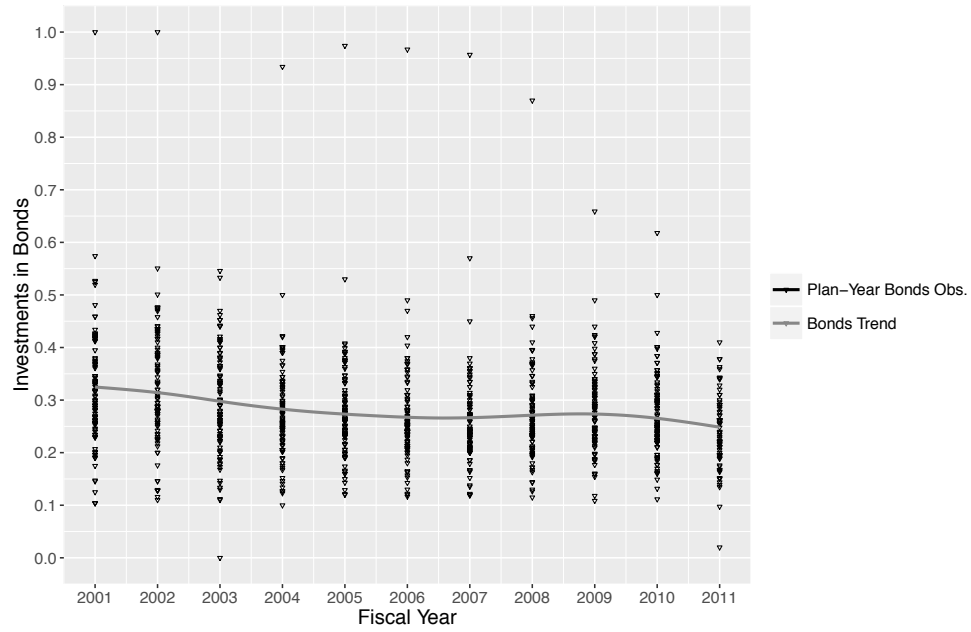
This plots the annual plan individual observations and smoothed time trend of real estate investments over time (Source: Based on Data from Public Plans Database).

Figure 19: Percentage of Plan Investments in Alternatives (2001-2011)



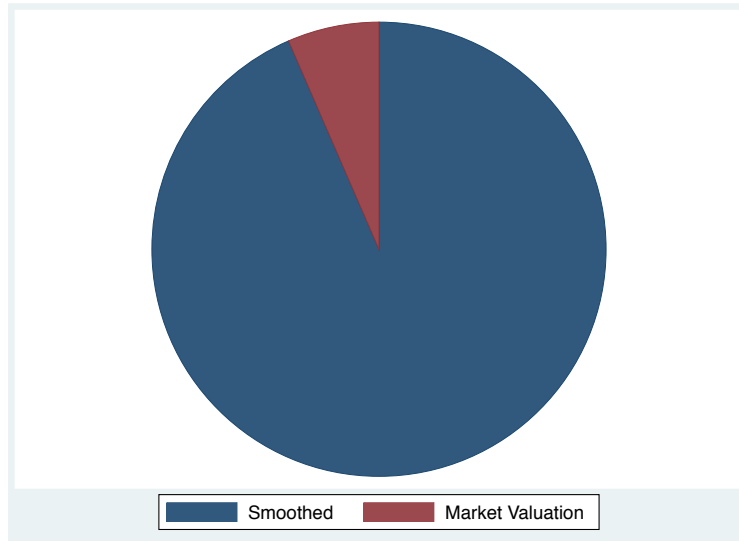
This plots the annual plan individual observations and smoothed time trend of alternatives investments over time (Source: Based on Data from Public Plans Database).

Figure 20: Percentage of Plan Investments in Bonds (2001-2011)



This plots the annual plan individual observations and smoothed time trend of bonds investments over time (Source: Based on Data from Public Plans Database).

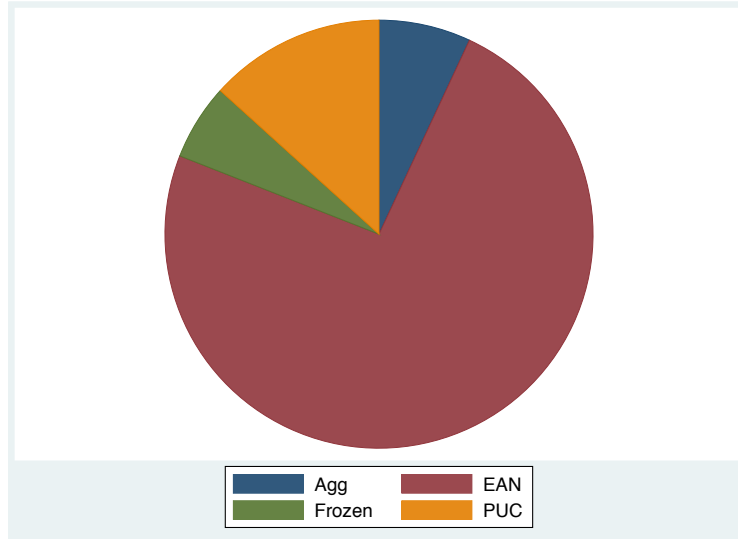
Figure 21: State Pension Plan Asset Valuation Type (2001-2011)



**Source:** Based on Data from Public Plans Database



Figure 22: State Pension Plan Actuarial Cost Estimation Type (2001-2011)



**Source:** Based on Data from Public Plans Database

Table 1: Descriptive Statistics

	count	mean	sd	min	max	sum
Funded Ratio	1130	.8432319	.2018587	.191	1.973957	952.852
Riskless Funded Ratio	1121	.4698288	.1460049	.119852	1.224036	526.6781
Riskless Liabilities	1121	4.75e+07	6.69e+07	790630.1	6.58e+08	5.33e+10
Assets	1130	2.15e+07	3.11e+07	647757	2.71e+08	2.43e+10
Board Politicization	1133	.6270455	.3328522	0	1	710.4425
Board % Active	1133	.4374245	.2441624	0	1	495.6019
Board % Retired	1133	.1346576	.1367415	0	1	152.5671
Divided Government	1132	.524735	.4996085	0	1	594
Polarization	1025	1.506185	.5246203	.447	3.289	1543.84
Div. Govt. x Polar.	854	.7266382	.7773524	0	3.21	620.549
% Repub. Legis.	1019	.4681933	.140909	.08	.8333333	477.089
Legis. Professionalism	995	.4697832	1.877491	-1.824935	8.564637	467.4343
Union Coverage	1132	.3938807	.1771005	.104	.753	445.873
Social Security	1133	.7669903	.4229351	0	1	869
Balanced Budget	1133	.6893204	.4629762	0	1	781
Teacher	1133	.5048544	.5001972	0	1	572
Public Safety	1132	.4567138	.4983429	0	1	517
Discount Rate	1123	.0795351	.0037107	.06721	.09	89.31793
Market Valuation	1133	.0626655	.2424673	0	1	71
Investment Return (1 year)	1129	.0558487	.1228371	-.2963	.2883	63.05321
% Equities	1133	.5955487	1.472984	0	50	674.7567
% Real Estate	1133	.0445235	.040471	0	.1867	50.44515
% Alternatives	1133	.0757585	.1673379	0	5	85.83432
% Bonds	1108	.2811165	.0995879	0	1	311.4771
System Age	1133	58.65049	17.2555	1	100	66451
EAN	1111	.7587759	.4280186	0	1	843
PUC	1042	.1497121	.3569603	0	1	156
Employee Cont./Payroll	1127	.0555504	.0325748	0	.2281253	62.60527
Employer Cont./Payroll	1102	.0950306	.0857679	-.059438	1.78805	104.7237
Log Active Employees	1131	11.16559	1.035643	8.896041	13.63748	12628.29
Income Per Capita	1133	36228.03	6729.699	22752	63852	4.10e+07
L. State Debt/GSP	1132	.0734803	.0378007	.0159191	.2272615	83.17972

Table 2: Board Membership Regressions, Including Lagged Funded Ratio

	(1) % Polit.	(2) % Polit.	(3) % Active	(4) % Active	(5) % Retired	(6) % Retired
<i>L. Funded Ratio</i>	-0.006 (0.013)	0.013 (0.016)	-0.007 (0.026)	0.002 (0.026)	-0.014 (0.029)	-0.019 (0.028)
<i>L. Log Actives</i>	-0.077*** (0.020)	-0.076*** (0.020)	0.036* (0.017)	0.043* (0.017)	0.024** (0.008)	0.025* (0.011)
L. Div. Govt.	-0.006 (0.018)	-0.008 (0.017)	-0.007 (0.009)	-0.010 (0.009)	0.002 (0.007)	0.008 (0.008)
L. Legis. Polarization	0.029 (0.020)	0.036* (0.016)	-0.074 (0.046)	-0.063 (0.039)	0.054+ (0.031)	0.044 (0.031)
L. Pol x Div. Govt.	0.002 (0.010)	0.003 (0.009)	0.006 (0.005)	0.008 (0.005)	-0.001 (0.004)	-0.004 (0.006)
L. % Repub. Legis.	-0.034 (0.053)	-0.030 (0.045)	0.040 (0.045)	0.067 (0.044)	-0.016 (0.030)	-0.060+ (0.031)
L. Professionalism	-0.001 (0.006)	0.001 (0.006)	0.002 (0.005)	0.001 (0.005)	-0.009 (0.011)	-0.010 (0.011)
L. Union	-0.034 (0.040)	0.021 (0.037)	-0.023 (0.058)	-0.043 (0.048)	0.005 (0.040)	-0.013 (0.040)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-0.110 (0.256)	-0.014 (0.211)	-0.579+ (0.293)	-0.769* (0.326)	0.267 (0.205)	0.352+ (0.187)
L. Discount Rate		0.005 (0.005)		0.004 (0.010)		0.006 (0.011)
L. Market Valuation		-0.024* (0.011)		0.019 (0.014)		0.050* (0.024)
L. Invest. Return		-0.020 (0.013)		-0.034 (0.029)		-0.014 (0.022)
L. % Equities		-0.007 (0.030)		-0.042 (0.033)		0.063+ (0.037)
L. % Real Estate		-0.221+ (0.110)		0.006 (0.131)		0.387+ (0.196)
L. % Alternatives		-0.057 (0.051)		0.021 (0.051)		-0.101 (0.111)
L. % Bonds		0.018 (0.020)		0.002 (0.022)		-0.004 (0.016)
L. Log System Age		0.001 (0.006)		0.011 (0.015)		-0.005 (0.015)
L. EAN		-0.011 (0.010)		0.030 (0.019)		-0.003 (0.012)
L. PUC		-0.013 (0.016)		-0.038 (0.038)		0.018 (0.037)
L. Employer Cont.		0.005 (0.024)		-0.014 (0.016)		0.006 (0.017)
L. Employee Cont.		-0.729 (0.478)		0.123 (0.236)		0.311 (0.233)
L. Board Politicization	0.410*** (0.087)	0.434*** (0.066)				
L. Board % Active			0.571*** (0.103)	0.512*** (0.122)		
L. Board % Retired					0.638*** (0.063)	0.589*** (0.085)
Observations	699	689	699	689	699	689
Adjusted $R^2$	0.991	0.992	0.980	0.981	0.893	0.896
F	35.269	63.296	16.911	15.181	62.648	142.329

The above presents the results of regressing the board variables on the independent variables.  
Two-way robust-cluster standard errors in parentheses. Models include plan & year fixed effects.  
+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 3: Board Membership Regressions, Boards that Vary

	(1) % Polit.	(2) % Polit.	(3) % Active	(4) % Active	(5) % Retired	(6) % Retired
<i>L. Lag Actives</i>	-0.085* (0.038)	-0.085+ (0.048)	0.037* (0.016)	0.042* (0.017)	0.029 (0.018)	0.039* (0.015)
Div. Govt.	-0.016 (0.045)	-0.030 (0.043)	0.002 (0.016)	-0.004 (0.017)	-0.006 (0.014)	0.009 (0.018)
Legis. Polarization	0.113+ (0.059)	0.086+ (0.044)	-0.183 (0.111)	-0.173* (0.083)	0.148+ (0.074)	0.175+ (0.100)
Pol x Div. Govt.	0.005 (0.023)	0.009 (0.020)	0.001 (0.009)	0.007 (0.010)	0.006 (0.009)	-0.007 (0.013)
% Repub. Legis.	-0.114 (0.131)	0.018 (0.107)	0.012 (0.097)	0.146 (0.116)	0.013 (0.106)	-0.061 (0.111)
Professionalism	-0.007 (0.017)	0.008 (0.019)	-0.001 (0.012)	-0.010 (0.009)	-0.019 (0.029)	-0.023 (0.028)
Union	-0.121 (0.113)	-0.060 (0.093)	-0.106 (0.124)	-0.119 (0.100)	0.081 (0.085)	0.037 (0.103)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	-0.449 (0.522)	-0.044 (0.395)	-1.259** (0.420)	-1.776*** (0.425)	0.612+ (0.359)	0.773* (0.343)
L. Discount Rate		-0.060 (0.039)		-0.015 (0.043)		-0.005 (0.028)
L. Market Valuation		0.013 (0.022)		0.013 (0.025)		0.119* (0.055)
L. Invest. Return		-0.066* (0.023)		-0.098+ (0.053)		-0.030 (0.061)
L. % Equities		0.155 (0.101)		-0.143* (0.067)		0.104+ (0.059)
L. % Real Estate		-0.473 (0.356)		-0.074 (0.211)		0.762+ (0.394)
L. % Alternatives		-0.159 (0.215)		0.122 (0.141)		-0.289 (0.272)
L. % Bonds		0.144 (0.122)		0.056 (0.116)		-0.025 (0.099)
L. Log System Age		0.001 (0.012)		-0.001 (0.018)		0.015 (0.020)
L. EAN		0.057 (0.042)		0.090* (0.033)		0.000 (0.000)
L. PUC		0.000 (0.000)		0.030 (0.047)		-0.009 (0.058)
L. Employer Cont.		0.047 (0.113)		-0.009 (0.028)		-0.006 (0.031)
L. Employee Cont.		-1.321 (0.895)		0.063 (0.283)		0.762 (0.463)
L. Board Politicization	0.377*** (0.072)	0.381*** (0.087)				
L. Board % Active			0.566*** (0.100)	0.507*** (0.121)		
L. Board % Retired					0.626*** (0.056)	0.576*** (0.085)
Observations	249	247	318	316	319	317
Adjusted $R^2$	0.960	0.967	0.929	0.932	0.757	0.775
F	294.225	.	31.280	481.057	71.382	145.647

The above presents the results of regressing the board variables on the independent variables.  
Two-way robust-cluster standard errors in parentheses. Models include plan & year fixed effects.  
+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 4: Board Membership and Next-Year's Plan Funded Ratios

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.016 (0.017)	-0.009 (0.017)						
<i>Board % Active</i>	0.041* (0.018)	0.040* (0.019)	0.046* (0.018)	0.043* (0.019)				
<i>Board % Retired</i>	-0.053* (0.024)	-0.052 (0.032)	-0.045* (0.022)	-0.047 (0.030)				
<i>Polit. Inst.</i>					-0.039 (0.036)	-0.017 (0.035)		
<i>Active Inst.</i>					0.069+ (0.035)	0.072+ (0.036)	0.085* (0.035)	0.079* (0.035)
<i>Retired Inst.</i>					-0.059 (0.049)	-0.058 (0.059)	-0.040 (0.040)	-0.048 (0.053)
Divided Govt.	-0.014 (0.016)	-0.013 (0.017)	-0.014 (0.016)	-0.013 (0.017)	-0.011 (0.016)	-0.015 (0.017)	-0.012 (0.017)	-0.015 (0.017)
Polarization	-0.029 (0.046)	-0.032 (0.048)	-0.030 (0.046)	-0.032 (0.048)	-0.031 (0.048)	-0.035 (0.050)	-0.033 (0.048)	-0.036 (0.050)
Div. Govt. x Pol.	0.009 (0.011)	0.009 (0.012)	0.009 (0.011)	0.009 (0.012)	0.007 (0.011)	0.009 (0.012)	0.007 (0.011)	0.009 (0.012)
% Repub. Legis.	-0.084* (0.036)	-0.090* (0.042)	-0.083* (0.036)	-0.089* (0.041)	-0.101** (0.035)	-0.091* (0.045)	-0.102** (0.035)	-0.090* (0.044)
Professionalism	-0.017+ (0.009)	-0.015 (0.009)	-0.017+ (0.009)	-0.015 (0.009)	-0.017+ (0.010)	-0.014 (0.010)	-0.016+ (0.009)	-0.014 (0.010)
Union Coverage	-0.035 (0.096)	-0.002 (0.102)	-0.030 (0.096)	0.002 (0.101)	-0.046 (0.102)	-0.007 (0.108)	-0.040 (0.102)	-0.004 (0.106)
Social Security	-0.015 (0.010)	-0.011 (0.013)	-0.013 (0.010)	-0.011 (0.013)	-0.016 (0.010)	-0.014 (0.013)	-0.016 (0.010)	-0.015 (0.012)
Teacher	-0.021* (0.009)	-0.017 (0.012)	-0.021* (0.009)	-0.017 (0.012)	-0.019* (0.008)	-0.011 (0.011)	-0.018* (0.008)	-0.011 (0.011)
Public Safety	-0.004 (0.009)	0.003 (0.011)	-0.005 (0.008)	0.003 (0.010)	0.000 (0.009)	0.006 (0.010)	-0.001 (0.008)	0.006 (0.010)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	0.628 (0.392)	0.640 (0.408)	0.622 (0.391)	0.638 (0.406)	0.669 (0.411)	0.652 (0.414)	0.660 (0.409)	0.648 (0.412)
L. Funded Ratio	0.538*** (0.058)	0.536*** (0.067)	0.549*** (0.054)	0.539*** (0.067)	0.548*** (0.057)	0.556*** (0.072)	0.559*** (0.055)	0.558*** (0.073)
L. Discount Rate		0.009 (0.019)		0.008 (0.019)		0.010 (0.021)		0.010 (0.021)
L. Market Valuation		-0.050* (0.024)		-0.051* (0.024)		-0.049+ (0.026)		-0.050+ (0.026)
L. Investment Returns		-0.151** (0.049)		-0.151** (0.050)		-0.170*** (0.046)		-0.171*** (0.047)
L. % Equities		-0.018 (0.051)		-0.019 (0.051)		-0.031 (0.046)		-0.033 (0.044)
L. % Real Estate		0.021 (0.074)		0.014 (0.076)		-0.023 (0.071)		-0.030 (0.071)
L. % Alternatives		0.055 (0.056)		0.051 (0.057)		0.063 (0.064)		0.062 (0.064)
L. % Bonds		0.054 (0.044)		0.057 (0.044)		0.057 (0.041)		0.060 (0.041)
L. Log System Age		-0.001 (0.009)		-0.003 (0.009)		0.001 (0.007)		0.001 (0.007)
L. EAN		-0.006 (0.023)		-0.007 (0.023)		-0.008 (0.023)		-0.008 (0.023)
L. PUC		0.016 (0.024)		0.014 (0.024)		0.012 (0.026)		0.010 (0.026)
L. Employee Cont.		-0.045 (0.130)		-0.056 (0.123)		-0.055 (0.126)		-0.069 (0.110)
L. Employer Cont.		-0.073** (0.027)		-0.074** (0.027)		-0.078** (0.027)		-0.079** (0.027)
L. Log Actives		0.003 (0.004)		0.003 (0.004)				
Observations	715	702	715	702	664	654	664	654
Adjusted R <sup>2</sup>	0.841	0.847	0.841	0.847	0.842	0.848	0.841	0.848

The above is the result of regressing next-year riskless funded ratios on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 5: Board Membership and Plan Funded Ratios, Big Changes

	(1)	(2)	(3)	(4)	(5)	(6)
Political Pos.	0.002 (0.016)	-0.013 (0.013)				
Political Neg.	0.029 (0.020)	0.049** (0.015)				
Active Pos.			-0.088*** (0.018)	-0.102*** (0.016)		
Active Neg.			-0.036** (0.011)	-0.047*** (0.012)		
Retired Pos.					0.044 (0.028)	0.028 (0.026)
Retired Neg.					-0.053 (0.046)	-0.053 (0.035)
Divided Govt.	-0.012 (0.030)	-0.009 (0.026)	-0.012 (0.030)	-0.009 (0.026)	-0.010 (0.029)	-0.007 (0.026)
Polarization	0.045 (0.072)	0.008 (0.058)	0.047 (0.066)	0.011 (0.054)	0.057 (0.070)	0.016 (0.059)
Div. Govt. x Polarization	0.007 (0.020)	0.009 (0.018)	0.008 (0.020)	0.009 (0.019)	0.007 (0.020)	0.008 (0.019)
% Repub. Legis.	0.040 (0.101)	0.063 (0.069)	0.043 (0.102)	0.064 (0.070)	0.055 (0.099)	0.074 (0.070)
Legis. Professionalism	0.027+ (0.015)	0.025* (0.011)	0.027+ (0.015)	0.025* (0.011)	0.027+ (0.016)	0.024* (0.011)
Union Coverage	0.135 (0.094)	0.116 (0.081)	0.133 (0.094)	0.114 (0.081)	0.128 (0.096)	0.111 (0.083)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-0.747 (0.877)	0.094 (0.658)	-0.736 (0.875)	0.102 (0.661)	-0.679 (0.893)	0.131 (0.668)
Discount Rate		-0.078*** (0.020)		-0.078*** (0.020)		-0.075*** (0.021)
Market Valuation		-0.057** (0.020)		-0.057** (0.020)		-0.054** (0.018)
Investment Return		0.260*** (0.047)		0.260*** (0.047)		0.264*** (0.048)
Equities		0.036 (0.061)		0.035 (0.061)		0.045 (0.063)
Real Estate		0.021 (0.147)		0.021 (0.145)		0.035 (0.148)
Alternatives		0.045 (0.066)		0.046 (0.066)		0.031 (0.069)
Bonds		-0.105*** (0.023)		-0.105*** (0.023)		-0.106*** (0.024)
Log. System Age		-0.047*** (0.011)		-0.047*** (0.011)		-0.047*** (0.011)
EAN		-0.015 (0.036)		-0.015 (0.036)		-0.017 (0.036)
PUC		0.003 (0.038)		0.002 (0.038)		-0.035 (0.048)
Employee Cont.		0.061 (0.155)		0.041 (0.178)		0.005 (0.189)
Employer Cont.		-0.003 (0.027)		-0.004 (0.027)		-0.008 (0.027)
L. Log Actives		-0.012 (0.045)		-0.013 (0.046)		-0.004 (0.045)
Observations	508	505	508	505	515	512
Adjusted $R^2$	0.522	0.634	0.524	0.636	0.525	0.635

The above regresses one-year funded differences on large board changes and the other variables. Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects. +  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 6: Board Membership and Required Employer Contributions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.472 (0.343)	-0.034 (0.319)						
<i>Board % Active</i>	-0.884 (0.679)	-1.854** (0.554)	-1.057 (0.630)	-1.843** (0.558)				
<i>Board % Retired</i>	1.571 (1.689)	0.163 (1.369)	1.370 (1.733)	0.181 (1.323)				
<i>Politicization Inst.</i>					2.365+ (1.180)	1.019 (1.113)		
<i>Active Inst.</i>					-1.286 (1.321)	-3.073* (1.237)	-2.279+ (1.135)	-3.513** (1.309)
<i>Retired Inst.</i>					2.721 (3.452)	0.792 (2.690)	1.777 (3.400)	0.242 (2.417)
Divided Government	0.448 (0.558)	0.506 (0.545)	0.451 (0.558)	0.505 (0.542)	0.426 (0.601)	0.552 (0.591)	0.491 (0.605)	0.583 (0.592)
Polarization	0.185 (1.584)	-0.232 (1.422)	0.230 (1.558)	-0.235 (1.411)	-0.661 (1.853)	-0.830 (1.723)	-0.537 (1.830)	-0.776 (1.689)
Div. Govt. x Polar.	-0.429 (0.378)	-0.448 (0.381)	-0.433 (0.378)	-0.448 (0.380)	-0.409 (0.412)	-0.468 (0.419)	-0.442 (0.415)	-0.481 (0.423)
% Repub. Legis.	2.049 (2.422)	0.986 (2.336)	2.058 (2.411)	0.992 (2.337)	2.169 (2.557)	1.672 (2.409)	2.262 (2.556)	1.622 (2.410)
Legis. Professionalism	0.325 (0.464)	0.504 (0.463)	0.321 (0.465)	0.505 (0.462)	0.298 (0.523)	0.469 (0.540)	0.280 (0.525)	0.455 (0.537)
Union Coverage	-2.186 (2.684)	-1.087 (2.187)	-2.270 (2.710)	-1.073 (2.198)	-1.120 (2.798)	0.297 (2.266)	-1.306 (2.858)	0.147 (2.239)
Social Security	0.044 (0.295)	0.757 (0.466)	-0.002 (0.268)	0.757 (0.468)	0.028 (0.264)	0.738 (0.527)	0.025 (0.259)	0.804 (0.543)
Teacher	0.197 (0.199)	0.220 (0.216)	0.202 (0.204)	0.220 (0.215)	0.286 (0.188)	0.182 (0.227)	0.257 (0.189)	0.164 (0.234)
Public Safety	0.300 (0.249)	0.224 (0.315)	0.320 (0.252)	0.222 (0.309)	0.242 (0.273)	0.199 (0.321)	0.330 (0.250)	0.242 (0.307)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-1.834 (11.282)	4.997 (13.470)	-1.978 (11.330)	4.990 (13.451)	-5.529 (10.929)	-0.347 (13.418)	-5.935 (11.119)	-0.272 (13.554)
L. Required Cont.	0.928*** (0.023)	0.898*** (0.026)	0.932*** (0.024)	0.898*** (0.026)	0.912*** (0.028)	0.892*** (0.030)	0.923*** (0.029)	0.894*** (0.031)
L. Discount Rate		-0.109 (0.278)		-0.111 (0.276)		-0.125 (0.329)		-0.096 (0.331)
L. Market Valuation		-0.539 (1.234)		-0.546 (1.207)		-0.715 (1.407)		-0.636 (1.379)
L. Investment Returns		0.731 (1.766)		0.731 (1.763)		0.779 (1.853)		0.808 (1.839)
L. % Equities		0.830 (1.417)		0.826 (1.406)		0.728 (1.384)		0.842 (1.337)
L. % Real Estate		7.875* (3.769)		7.845* (3.640)		8.404* (4.133)		8.830* (3.912)
L. % Alternatives		-0.128 (1.619)		-0.139 (1.599)		-0.740 (1.792)		-0.678 (1.743)
L. % Bonds		-0.190 (1.202)		-0.176 (1.168)		0.053 (1.167)		-0.069 (1.159)
L. Log System Age		-0.042 (0.221)		-0.047 (0.228)		-0.166 (0.241)		-0.138 (0.235)
L. EAN		-0.378 (0.454)		-0.379 (0.451)		-0.371 (0.490)		-0.367 (0.500)
L. PUC		1.527+ (0.827)		1.521+ (0.832)		1.657+ (0.932)		1.752+ (0.958)
L. Employee Cont.		0.099 (0.062)		0.099 (0.062)		0.093 (0.068)		0.102 (0.071)
L. Log Actives		-0.257 (0.198)		-0.256 (0.199)				
Observations	722	709	722	709	670	661	670	661
Adjusted $R^2$	0.922	0.926	0.921	0.926	0.919	0.923	0.918	0.923

The above is the result of regressing required employer contributions (as a % of payroll) on the independent variables. Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 7: Board Membership and Actual Employer Contributions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	1.831 (1.961)	0.024 (2.002)						
<i>Board % Active</i>	-1.844 (3.307)	-4.499 <sup>+</sup> (2.484)	-2.584 (3.257)	-4.507 <sup>+</sup> (2.406)				
<i>Board % Retired</i>	-0.646 (2.735)	-2.879 (3.072)	-1.492 (2.447)	-2.893 (2.845)				
<i>Politicization Inst.</i>					8.250 (5.462)	5.506 (5.947)		
<i>Active Inst.</i>					-3.098 (5.904)	-8.943 <sup>+</sup> (5.255)	-6.902 (6.203)	-11.363 <sup>+</sup> (5.802)
<i>Retired Inst.</i>					-1.709 (4.860)	-5.725 (5.964)	-5.526 (5.080)	-9.084 (5.656)
Divided Government	-0.024 (0.994)	-0.204 (0.997)	-0.025 (1.000)	-0.204 (0.987)	-0.271 (1.147)	-0.577 (1.182)	-0.109 (1.114)	-0.420 (1.177)
Polarization	-3.406 (4.454)	-4.086 (4.404)	-3.293 (4.434)	-4.084 (4.314)	-5.187 (5.140)	-6.765 (4.895)	-4.962 (5.295)	-6.508 (4.841)
Div. Govt. x Polar.	0.029 (0.633)	0.145 (0.677)	0.029 (0.641)	0.145 (0.675)	0.128 (0.687)	0.325 (0.788)	0.062 (0.687)	0.266 (0.817)
% Repub. Legis.	0.076 (4.879)	0.066 (5.210)	0.077 (4.876)	0.061 (5.266)	0.028 (5.326)	1.041 (5.615)	0.297 (5.309)	0.626 (5.752)
Legis. Professionalism	1.599 (1.091)	1.748 (1.067)	1.593 (1.098)	1.748 (1.047)	1.893 (1.338)	2.004 (1.338)	1.855 (1.341)	1.936 (1.324)
Union Coverage	1.227 (7.131)	3.115 (7.541)	0.957 (7.222)	3.104 (7.261)	0.517 (8.673)	3.840 (8.599)	0.083 (8.909)	3.097 (8.603)
Social Security	1.146 (2.421)	3.565 (2.223)	0.908 (2.301)	3.565 (2.226)	1.346 (2.268)	4.122 (2.597)	1.217 (2.340)	4.546 <sup>+</sup> (2.656)
Teacher	2.433 (2.205)	2.884 (2.709)	2.474 (2.199)	2.885 (2.706)	2.717 (2.339)	2.681 (2.628)	2.696 (2.301)	2.610 (2.586)
Public Safety	3.690 <sup>+</sup> (2.114)	3.585 (2.373)	3.788 <sup>+</sup> (2.107)	3.587 (2.397)	3.336 (2.074)	3.757 (2.507)	3.709 <sup>+</sup> (2.055)	4.013 (2.569)
L. Income Per Cap.	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	47.309 (28.534)	37.909 (32.190)	47.158 (28.177)	37.915 (32.333)	47.085 (30.154)	39.636 (34.796)	47.437 (29.126)	40.470 (34.471)
L. Employer Cont.	0.311* (0.127)	0.262* (0.129)	0.314* (0.129)	0.262* (0.129)	0.280* (0.130)	0.245 <sup>+</sup> (0.129)	0.289* (0.133)	0.250 <sup>+</sup> (0.128)
L. Discount Rate		0.103 (1.039)		0.105 (1.070)		0.451 (1.212)		0.678 (1.202)
L. Market Valuation		-5.093 <sup>+</sup> (2.650)		-5.088 <sup>+</sup> (2.629)		-7.159* (3.366)		-6.813* (3.236)
L. Investment Returns		-3.542 (4.300)		-3.542 (4.281)		-4.072 (4.607)		-3.906 (4.507)
L. % Equities		-3.172 (3.460)		-3.169 (3.532)		-3.378 (3.678)		-2.694 (3.769)
L. % Real Estate		9.073 (23.209)		9.095 (22.639)		9.839 (24.547)		12.251 (24.492)
L. % Alternatives		0.714 (3.268)		0.722 (3.251)		-2.737 (3.906)		-2.498 (3.669)
L. % Bonds		2.878 (2.412)		2.868 (2.565)		4.608 (2.962)		3.863 (2.820)
L. Log System Age		2.781 (2.709)		2.785 (2.805)		1.971 (2.161)		2.139 (2.279)
L. EAN		-1.933 (2.118)		-1.932 (2.116)		-2.244 (2.263)		-2.233 (2.296)
L. PUC		1.866 (2.578)		1.870 (2.627)		2.460 (2.986)		3.132 (3.046)
L. Employee Cont.		0.400 (0.323)		0.400 (0.323)		0.396 (0.326)		0.444 (0.335)
L. Log Actives		-1.632 (1.008)		-1.632 (1.010)				
Observations	704	700	704	700	654	653	654	653
Adjusted $R^2$	0.346	0.360	0.345	0.361	0.329	0.336	0.324	0.335

The above is the result of regressing actual employer contributions (as a % of payroll) on the independent variables. Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$



Table 8: Board Membership and Employee Contributions

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.688 (0.553)	0.629 (0.612)						
<i>Board % Active</i>	0.754 (0.660)	0.824 (0.710)	0.464 (0.542)	0.620 (0.528)				
<i>Board % Retired</i>	0.673 (0.764)	1.376 (1.020)	0.315 (0.621)	1.025 (0.908)				
<i>Politicization Inst.</i>					0.705 (0.959)	0.559 (1.043)		
<i>Active Inst.</i>					1.394 (1.083)	1.571 (1.222)	1.049 (0.841)	1.325 (0.902)
<i>Retired Inst.</i>					0.562 (1.282)	1.329 (1.565)	0.202 (1.161)	0.987 (1.458)
Divided Government	0.574 (0.482)	0.507 (0.446)	0.572 (0.488)	0.522 (0.457)	0.690 (0.544)	0.614 (0.530)	0.702 (0.552)	0.630 (0.545)
Polarization	1.695+ (0.851)	1.786* (0.867)	1.734+ (0.890)	1.843+ (0.921)	2.459* (1.182)	2.546* (1.162)	2.471* (1.196)	2.572* (1.188)
Div. Govt. x Polar.	-0.541 (0.390)	-0.505 (0.365)	-0.541 (0.397)	-0.509 (0.375)	-0.662 (0.430)	-0.613 (0.421)	-0.667 (0.435)	-0.619 (0.428)
% Repub. Legis.	-1.779** (0.556)	-2.349** (0.848)	-1.762** (0.529)	-2.483** (0.812)	-2.291*** (0.631)	-2.937** (0.858)	-2.257*** (0.597)	-2.979** (0.851)
Legis. Professionalism	-0.082 (0.152)	0.020 (0.170)	-0.087 (0.153)	0.009 (0.169)	0.027 (0.207)	0.124 (0.224)	0.021 (0.206)	0.117 (0.221)
Union Coverage	1.936 (1.560)	2.012 (1.293)	1.828 (1.534)	1.749 (1.258)	2.621 (1.706)	2.317 (1.480)	2.574 (1.676)	2.241 (1.453)
Social Security	-1.118 (0.715)	-1.352 (0.840)	-1.131 (0.704)	-1.341 (0.826)	-1.179 (0.714)	-1.345 (0.834)	-1.155 (0.709)	-1.302 (0.813)
Teacher	0.282 (0.237)	0.403 (0.259)	0.286 (0.221)	0.404 (0.244)	0.298 (0.224)	0.465+ (0.254)	0.292 (0.214)	0.458+ (0.248)
Public Safety	0.140 (0.273)	0.447 (0.316)	0.172 (0.263)	0.493 (0.306)	0.153 (0.273)	0.433 (0.312)	0.182 (0.263)	0.459 (0.304)
L. Income Per Cap.	0.000 (0.000)	0.000+ (0.000)	0.000 (0.000)	0.000+ (0.000)	0.000 (0.000)	0.000+ (0.000)	0.000 (0.000)	0.000+ (0.000)
L. State Debt/GSP	-3.940 (5.951)	-3.417 (6.230)	-4.184 (5.884)	-3.267 (5.940)	-5.230 (6.823)	-4.548 (6.910)	-5.268 (6.793)	-4.463 (6.795)
L. Employee Cont.	0.735*** (0.129)	0.689*** (0.144)	0.749*** (0.126)	0.697*** (0.143)	0.727*** (0.133)	0.681*** (0.149)	0.734*** (0.130)	0.686*** (0.146)
L. Discount Rate		0.230 (0.169)		0.279 (0.178)		0.302+ (0.174)		0.325+ (0.192)
L. Market Valuation		0.157 (0.332)		0.285 (0.333)		0.437 (0.400)		0.472 (0.401)
L. Investment Returns		0.001 (0.464)		0.010 (0.476)		-0.116 (0.506)		-0.099 (0.504)
L. % Equities		-1.501+ (0.814)		-1.428+ (0.833)		-1.380 (0.852)		-1.311 (0.861)
L. % Real Estate		-0.072 (3.251)		0.494 (3.433)		0.254 (3.467)		0.499 (3.564)
L. % Alternatives		-0.392 (1.575)		-0.173 (1.453)		-0.171 (1.593)		-0.147 (1.566)
L. % Bonds		0.624 (0.586)		0.360 (0.406)		0.228 (0.450)		0.152 (0.399)
L. Log System Age		0.553+ (0.304)		0.656* (0.313)		0.639* (0.314)		0.656* (0.310)
L. EAN		-1.136 (0.688)		-1.108 (0.679)		-1.119 (0.741)		-1.118 (0.734)
L. PUC		-1.695* (0.810)		-1.571+ (0.788)		-1.648+ (0.885)		-1.580+ (0.868)
L. Employer Cont.		-0.012 (0.008)		-0.012 (0.008)		-0.012 (0.008)		-0.012 (0.008)
L. Log Actives		0.136 (0.104)		0.126 (0.105)				
Observations	717	700	717	700	666	653	666	653
Adjusted $R^2$	0.860	0.862	0.859	0.861	0.854	0.856	0.854	0.856

The above is the result of regressing employee contributions (as a % of payroll) on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 9: Board Membership and Investment Returns

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.406 (0.381)	0.197 (0.336)						
<i>Board % Active</i>	0.331 (0.852)	0.008 (0.711)	0.209 (0.866)	-0.047 (0.758)				
<i>Board % Retired</i>	-0.510 (0.728)	0.016 (1.070)	-0.681 (0.792)	-0.078 (1.092)				
<i>Politicization Inst.</i>					1.016 (0.976)	0.201 (0.823)		
<i>Active Inst.</i>					0.593 (1.176)	0.179 (1.077)	0.121 (1.193)	0.085 (1.245)
<i>Retired Inst.</i>					-1.819 (1.164)	-1.361 (1.656)	-2.297 <sup>+</sup> (1.205)	-1.471 (1.647)
Divided Government	0.182 (1.144)	0.228 (1.166)	0.175 (1.154)	0.232 (1.169)	-0.489 (1.113)	-0.465 (1.143)	-0.471 (1.106)	-0.458 (1.128)
Polarization	-0.230 (2.967)	-0.656 (3.073)	-0.217 (2.957)	-0.641 (3.058)	-0.237 (3.213)	-0.414 (3.332)	-0.208 (3.183)	-0.404 (3.313)
Div. Govt. x Polar.	-0.101 (0.943)	-0.153 (0.955)	-0.095 (0.952)	-0.153 (0.958)	0.226 (0.930)	0.201 (0.942)	0.220 (0.928)	0.198 (0.934)
% Repub. Legis.	-1.913 (3.126)	-1.312 (3.363)	-1.914 (3.121)	-1.349 (3.340)	-1.978 (3.641)	-1.342 (3.851)	-1.940 (3.652)	-1.352 (3.841)
Legis. Professionalism	-0.136 (0.825)	-0.053 (0.871)	-0.141 (0.829)	-0.057 (0.874)	-0.252 (0.916)	-0.237 (0.944)	-0.254 (0.914)	-0.239 (0.946)
Union Coverage	8.104 <sup>+</sup> (4.447)	8.690 <sup>+</sup> (4.657)	8.044 <sup>+</sup> (4.422)	8.600 <sup>+</sup> (4.644)	9.148 <sup>+</sup> (4.639)	9.783* (4.837)	9.071 <sup>+</sup> (4.615)	9.754 <sup>+</sup> (4.849)
Social Security	0.137 (0.473)	0.207 (0.528)	0.093 (0.486)	0.206 (0.539)	0.360 (0.440)	0.451 (0.546)	0.349 (0.487)	0.464 (0.569)
Teacher	-0.112 (0.118)	-0.248 (0.153)	-0.112 (0.118)	-0.253 (0.157)	0.034 (0.172)	-0.081 (0.193)	0.035 (0.158)	-0.084 (0.192)
Public Safety	0.071 (0.142)	0.027 (0.152)	0.081 (0.146)	0.034 (0.154)	0.027 (0.202)	0.050 (0.181)	0.076 (0.188)	0.059 (0.170)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	-11.026 (23.237)	-13.272 (23.093)	-10.666 (23.406)	-13.134 (23.096)	-8.669 (25.996)	-10.702 (25.673)	-8.381 (26.173)	-10.694 (25.661)
L. Investment Return	0.368*** (0.073)	0.350*** (0.077)	0.367*** (0.073)	0.349*** (0.076)	0.364*** (0.075)	0.351*** (0.078)	0.364*** (0.076)	0.350*** (0.078)
L. Market Valuation		0.096 (0.805)		0.145 (0.780)		-0.002 (0.846)		0.014 (0.841)
L. % Equities		-1.564 (2.304)		-1.540 (2.290)		-0.715 (2.237)		-0.695 (2.232)
L. % Real Estate		4.785 (4.696)		4.995 (4.543)		4.760 (4.804)		4.884 (4.648)
L. % Alternatives		0.708 (4.021)		0.802 (3.913)		2.041 (3.916)		2.064 (3.866)
L. % Bonds		1.634 (1.591)		1.544 (1.617)		1.440 (1.525)		1.409 (1.543)
L. Log System Age		-0.067 (0.141)		-0.039 (0.151)		-0.009 (0.143)		-0.004 (0.148)
L. EAN		0.103 (0.282)		0.113 (0.286)		0.109 (0.304)		0.109 (0.304)
L. PUC		0.261 (0.596)		0.296 (0.622)		0.510 (0.710)		0.531 (0.717)
L. Employee Cont.		6.035 (5.409)		6.335 (5.222)		5.486 (5.402)		5.711 (5.350)
L. Employer Cont.		-0.094 (0.623)		-0.078 (0.625)		-0.050 (0.585)		-0.034 (0.568)
L. Log Actives		0.054 (0.075)		0.050 (0.075)				
Observations	642	626	642	626	606	592	606	592
Adjusted $R^2$	0.847	0.843	0.847	0.843	0.841	0.837	0.841	0.837

The above is the result of regressing one-year investment returns on the other independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 10: Board Membership and Gap Between Discount Rate and Average Investment Returns

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.016 (0.018)	-0.002 (0.013)						
<i>Board % Active</i>	-0.027 (0.032)	-0.016 (0.023)	-0.020 (0.030)	-0.016 (0.022)				
<i>Board % Retired</i>	0.101* (0.050)	0.072 (0.048)	0.108+ (0.055)	0.072 (0.047)				
<i>Politicization Inst.</i>					-0.022 (0.043)	0.005 (0.032)		
<i>Active Inst.</i>					-0.022 (0.060)	-0.008 (0.044)	-0.012 (0.047)	-0.010 (0.038)
<i>Retired Inst.</i>					0.172+ (0.092)	0.096 (0.093)	0.182+ (0.102)	0.093 (0.089)
Divided Government	-0.053 (0.034)	-0.051 (0.033)	-0.053 (0.034)	-0.051 (0.033)	-0.051 (0.040)	-0.048 (0.040)	-0.051 (0.040)	-0.048 (0.040)
Polarization	0.057 (0.082)	0.058 (0.082)	0.056 (0.082)	0.058 (0.082)	0.096 (0.084)	0.108 (0.083)	0.095 (0.084)	0.108 (0.083)
Div. Govt. x Polar.	0.039* (0.018)	0.038* (0.018)	0.039* (0.018)	0.038* (0.018)	0.039+ (0.021)	0.037+ (0.022)	0.039+ (0.021)	0.037+ (0.022)
% Repub. Legis.	0.144 (0.242)	0.169 (0.247)	0.144 (0.241)	0.169 (0.247)	0.113 (0.254)	0.112 (0.260)	0.112 (0.253)	0.112 (0.259)
Legis. Professionalism	0.013 (0.022)	0.008 (0.022)	0.013 (0.021)	0.008 (0.022)	0.024 (0.027)	0.018 (0.027)	0.024 (0.027)	0.018 (0.027)
Union Coverage	0.593* (0.242)	0.608* (0.246)	0.595* (0.242)	0.608* (0.245)	0.560* (0.218)	0.571* (0.224)	0.561* (0.218)	0.570* (0.222)
Social Security	-0.038+ (0.020)	-0.040 (0.026)	-0.035+ (0.020)	-0.040 (0.026)	-0.047* (0.021)	-0.039 (0.029)	-0.047* (0.022)	-0.039 (0.028)
Teacher	-0.009 (0.008)	-0.010 (0.008)	-0.010 (0.008)	-0.010 (0.008)	-0.023+ (0.012)	-0.023* (0.012)	-0.023+ (0.012)	-0.023* (0.012)
Public Safety	-0.017 (0.011)	-0.021* (0.009)	-0.018 (0.011)	-0.021* (0.009)	-0.024+ (0.013)	-0.029* (0.012)	-0.025+ (0.013)	-0.028* (0.013)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-1.511 (1.433)	-1.484 (1.447)	-1.512 (1.431)	-1.485 (1.446)	-1.778 (1.524)	-1.657 (1.534)	-1.781 (1.520)	-1.656 (1.533)
L. Gap	0.976*** (0.012)	0.973*** (0.014)	0.977*** (0.012)	0.973*** (0.014)	0.974*** (0.014)	0.969*** (0.015)	0.974*** (0.014)	0.969*** (0.015)
L. Market Valuation		-0.054+ (0.029)		-0.054+ (0.028)		-0.053+ (0.032)		-0.053+ (0.031)
L. % Equities		0.065 (0.075)		0.064 (0.075)		0.087 (0.080)		0.087 (0.079)
L. % Real Estate		-0.216 (0.183)		-0.218 (0.183)		-0.202 (0.169)		-0.200 (0.165)
L. % Alternatives		-0.046 (0.097)		-0.047 (0.097)		-0.070 (0.105)		-0.070 (0.106)
L. % Bonds		-0.078 (0.075)		-0.077 (0.074)		-0.113+ (0.061)		-0.114+ (0.060)
L. Log System Age		-0.005 (0.008)		-0.005 (0.009)		-0.012 (0.010)		-0.012 (0.010)
L. EAN		0.072 (0.048)		0.072 (0.048)		0.070 (0.042)		0.070 (0.042)
L. PUC		0.093+ (0.049)		0.093+ (0.049)		0.099* (0.045)		0.099* (0.045)
L. Employee Cont.		-0.202 (0.216)		-0.204 (0.210)		-0.097 (0.201)		-0.093 (0.197)
L. Employer Cont.		0.064* (0.030)		0.064* (0.029)		0.058** (0.021)		0.058** (0.021)
L. Log Actives		-0.002 (0.004)		-0.002 (0.004)				
Observations	713	705	713	705	661	655	661	655
Adjusted $R^2$	0.983	0.983	0.983	0.983	0.982	0.982	0.982	0.982

The above regresses the gap between discount rates & actual returns on the other independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 11: Board Membership and Investments in Equities

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.017 (0.050)	0.015 <sup>+</sup> (0.009)						
<i>Board % Active</i>	-0.031 (0.095)	0.016 (0.019)	-0.024 (0.084)	0.009 (0.020)				
<i>Board % Retired</i>	0.254* (0.125)	0.032 (0.024)	0.262 <sup>+</sup> (0.140)	0.024 (0.023)				
<i>Politicization Inst.</i>					0.011 (0.018)	0.039* (0.017)		
<i>Active Inst.</i>					-0.000 (0.030)	0.017 (0.035)	-0.006 (0.030)	-0.003 (0.038)
<i>Retired Inst.</i>					0.024 (0.041)	0.055 (0.036)	0.019 (0.041)	0.034 (0.035)
Divided Government	-0.013 (0.019)	-0.006 (0.013)	-0.013 (0.019)	-0.005 (0.013)	-0.013 (0.014)	-0.015 (0.013)	-0.013 (0.014)	-0.014 (0.013)
Polarization	-0.002 (0.050)	0.027 (0.037)	-0.003 (0.050)	0.027 (0.037)	0.018 (0.037)	0.019 (0.038)	0.018 (0.037)	0.020 (0.038)
Div. Govt. x Polar.	0.006 (0.011)	0.000 (0.007)	0.006 (0.011)	0.000 (0.007)	0.005 (0.007)	0.005 (0.007)	0.005 (0.007)	0.005 (0.007)
% Repub. Legis.	0.087 (0.083)	-0.004 (0.040)	0.087 (0.083)	-0.003 (0.040)	-0.006 (0.043)	-0.003 (0.043)	-0.006 (0.042)	-0.001 (0.043)
Legis. Professionalism	0.006 (0.012)	-0.009 (0.009)	0.006 (0.012)	-0.009 (0.009)	-0.012 (0.011)	-0.010 (0.011)	-0.012 (0.011)	-0.010 (0.011)
Union Coverage	-0.100 (0.137)	-0.114 (0.081)	-0.097 (0.139)	-0.117 (0.081)	-0.129 (0.083)	-0.112 (0.085)	-0.130 (0.083)	-0.115 (0.085)
Social Security	-0.057 (0.038)	-0.025*** (0.006)	-0.055 (0.034)	-0.025*** (0.007)	-0.010 (0.008)	-0.026*** (0.007)	-0.010 (0.008)	-0.024** (0.007)
Teacher	-0.011 (0.014)	-0.002 (0.005)	-0.011 (0.014)	-0.002 (0.005)	0.001 (0.004)	-0.000 (0.005)	0.001 (0.004)	-0.001 (0.005)
Public Safety	-0.019 (0.021)	-0.012 <sup>+</sup> (0.006)	-0.020 (0.022)	-0.011 <sup>+</sup> (0.006)	-0.005 (0.007)	-0.010 (0.007)	-0.004 (0.006)	-0.009 (0.007)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-1.009 <sup>+</sup> (0.592)	-0.297 (0.205)	-1.010 <sup>+</sup> (0.595)	-0.294 (0.206)	-0.093 (0.217)	-0.181 (0.213)	-0.092 (0.217)	-0.175 (0.215)
L. % Equities	0.001 (0.001)	0.764*** (0.040)	0.001 (0.001)	0.768*** (0.038)	0.802*** (0.064)	0.750*** (0.043)	0.801*** (0.063)	0.756*** (0.039)
L. Market Valuation		-0.031 (0.023)		-0.028 (0.024)		-0.032 (0.026)		-0.029 (0.027)
L. Log System Age		-0.010 (0.008)		-0.007 (0.008)		-0.010 (0.008)		-0.009 (0.009)
L. EAN		0.017 (0.011)		0.017 (0.011)		0.012 (0.011)		0.012 (0.012)
L. PUC		-0.000 (0.013)		0.002 (0.013)		-0.007 (0.013)		-0.004 (0.014)
L. Employee Cont.		-0.038 (0.089)		-0.018 (0.075)		-0.051 (0.096)		-0.016 (0.081)
L. Employer Cont.		0.037 (0.047)		0.038 (0.046)		0.038 (0.049)		0.041 (0.048)
L. Log Actives		-0.003 (0.002)		-0.003 (0.002)				
Observations	725	705	725	705	671	655	671	655
Adjusted $R^2$	0.531	0.836	0.531	0.836	0.826	0.831	0.827	0.831

The above is the result of regressing the amount of investment in equities on the other independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 12: Board Membership and Investments in Alternatives

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.028* (0.011)	0.006 (0.008)						
<i>Board % Active</i>	-0.060** (0.020)	-0.004 (0.007)	-0.071** (0.022)	-0.007 (0.008)				
<i>Board % Retired</i>	-0.062* (0.025)	0.013 (0.014)	-0.076** (0.028)	0.011 (0.015)				
<i>Politicization Inst.</i>					0.008 (0.009)	0.008 (0.011)		
<i>Active Inst.</i>					0.001 (0.011)	-0.004 (0.013)	-0.002 (0.011)	-0.008 (0.013)
<i>Retired Inst.</i>					0.017 (0.019)	0.013 (0.018)	0.013 (0.018)	0.010 (0.018)
Divided Government	0.015 (0.021)	0.011 (0.014)	0.015 (0.021)	0.011 (0.014)	0.011 (0.012)	0.010 (0.013)	0.011 (0.012)	0.010 (0.013)
Polarization	-0.073 (0.045)	0.000 (0.017)	-0.071 (0.045)	0.001 (0.017)	0.009 (0.020)	0.007 (0.020)	0.010 (0.020)	0.007 (0.019)
Div. Govt. x Polar.	-0.016 (0.017)	-0.011 (0.010)	-0.016 (0.017)	-0.011 (0.010)	-0.011 (0.009)	-0.010 (0.010)	-0.011 (0.009)	-0.010 (0.009)
% Repub. Legis.	0.060 (0.098)	0.021 (0.026)	0.060 (0.097)	0.021 (0.026)	0.034 (0.030)	0.032 (0.029)	0.034 (0.030)	0.033 (0.029)
Legis. Professionalism	0.014 (0.013)	0.012+ (0.006)	0.014 (0.013)	0.012+ (0.006)	0.012+ (0.007)	0.011 (0.007)	0.012 (0.007)	0.011 (0.007)
Union Coverage	0.307** (0.113)	0.215* (0.087)	0.303** (0.113)	0.214* (0.087)	0.196+ (0.099)	0.196+ (0.100)	0.195+ (0.098)	0.196+ (0.100)
Social Security	0.024+ (0.013)	-0.002 (0.005)	0.021 (0.013)	-0.003 (0.005)	-0.007 (0.005)	-0.005 (0.006)	-0.007 (0.005)	-0.004 (0.006)
Teacher	-0.003 (0.008)	0.001 (0.002)	-0.003 (0.009)	0.001 (0.002)	-0.000 (0.002)	0.001 (0.003)	-0.000 (0.002)	0.001 (0.003)
Public Safety	-0.012 (0.010)	0.002 (0.004)	-0.010 (0.012)	0.003 (0.004)	0.001 (0.004)	0.003 (0.004)	0.002 (0.004)	0.003 (0.004)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	0.284 (0.425)	0.053 (0.179)	0.284 (0.421)	0.051 (0.177)	0.045 (0.165)	0.044 (0.170)	0.046 (0.165)	0.044 (0.170)
L. % Alternatives	0.046 (0.041)	0.942*** (0.048)	0.047 (0.041)	0.946*** (0.049)	0.955*** (0.050)	0.955*** (0.048)	0.956*** (0.050)	0.956*** (0.049)
L. Market Valuation		-0.003 (0.006)		-0.002 (0.005)		-0.004 (0.007)		-0.004 (0.007)
L. Log System Age		0.000 (0.003)		0.001 (0.002)		0.002 (0.001)		0.002 (0.001)
L. EAN		-0.015+ (0.008)		-0.015+ (0.008)		-0.013 (0.008)		-0.013 (0.008)
L. PUC		-0.014 (0.010)		-0.013 (0.010)		-0.012 (0.010)		-0.011 (0.010)
L. Employee Cont.		0.034 (0.041)		0.041 (0.040)		0.040 (0.047)		0.046 (0.047)
L. Employer Cont.		-0.017** (0.006)		-0.017** (0.006)		-0.019* (0.007)		-0.019* (0.007)
L. Log Actives		0.001 (0.001)		0.001 (0.001)				
Observations	725	705	725	705	671	655	671	655
Adjusted $R^2$	0.566	0.845	0.560	0.845	0.846	0.845	0.846	0.846

The above is the result of regressing the amount of investment in alternatives on the other independent variables. Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 13: Board Membership and Investments in Real Estate

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.004 (0.003)	0.002 (0.004)						
<i>Board % Active</i>	-0.009 <sup>+</sup> (0.005)	-0.010 <sup>+</sup> (0.005)	-0.010* (0.005)	-0.011* (0.005)				
<i>Board % Retired</i>	-0.001 (0.005)	0.000 (0.006)	-0.003 (0.005)	-0.000 (0.005)				
<i>Politicization Inst.</i>					0.011 (0.008)	0.008 (0.008)		
<i>Active Inst.</i>					-0.011 (0.008)	-0.013 (0.009)	-0.016 <sup>+</sup> (0.009)	-0.017 <sup>+</sup> (0.009)
<i>Retired Inst.</i>					0.006 (0.008)	0.010 (0.008)	0.000 (0.007)	0.006 (0.007)
Divided Government	-0.005 (0.003)	-0.005 (0.003)	-0.005 (0.003)	-0.005 (0.003)	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)	-0.004 (0.003)
Polarization	0.003 (0.008)	0.003 (0.008)	0.004 (0.008)	0.003 (0.008)	-0.002 (0.008)	-0.002 (0.009)	-0.002 (0.008)	-0.002 (0.009)
Div. Govt. x Polar.	0.003 (0.002)	0.004 (0.002)	0.003 (0.002)	0.004 (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)	0.003 (0.002)
% Repub. Legis.	0.001 (0.012)	0.000 (0.012)	-0.000 (0.012)	0.000 (0.012)	-0.002 (0.014)	-0.002 (0.014)	-0.002 (0.014)	-0.002 (0.014)
Legis. Professionalism	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)	-0.000 (0.002)	0.000 (0.003)	0.000 (0.003)	0.000 (0.003)	0.000 (0.003)
Union Coverage	0.021 (0.021)	0.018 (0.022)	0.020 (0.021)	0.017 (0.021)	0.022 (0.022)	0.018 (0.023)	0.021 (0.022)	0.017 (0.023)
Social Security	0.002 (0.002)	0.002 (0.003)	0.002 (0.002)	0.002 (0.003)	0.001 (0.002)	-0.000 (0.004)	0.001 (0.002)	0.000 (0.004)
Teacher	0.003* (0.002)	0.004* (0.002)	0.003* (0.002)	0.004* (0.002)	0.003 <sup>+</sup> (0.002)	0.003 <sup>+</sup> (0.002)	0.003 <sup>+</sup> (0.002)	0.003 <sup>+</sup> (0.002)
Public Safety	0.001 (0.002)	0.001 (0.002)	0.001 (0.002)	0.001 (0.002)	-0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.001 (0.002)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	-0.006 (0.071)	-0.002 (0.074)	-0.007 (0.071)	-0.002 (0.074)	-0.005 (0.076)	-0.015 (0.075)	-0.005 (0.077)	-0.016 (0.076)
L. % Real Estate	0.854*** (0.033)	0.837*** (0.040)	0.861*** (0.030)	0.839*** (0.039)	0.845*** (0.040)	0.834*** (0.043)	0.854*** (0.034)	0.838*** (0.039)
L. Market Valuation		0.004 (0.004)		0.004 (0.004)		0.007 <sup>+</sup> (0.004)		0.007 <sup>+</sup> (0.004)
L. Log System Age		0.004 (0.002)		0.004 (0.003)		0.003 (0.002)		0.003 (0.002)
L. EAN		-0.005*** (0.001)		-0.004*** (0.001)		-0.004** (0.001)		-0.004** (0.001)
L. PUC		-0.005 <sup>+</sup> (0.002)		-0.004 <sup>+</sup> (0.002)		-0.006* (0.003)		-0.006 <sup>+</sup> (0.003)
L. Employee Cont.		-0.012 (0.029)		-0.010 (0.029)		-0.015 (0.029)		-0.009 (0.031)
L. Employer Cont.		0.004 (0.008)		0.004 (0.008)		0.006 (0.009)		0.006 (0.009)
L. Log Actives		-0.001 (0.001)		-0.001 (0.001)				
Observations	725	705	725	705	671	655	671	655
Adjusted $R^2$	0.900	0.899	0.899	0.899	0.898	0.897	0.897	0.897

The above is the result of regressing the amount of investment in real estate on the other independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 14: Board Membership and Investments in Bonds

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.023*	-0.050*						
	(0.011)	(0.023)						
<i>Board % Active</i>	0.030	0.015	0.038	0.035				
	(0.037)	(0.031)	(0.035)	(0.037)				
<i>Board % Retired</i>	-0.046	-0.079	-0.034	-0.053				
	(0.055)	(0.062)	(0.051)	(0.048)				
<i>Politicization Inst.</i>					-0.029	-0.091 <sup>+</sup>		
					(0.037)	(0.047)		
<i>Active Inst.</i>					0.049	0.007	0.063	0.051
					(0.063)	(0.054)	(0.049)	(0.059)
<i>Retired Inst.</i>					-0.098	-0.177*	-0.084	-0.128 <sup>+</sup>
					(0.095)	(0.084)	(0.094)	(0.067)
Divided Government	0.008	0.013	0.008	0.012	0.010	0.016	0.010	0.014
	(0.012)	(0.014)	(0.012)	(0.014)	(0.013)	(0.015)	(0.013)	(0.014)
Polarization	-0.001	-0.006	-0.003	-0.009	0.018	0.025	0.017	0.021
	(0.019)	(0.026)	(0.019)	(0.024)	(0.026)	(0.034)	(0.028)	(0.033)
Div. Govt. x Polar.	-0.003	-0.005	-0.003	-0.004	-0.003	-0.005	-0.003	-0.004
	(0.007)	(0.009)	(0.007)	(0.008)	(0.007)	(0.009)	(0.007)	(0.008)
% Repub. Legis.	-0.092 <sup>+</sup>	-0.101 <sup>+</sup>	-0.090 <sup>+</sup>	-0.096	-0.094 <sup>+</sup>	-0.104	-0.095 <sup>+</sup>	-0.103
	(0.046)	(0.058)	(0.047)	(0.058)	(0.051)	(0.063)	(0.051)	(0.063)
Legis. Professionalism	-0.007	-0.012	-0.007	-0.011	-0.006	-0.011	-0.006	-0.010
	(0.008)	(0.009)	(0.008)	(0.009)	(0.008)	(0.010)	(0.008)	(0.009)
Union Coverage	-0.067	-0.099	-0.062	-0.080	-0.061	-0.081	-0.059	-0.070
	(0.049)	(0.069)	(0.049)	(0.062)	(0.048)	(0.062)	(0.048)	(0.059)
Social Security	0.009	0.040	0.011	0.039	0.016	0.056	0.016	0.049
	(0.016)	(0.028)	(0.015)	(0.027)	(0.020)	(0.036)	(0.019)	(0.031)
Teacher	0.001	0.001	0.000	0.000	0.001	0.000	0.001	0.001
	(0.006)	(0.008)	(0.006)	(0.010)	(0.006)	(0.008)	(0.007)	(0.009)
Public Safety	0.010 <sup>+</sup>	0.012	0.008	0.008	0.012*	0.016*	0.010 <sup>+</sup>	0.012
	(0.005)	(0.008)	(0.006)	(0.008)	(0.005)	(0.007)	(0.006)	(0.009)
L. Income Per Cap.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
L. State Debt/GSP	-0.231	-0.164	-0.238	-0.183	-0.309	-0.260	-0.314	-0.276
	(0.229)	(0.253)	(0.228)	(0.244)	(0.246)	(0.267)	(0.248)	(0.272)
L. % Bonds	0.575***	0.481**	0.581***	0.512**	0.559***	0.460*	0.561***	0.483**
	(0.069)	(0.179)	(0.078)	(0.174)	(0.069)	(0.173)	(0.073)	(0.169)
L. Market Valuation		0.032		0.020		0.009		0.003
		(0.060)		(0.057)		(0.061)		(0.061)
L. Log System Age		0.010		0.001		0.003		-0.001
		(0.008)		(0.008)		(0.005)		(0.006)
L. EAN		0.011		0.010		0.013		0.013
		(0.012)		(0.012)		(0.011)		(0.011)
L. PUC		0.064		0.056		0.089*		0.080*
		(0.039)		(0.036)		(0.043)		(0.038)
L. Employee Cont.		0.259		0.186		0.274		0.194
		(0.193)		(0.155)		(0.173)		(0.137)
L. Employer Cont.		-0.041		-0.046		-0.038		-0.047
		(0.055)		(0.052)		(0.058)		(0.054)
L. Log Actives		-0.005		-0.004				
		(0.004)		(0.004)				
Observations	724	705	724	705	670	655	670	655
Adjusted $R^2$	0.715	0.730	0.714	0.724	0.699	0.718	0.699	0.714

The above is the result of regressing the amount of investment in bonds on the other independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 15: Board Membership Regressions, All Plans, No Lagged Dependent Variables

	(1) % Polit.	(2) % Polit.	(3) % Active	(4) % Active	(5) % Retired	(6) % Retired
<i>L. Log Actives</i>	-0.104*** (0.025)	-0.102*** (0.024)	0.066* (0.028)	0.070*** (0.019)	0.030 (0.033)	0.018 (0.020)
L. Div. Govt.	0.014 (0.021)	0.013 (0.018)	-0.014 (0.018)	-0.018 (0.018)	-0.004 (0.011)	0.010 (0.015)
L. Legis. Polarization	0.051 (0.037)	0.056+ (0.033)	-0.083 (0.052)	-0.059 (0.044)	0.075 (0.060)	0.021 (0.028)
L. Pol x Div. Govt.	-0.011 (0.014)	-0.010 (0.012)	0.013 (0.012)	0.015 (0.012)	0.003 (0.008)	-0.004 (0.010)
L. % Repub. Legis.	-0.040 (0.085)	-0.018 (0.078)	0.122 (0.080)	0.139* (0.067)	0.004 (0.055)	-0.038 (0.034)
L. Professionalization	-0.000 (0.008)	0.002 (0.007)	0.003 (0.008)	-0.001 (0.006)	-0.017 (0.019)	-0.013 (0.014)
L. Union	-0.080 (0.061)	-0.022 (0.057)	0.039 (0.082)	-0.028 (0.049)	-0.119 (0.160)	-0.089 (0.086)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-0.010 (0.327)	0.114 (0.332)	-0.835+ (0.468)	-1.121* (0.492)	0.426 (0.432)	0.586 (0.353)
L. Discount Rate		-0.000 (0.004)		0.006 (0.009)		0.009 (0.014)
L. Market Valuation		-0.015 (0.011)		0.032 (0.020)		-0.002 (0.033)
L. Invest. Return		-0.011 (0.018)		0.006 (0.022)		-0.044* (0.022)
L. % Equities		-0.011 (0.043)		-0.042 (0.053)		0.117 (0.073)
L. % Real Estate		-0.363+ (0.182)		0.125 (0.171)		0.483+ (0.252)
L. % Alternatives		-0.067 (0.072)		0.052 (0.070)		-0.122 (0.155)
L. % Bonds		0.021 (0.029)		-0.019 (0.030)		0.035 (0.053)
L. Log System Age		-0.001 (0.010)		0.020 (0.028)		0.000 (0.025)
L. EAN		-0.014 (0.016)		0.058 (0.035)		-0.002 (0.019)
L. PUC		-0.011 (0.022)		-0.071 (0.061)		0.227+ (0.119)
L. Employer Cont.		-0.016 (0.016)		-0.031+ (0.017)		0.038* (0.018)
L. Employee Cont.		-0.523* (0.234)		0.228 (0.335)		0.723 (0.512)
Observations	705	689	705	689	705	689
Adjusted $R^2$	0.989	0.990	0.971	0.974	0.815	0.856
F	11.365	15.100	1.418	9.504	0.692	16.944

The above presents the results of regressing the board variables on the independent variables. Two-way robust-cluster standard errors in parentheses. Models include plan & year fixed effects.  
<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$



Table 16: Board Membership and Plan Discount Rates, No Lag Discount Rate

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.159 (0.108)	0.091 (0.119)						
<i>Board % Active</i>	-0.489* (0.198)	-0.296 (0.185)	-0.553* (0.220)	-0.328 (0.205)				
<i>Board % Retired</i>	0.643+ (0.336)	0.682** (0.210)	0.568+ (0.307)	0.635** (0.198)				
<i>Politicization Inst.</i>					0.294 (0.239)	0.233 (0.239)		
<i>Active Inst.</i>					-0.801* (0.359)	-0.445 (0.330)	-0.939* (0.377)	-0.553 (0.366)
<i>Retired Inst.</i>					1.108+ (0.551)	1.240*** (0.297)	0.968+ (0.486)	1.109*** (0.272)
Divided Government	-0.095 (0.059)	-0.101* (0.049)	-0.095 (0.057)	-0.099* (0.048)	-0.102 (0.067)	-0.114+ (0.062)	-0.096 (0.065)	-0.108+ (0.059)
Polarization	-0.108 (0.171)	0.045 (0.153)	-0.098 (0.169)	0.053 (0.153)	-0.169 (0.210)	0.049 (0.200)	-0.160 (0.207)	0.059 (0.200)
Div. Govt. x Polar.	0.059 (0.040)	0.067* (0.032)	0.059 (0.039)	0.067* (0.031)	0.061 (0.044)	0.075+ (0.041)	0.059 (0.043)	0.073+ (0.040)
% Repub. Legis.	1.215* (0.535)	0.976+ (0.496)	1.214* (0.533)	0.963+ (0.492)	1.194* (0.534)	0.950* (0.468)	1.203* (0.535)	0.940* (0.466)
Legis. Professionalism	0.030 (0.044)	0.010 (0.038)	0.029 (0.044)	0.008 (0.038)	0.035 (0.057)	0.012 (0.049)	0.034 (0.057)	0.009 (0.049)
Union Coverage	0.788+ (0.407)	0.391 (0.355)	0.765+ (0.400)	0.351 (0.344)	0.884* (0.395)	0.359 (0.342)	0.866* (0.388)	0.324 (0.333)
Social Security	-0.056 (0.118)	-0.154+ (0.080)	-0.074 (0.127)	-0.153+ (0.083)	-0.102 (0.120)	-0.189* (0.079)	-0.105 (0.123)	-0.173* (0.085)
Teacher	-0.069 (0.078)	-0.091 (0.080)	-0.064 (0.080)	-0.091 (0.081)	-0.079 (0.088)	-0.110 (0.085)	-0.079 (0.090)	-0.114 (0.088)
Public Safety	-0.059 (0.077)	-0.080 (0.080)	-0.048 (0.073)	-0.074 (0.074)	-0.081 (0.087)	-0.093 (0.087)	-0.066 (0.079)	-0.083 (0.080)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-2.564+ (1.407)	-3.096* (1.384)	-2.552+ (1.410)	-3.086* (1.409)	-3.143* (1.411)	-3.604* (1.459)	-3.107* (1.436)	-3.577* (1.492)
L. Market Valuation		0.367+ (0.214)		0.389+ (0.212)		0.427+ (0.233)		0.447+ (0.233)
L. Investment Returns		-0.051 (0.150)		-0.050 (0.153)		0.034 (0.138)		0.041 (0.141)
L. % Equities		0.034 (0.476)		0.045 (0.481)		0.006 (0.486)		0.035 (0.484)
L. % Real Estate		0.298 (0.825)		0.384 (0.881)		0.434 (0.850)		0.544 (0.897)
L. % Alternatives		1.401** (0.464)		1.444** (0.470)		1.349** (0.486)		1.374** (0.492)
L. % Bonds		-0.608 (0.460)		-0.650 (0.472)		-0.614 (0.473)		-0.651 (0.488)
L. Log System Age		-0.066 (0.067)		-0.052 (0.058)		-0.066 (0.058)		-0.059 (0.058)
L. EAN		0.082 (0.085)		0.086 (0.086)		0.074 (0.084)		0.075 (0.085)
L. PUC		-0.187+ (0.106)		-0.171 (0.110)		-0.256* (0.111)		-0.231* (0.115)
L. Employee Cont.		0.620 (0.511)		0.753 (0.489)		0.543 (0.501)		0.755 (0.468)
L. Employer Cont.		0.166 (0.101)		0.175 (0.104)		0.185+ (0.109)		0.207+ (0.111)
L. Log Actives		-0.008 (0.016)		-0.010 (0.017)				
Observations	720	702	720	702	666	654	666	654
Adjusted $R^2$	0.666	0.718	0.660	0.717	0.653	0.713	0.648	0.711

The above is the result of regressing plan discount rates on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 17: Board Membership and Plan Funded Ratios, No Lagged Funded Ratio

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Board Politicization	-0.094* (0.045)	-0.029 (0.028)						
Board % Active	0.071 (0.053)	0.051+ (0.029)	0.109 (0.065)	0.060* (0.026)				
Board % Retired	-0.082 (0.052)	-0.001 (0.053)	-0.037 (0.068)	0.015 (0.053)				
<i>Politicization Inst.</i>					-0.204* (0.087)	-0.072 (0.060)		
<i>Active Inst.</i>					0.093 (0.096)	0.071 (0.057)	0.188 (0.119)	0.103* (0.049)
<i>Retired Inst.</i>					-0.155 (0.104)	-0.009 (0.088)	-0.058 (0.119)	0.034 (0.081)
Divided Government	0.007 (0.015)	-0.000 (0.014)	0.007 (0.014)	-0.001 (0.014)	-0.014 (0.019)	-0.028+ (0.016)	-0.018 (0.019)	-0.030+ (0.016)
Polarization	0.037 (0.067)	0.025 (0.056)	0.031 (0.065)	0.022 (0.054)	0.090 (0.074)	0.076 (0.058)	0.084 (0.074)	0.072 (0.056)
Div. Govt. x Polar.	-0.009 (0.009)	-0.004 (0.007)	-0.009 (0.009)	-0.004 (0.007)	0.004 (0.012)	0.011 (0.009)	0.005 (0.012)	0.012 (0.009)
% Repub. Legis.	-0.070 (0.063)	0.103+ (0.060)	-0.070 (0.060)	0.109+ (0.059)	-0.077 (0.074)	0.083 (0.067)	-0.083 (0.072)	0.089 (0.065)
Legis. Professionalism	0.003 (0.016)	-0.001 (0.017)	0.004 (0.016)	-0.000 (0.016)	0.002 (0.017)	-0.002 (0.019)	0.003 (0.018)	-0.001 (0.019)
Union Coverage	-0.086 (0.103)	-0.054 (0.084)	-0.072 (0.103)	-0.042 (0.083)	-0.102 (0.111)	-0.067 (0.087)	-0.089 (0.111)	-0.057 (0.087)
Social Security	-0.017 (0.029)	-0.039+ (0.021)	-0.007 (0.031)	-0.040+ (0.020)	-0.003 (0.026)	-0.035 (0.024)	-0.001 (0.029)	-0.040+ (0.022)
Teacher	-0.056+ (0.029)	-0.059* (0.023)	-0.058+ (0.029)	-0.059* (0.023)	-0.054+ (0.030)	-0.055* (0.022)	-0.054+ (0.030)	-0.054* (0.021)
Public Safety	-0.025 (0.028)	-0.027 (0.023)	-0.031 (0.026)	-0.029 (0.022)	-0.016 (0.030)	-0.024 (0.022)	-0.026 (0.025)	-0.027 (0.020)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	0.764* (0.304)	0.684+ (0.398)	0.757* (0.318)	0.677+ (0.402)	0.785* (0.314)	0.718+ (0.421)	0.760* (0.333)	0.704 (0.432)
L. Discount Rate		-0.133*** (0.021)		-0.135*** (0.020)		-0.137*** (0.023)		-0.140*** (0.023)
L. Market Valuation		-0.040* (0.019)		-0.046* (0.020)		-0.019 (0.025)		-0.023 (0.025)
L. Investment Returns		-0.041 (0.060)		-0.041 (0.060)		-0.043 (0.063)		-0.045 (0.063)
L. % Equities		0.033 (0.060)		0.030 (0.061)		0.046 (0.060)		0.037 (0.059)
L. % Real Estate		-0.097 (0.140)		-0.124 (0.154)		-0.073 (0.146)		-0.104 (0.158)
L. % Alternatives		0.160** (0.057)		0.150** (0.056)		0.195** (0.066)		0.191** (0.065)
L. % Bonds		0.003 (0.055)		0.015 (0.057)		0.001 (0.055)		0.011 (0.054)
L. Log System Age		-0.044 (0.027)		-0.048+ (0.026)		-0.042+ (0.022)		-0.044* (0.022)
L. EAN		0.055* (0.027)		0.054+ (0.027)		0.052* (0.025)		0.052+ (0.026)
L. PUC		0.021 (0.031)		0.015 (0.031)		0.010 (0.028)		0.001 (0.027)
L. Employee Cont.		-0.183 (0.242)		-0.223 (0.269)		-0.179 (0.236)		-0.242 (0.244)
L. Employer Cont.		-0.175+ (0.094)		-0.177+ (0.095)		-0.167+ (0.090)		-0.174+ (0.091)
L. Log Actives		0.006 (0.010)		0.006 (0.010)				
Observations	720	702	720	702	666	654	666	654
Adjusted $R^2$	0.709	0.778	0.691	0.777	0.702	0.774	0.684	0.772

The above is the result of regressing riskless funded ratios on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 18: Board Membership and Log Assets, No Lag Log Assets

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.179 <sup>+</sup> (0.095)	-0.049 (0.059)						
<i>Board % Active</i>	0.155 (0.121)	0.069 (0.076)	0.225 (0.144)	0.085 (0.071)				
<i>Board % Retired</i>	-0.313* (0.128)	-0.174 (0.115)	-0.240 <sup>+</sup> (0.132)	-0.147 (0.106)				
<i>Politicization Inst.</i>					-0.555* (0.226)	-0.332 <sup>+</sup> (0.169)		
<i>Active Inst.</i>					0.363 <sup>+</sup> (0.199)	0.199 (0.131)	0.604* (0.264)	0.317** (0.102)
<i>Retired Inst.</i>					-0.310 (0.213)	-0.000 (0.214)	-0.054 (0.222)	0.183 (0.179)
Lag Liabilities	0.938*** (0.016)	0.837*** (0.038)	0.930*** (0.016)	0.836*** (0.038)	0.910*** (0.020)	0.923*** (0.021)	0.920*** (0.016)	0.938*** (0.017)
Divided Government	0.005 (0.032)	-0.019 (0.039)	0.004 (0.034)	-0.020 (0.040)	0.025 (0.042)	-0.015 (0.043)	0.013 (0.040)	-0.024 (0.046)
Polarization	-0.058 (0.124)	-0.074 (0.130)	-0.069 (0.124)	-0.079 (0.128)	0.045 (0.127)	0.033 (0.128)	0.028 (0.129)	0.011 (0.124)
Div. Govt. x Polar.	-0.007 (0.024)	0.007 (0.029)	-0.007 (0.025)	0.007 (0.030)	-0.018 (0.026)	0.005 (0.029)	-0.014 (0.026)	0.009 (0.032)
% Repub. Legis.	-0.009 (0.141)	0.360 <sup>+</sup> (0.196)	-0.007 (0.142)	0.370 <sup>+</sup> (0.201)	-0.065 (0.149)	0.323 <sup>+</sup> (0.182)	-0.081 (0.147)	0.347 <sup>+</sup> (0.187)
Legis. Professionalism	-0.039 <sup>+</sup> (0.022)	-0.053* (0.023)	-0.039 <sup>+</sup> (0.023)	-0.052* (0.023)	-0.020 (0.023)	-0.042 (0.027)	-0.018 (0.024)	-0.038 (0.028)
Union Coverage	-0.207 (0.218)	-0.262 (0.208)	-0.180 (0.216)	-0.242 (0.212)	-0.227 (0.228)	-0.310 (0.211)	-0.196 (0.231)	-0.255 (0.214)
Social Security	-0.086 (0.074)	-0.133* (0.057)	-0.070 (0.083)	-0.134* (0.056)	-0.130 <sup>+</sup> (0.072)	-0.154** (0.053)	-0.114 (0.085)	-0.168** (0.052)
Teacher	-0.106 <sup>+</sup> (0.061)	-0.152* (0.063)	-0.108 <sup>+</sup> (0.064)	-0.152* (0.063)	-0.116 <sup>+</sup> (0.063)	-0.143** (0.051)	-0.120 <sup>+</sup> (0.065)	-0.141** (0.049)
Public Safety	-0.080 (0.060)	-0.087 (0.058)	-0.095 (0.058)	-0.091 (0.056)	-0.072 (0.063)	-0.083 (0.053)	-0.096 (0.058)	-0.092 <sup>+</sup> (0.051)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	1.159 (0.817)	0.766 (0.883)	1.147 (0.874)	0.754 (0.897)	1.314 (0.837)	0.821 (0.943)	1.256 (0.933)	0.799 (1.003)
L. Discount Rate		-0.322*** (0.045)		-0.325*** (0.043)		-0.347*** (0.057)		-0.360*** (0.056)
L. Market Valuation		-0.063 (0.045)		-0.072 (0.047)		-0.037 (0.054)		-0.063 (0.056)
L. Investment Returns		0.373*** (0.081)		0.372*** (0.080)		0.468*** (0.082)		0.462*** (0.078)
L. % Equities		0.042 (0.126)		0.037 (0.125)		-0.008 (0.133)		-0.038 (0.132)
L. % Real Estate		0.065 (0.317)		0.022 (0.329)		-0.080 (0.391)		-0.220 (0.411)
L. % Alternatives		0.294 <sup>+</sup> (0.163)		0.277 <sup>+</sup> (0.161)		0.414* (0.176)		0.367* (0.162)
L. % Bonds		-0.174 (0.129)		-0.153 (0.135)		-0.213 <sup>+</sup> (0.125)		-0.154 (0.117)
L. Log System Age		-0.021 (0.057)		-0.028 (0.057)		-0.025 (0.048)		-0.050 (0.048)
L. EAN		0.191* (0.072)		0.189* (0.072)		0.168** (0.058)		0.158** (0.056)
L. PUC		0.101 (0.086)		0.091 (0.084)		0.046 (0.075)		0.000 (0.067)
L. Employee Cont.		0.902 (0.606)		0.839 (0.607)		0.471 (0.550)		0.099 (0.574)
L. Employer Cont.		-0.176 (0.157)		-0.180 (0.159)		-0.295 (0.186)		-0.329 (0.197)
L. Log Actives		0.134** (0.042)		0.136** (0.042)				
Observations	716	702	716	702	665	654	665	654
Adjusted $R^2$	0.982	0.988	0.981	0.988	0.983	0.988	0.981	0.987

The above is the result of regressing log assets on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 19: Board Membership and Log Liabilities, No Lag Log Liabilities

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.191 <sup>+</sup> (0.101)	0.022 (0.058)						
<i>Board % Active</i>	-0.162 (0.126)	-0.125 <sup>+</sup> (0.071)	-0.240 (0.144)	-0.132* (0.060)				
<i>Board % Retired</i>	0.109 (0.137)	-0.117 (0.126)	0.027 (0.154)	-0.129 (0.118)				
<i>Politicization Inst.</i>					0.469 <sup>+</sup> (0.235)	0.070 (0.146)		
<i>Active Inst.</i>					-0.234 (0.229)	-0.169 (0.127)	-0.421 (0.275)	-0.193 <sup>+</sup> (0.105)
<i>Retired Inst.</i>					0.309 (0.241)	-0.094 (0.218)	0.096 (0.292)	-0.132 (0.200)
L. Log Assets	0.970*** (0.030)	0.957*** (0.044)	0.976*** (0.031)	0.957*** (0.044)	1.003*** (0.031)	0.975*** (0.029)	0.989*** (0.030)	0.971*** (0.027)
Divided Government	-0.016 (0.034)	0.006 (0.028)	-0.016 (0.033)	0.006 (0.028)	-0.001 (0.046)	0.036 (0.034)	0.009 (0.042)	0.038 (0.034)
Polarization	-0.143 (0.148)	-0.123 (0.122)	-0.131 (0.144)	-0.121 (0.121)	-0.244 (0.162)	-0.207 (0.124)	-0.227 (0.159)	-0.202 (0.122)
Div. Govt. x Polar.	0.020 (0.023)	0.005 (0.016)	0.020 (0.022)	0.005 (0.016)	0.010 (0.028)	-0.011 (0.019)	0.006 (0.026)	-0.011 (0.019)
% Repub. Legis.	0.077 (0.162)	-0.286* (0.135)	0.076 (0.157)	-0.290* (0.133)	0.082 (0.185)	-0.276 <sup>+</sup> (0.151)	0.095 (0.180)	-0.279 <sup>+</sup> (0.149)
Legis. Professionalism	0.018 (0.030)	0.022 (0.032)	0.018 (0.031)	0.022 (0.032)	0.018 (0.033)	0.022 (0.035)	0.017 (0.033)	0.021 (0.035)
Union Coverage	-0.052 (0.193)	-0.152 (0.161)	-0.079 (0.196)	-0.161 (0.161)	-0.090 (0.217)	-0.171 (0.175)	-0.115 (0.215)	-0.184 (0.174)
Social Security	0.039 (0.069)	0.118* (0.056)	0.020 (0.070)	0.118* (0.054)	0.036 (0.073)	0.111 <sup>+</sup> (0.060)	0.017 (0.076)	0.113 <sup>+</sup> (0.057)
Teacher	0.152* (0.074)	0.149* (0.059)	0.156* (0.075)	0.149* (0.059)	0.143 <sup>+</sup> (0.073)	0.144** (0.053)	0.146* (0.072)	0.143** (0.053)
Public Safety	0.059 (0.070)	0.060 (0.058)	0.074 (0.066)	0.062 (0.055)	0.057 (0.070)	0.061 (0.055)	0.073 (0.064)	0.063 (0.053)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	-0.540 (0.519)	-0.312 (0.727)	-0.528 (0.546)	-0.307 (0.733)	-0.409 (0.610)	-0.211 (0.853)	-0.356 (0.627)	-0.208 (0.861)
L. Discount Rate		0.300*** (0.049)		0.302*** (0.047)		0.318*** (0.053)		0.320*** (0.053)
L. Market Valuation		0.108* (0.048)		0.113* (0.051)		0.056 (0.059)		0.062 (0.060)
L. Investment Returns		0.015 (0.131)		0.015 (0.130)		0.020 (0.147)		0.023 (0.146)
L. % Equities		0.001 (0.132)		0.003 (0.132)		-0.046 (0.134)		-0.040 (0.132)
L. % Real Estate		0.126 (0.422)		0.145 (0.435)		0.053 (0.421)		0.081 (0.442)
L. % Alternatives		-0.339* (0.137)		-0.331* (0.138)		-0.417** (0.136)		-0.406** (0.136)
L. % Bonds		-0.031 (0.134)		-0.041 (0.137)		-0.039 (0.121)		-0.052 (0.123)
L. Log System Age		0.120 (0.072)		0.124 <sup>+</sup> (0.069)		0.110 (0.069)		0.115 <sup>+</sup> (0.067)
L. EAN		-0.096 <sup>+</sup> (0.054)		-0.095 <sup>+</sup> (0.055)		-0.103* (0.050)		-0.100* (0.049)
L. PUC		0.016 (0.069)		0.020 (0.067)		0.032 (0.063)		0.042 (0.056)
L. Employee Cont.		0.876 (0.697)		0.905 (0.710)		0.768 (0.604)		0.846 (0.580)
L. Employer Cont.		0.519* (0.213)		0.521* (0.215)		0.474* (0.212)		0.479* (0.217)
L. Log Actives		0.001 (0.037)		0.001 (0.037)				
Observations	717	702	717	702	665	654	665	654
Adjusted $R^2$	0.981	0.986	0.980	0.986	0.981	0.987	0.980	0.987

The above is the result of regressing log liabilities on the independent variables.

Two-way robust-cluster standard errors in parentheses. Models include state & year fixed effects.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 20: Board Membership Regressions, All Plans, No Fixed Effects

	(1) % Polit.	(2) % Polit.	(3) % Active	(4) % Active	(5) % Retired	(6) % Retired
<i>L. Log Actives</i>	-0.000 (0.001)	0.000 (0.001)	0.002 (0.004)	0.002 (0.003)	0.000 (0.001)	0.000 (0.001)
L. Div. Govt.	-0.017 (0.020)	-0.019 (0.020)	-0.012 (0.007)	-0.015 <sup>+</sup> (0.008)	0.005 (0.007)	0.003 (0.006)
L. Legis. Polarization	-0.002 (0.008)	-0.001 (0.007)	-0.003 (0.006)	-0.004 (0.006)	0.006 (0.005)	0.002 (0.005)
L. Pol x Div. Govt.	0.009 (0.012)	0.009 (0.011)	0.006 (0.004)	0.009 <sup>+</sup> (0.005)	-0.004 (0.004)	-0.001 (0.004)
L. % Repub. Legis.	-0.006 (0.009)	-0.005 (0.008)	0.003 (0.015)	-0.005 (0.014)	-0.047* (0.018)	-0.053*** (0.015)
L. Professionalization	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.002)	0.000 (0.002)	-0.002 (0.001)	-0.002 (0.001)
L. Union	-0.003 (0.010)	-0.003 (0.010)	0.003 (0.017)	-0.003 (0.017)	0.001 (0.012)	-0.012 (0.013)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-0.027 (0.044)	-0.005 (0.034)	0.045 (0.115)	0.019 (0.104)	-0.146* (0.071)	-0.182** (0.061)
L. Discount Rate		0.007 (0.006)		0.003 (0.006)		0.007 (0.005)
L. Market Valuation		-0.008 (0.005)		0.005 (0.006)		0.015 <sup>+</sup> (0.008)
L. Invest. Return		0.009 (0.010)		-0.028 (0.021)		0.008 (0.011)
L. % Equities		-0.014 (0.012)		0.014 (0.027)		-0.005 (0.022)
L. % Real Estate		-0.042 (0.026)		-0.026 (0.057)		0.101 <sup>+</sup> (0.059)
L. % Alternatives		-0.038 (0.038)		-0.004 (0.035)		-0.052 (0.044)
L. % Bonds		-0.006 (0.010)		0.017 (0.022)		-0.033 (0.025)
L. Log System Age		0.006 (0.005)		-0.008* (0.004)		-0.003 (0.003)
L. EAN		-0.000 (0.002)		-0.010 (0.007)		0.007 <sup>+</sup> (0.004)
L. PUC		-0.001 (0.004)		-0.007 (0.008)		-0.009 (0.009)
L. Employer Cont.		0.018 (0.017)		-0.033 (0.029)		-0.015 (0.013)
L. Employee Cont.		-0.069 (0.142)		0.127 (0.080)		0.049 (0.071)
L. Board Politicization	0.992*** (0.005)	0.992*** (0.006)				
L. Board % Active			0.962*** (0.017)	0.956*** (0.018)		
L. Board % Retired					0.889*** (0.040)	0.882*** (0.037)
Observations	706	690	706	690	706	690
Adjusted $R^2$	0.988	0.988	0.971	0.971	0.886	0.888
F	80102.935	66338.388	1053.311	1297.618	182.697	737.771

The above presents the results of regressing the board variables on the independent variables.

Two-way robust-cluster standard errors in parentheses.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 21: Board Membership and Plan Discount Rates, No Fixed Effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.023 (0.015)	-0.007 (0.014)						
<i>Board % Active</i>	-0.034 (0.022)	-0.038 <sup>+</sup> (0.020)	-0.023 (0.020)	-0.035* (0.017)				
<i>Board % Retired</i>	0.047 (0.045)	0.003 (0.050)	0.053 (0.048)	0.005 (0.051)				
<i>Politicization Inst.</i>					-0.040 (0.032)	-0.016 (0.030)		
<i>Active Inst.</i>					-0.050 (0.044)	-0.054 (0.037)	-0.036 (0.041)	-0.048 (0.033)
<i>Retired Inst.</i>					0.040 (0.068)	-0.011 (0.079)	0.050 (0.073)	-0.006 (0.079)
Divided Government	-0.045 (0.030)	-0.038 (0.029)	-0.039 (0.031)	-0.036 (0.029)	-0.054 <sup>+</sup> (0.027)	-0.043 (0.029)	-0.049 <sup>+</sup> (0.028)	-0.041 (0.029)
Polarization	-0.037 <sup>+</sup> (0.019)	-0.031 <sup>+</sup> (0.018)	-0.037 <sup>+</sup> (0.019)	-0.031 <sup>+</sup> (0.018)	-0.046* (0.017)	-0.036* (0.017)	-0.046* (0.018)	-0.037* (0.017)
Div. Govt. x Polar.	0.029 (0.018)	0.022 (0.018)	0.024 (0.019)	0.020 (0.018)	0.034 <sup>+</sup> (0.017)	0.024 (0.018)	0.030 <sup>+</sup> (0.017)	0.023 (0.018)
% Repub. Legis.	0.083 (0.057)	0.044 (0.050)	0.075 (0.057)	0.040 (0.052)	0.072 (0.057)	0.035 (0.052)	0.066 (0.058)	0.032 (0.054)
Legis. Professionalism	0.006 (0.007)	0.006 (0.006)	0.006 (0.007)	0.006 (0.005)	0.006 (0.008)	0.007 (0.006)	0.007 (0.008)	0.007 (0.006)
Union Coverage	0.009 (0.070)	-0.008 (0.066)	0.013 (0.071)	-0.008 (0.066)	-0.011 (0.072)	-0.041 (0.069)	-0.007 (0.072)	-0.040 (0.069)
Social Security	-0.029* (0.012)	-0.025 <sup>+</sup> (0.013)	-0.029* (0.012)	-0.025 <sup>+</sup> (0.013)	-0.026* (0.012)	-0.023 (0.014)	-0.025* (0.012)	-0.023 <sup>+</sup> (0.014)
Balanced Budget	-0.009 (0.016)	-0.012 (0.014)	-0.003 (0.016)	-0.010 (0.014)	-0.012 (0.016)	-0.014 (0.016)	-0.008 (0.016)	-0.012 (0.015)
Teacher	0.004 (0.008)	-0.004 (0.010)	0.002 (0.008)	-0.005 (0.010)	-0.004 (0.008)	-0.010 (0.010)	-0.003 (0.008)	-0.010 (0.010)
Public Safety	0.005 (0.012)	0.004 (0.011)	0.002 (0.012)	0.003 (0.011)	0.002 (0.012)	0.002 (0.011)	-0.000 (0.012)	0.001 (0.010)
L. Income Per Cap.	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	0.107 (0.372)	0.090 (0.416)	0.105 (0.374)	0.090 (0.413)	0.187 (0.421)	0.178 (0.409)	0.164 (0.423)	0.170 (0.410)
L. Discount Rate	0.899*** (0.022)	0.882*** (0.027)	0.899*** (0.021)	0.883*** (0.027)	0.899*** (0.022)	0.881*** (0.029)	0.899*** (0.022)	0.880*** (0.029)
L. Market Valuation		-0.041 (0.032)		-0.042 (0.033)		-0.034 (0.030)		-0.034 (0.030)
L. Investment Returns		0.047 (0.111)		0.047 (0.111)		0.074 (0.117)		0.073 (0.117)
L. % Equities		-0.005 (0.083)		-0.005 (0.084)		0.008 (0.093)		0.008 (0.094)
L. % Real Estate		0.378 <sup>+</sup> (0.224)		0.379 <sup>+</sup> (0.222)		0.402 <sup>+</sup> (0.225)		0.400 <sup>+</sup> (0.226)
L. % Alternatives		-0.082 (0.096)		-0.085 (0.093)		-0.065 (0.096)		-0.068 (0.094)
L. % Bonds		-0.123* (0.059)		-0.124* (0.059)		-0.119 <sup>+</sup> (0.066)		-0.121 <sup>+</sup> (0.066)
L. Log System Age		-0.022 (0.014)		-0.023 <sup>+</sup> (0.013)		-0.020 (0.013)		-0.021 (0.013)
L. EAN		0.009 (0.015)		0.008 (0.015)		-0.001 (0.014)		-0.002 (0.014)
L. PUC		0.043 <sup>+</sup> (0.025)		0.041 (0.025)		0.035 (0.026)		0.033 (0.025)
L. Employee Cont.		-0.007 (0.165)		-0.003 (0.167)		-0.037 (0.168)		-0.035 (0.168)
L. Employer Cont.		0.032 (0.029)		0.033 (0.029)		0.026 (0.028)		0.025 (0.028)
L. Log Actives		0.000 (0.005)		0.001 (0.005)				
Observations	713	702	713	702	661	654	661	654
Adjusted $R^2$	0.861	0.860	0.861	0.860	0.857	0.858	0.857	0.858

The above is the result of regressing plan discount rates on the independent variables.

Two-way robust-cluster standard errors in parentheses.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 22: Board Membership and Plan Funded Ratios, No Fixed Effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	-0.004 (0.011)	0.011 (0.008)						
<i>Board % Active</i>	-0.012 (0.011)	0.013 (0.010)	-0.010 (0.009)	0.008 (0.009)				
<i>Board % Retired</i>	-0.040* (0.015)	0.001 (0.021)	-0.039* (0.015)	-0.002 (0.020)				
<i>Politicization Inst.</i>					-0.006 (0.011)	0.009 (0.008)		
<i>Active Inst.</i>					-0.010 (0.011)	0.015 (0.010)	-0.008 (0.010)	0.011 (0.010)
<i>Retired Inst.</i>					-0.034 (0.021)	0.008 (0.022)	-0.032 (0.020)	0.005 (0.023)
Divided Government	-0.022 (0.017)	-0.015 (0.017)	-0.021 (0.017)	-0.017 (0.017)	-0.028 (0.019)	-0.021 (0.019)	-0.027 (0.019)	-0.023 (0.018)
Polarization	0.003 (0.010)	0.001 (0.010)	0.003 (0.010)	0.001 (0.010)	-0.001 (0.010)	-0.001 (0.010)	-0.001 (0.010)	-0.001 (0.010)
Div. Govt. x Polar.	0.013 (0.012)	0.009 (0.011)	0.012 (0.012)	0.011 (0.011)	0.016 (0.013)	0.011 (0.013)	0.015 (0.013)	0.013 (0.012)
% Repub. Legis.	0.004 (0.023)	0.016 (0.024)	0.003 (0.022)	0.021 (0.025)	0.012 (0.025)	0.016 (0.024)	0.010 (0.023)	0.020 (0.026)
Legis. Professionalism	-0.001 (0.003)	-0.001 (0.002)	-0.001 (0.003)	-0.001 (0.002)	-0.000 (0.003)	-0.001 (0.002)	-0.000 (0.003)	-0.001 (0.002)
Union Coverage	0.028 (0.032)	0.055* (0.024)	0.029 (0.033)	0.054* (0.025)	0.035 (0.033)	0.060* (0.024)	0.037 (0.034)	0.059* (0.025)
Social Security	0.017* (0.008)	-0.009 (0.008)	0.017* (0.008)	-0.009 (0.008)	0.021* (0.008)	-0.006 (0.008)	0.021** (0.008)	-0.006 (0.008)
Balanced Budget	-0.008 (0.008)	0.008 (0.008)	-0.007 (0.007)	0.005 (0.007)	-0.009 (0.009)	0.008 (0.008)	-0.007 (0.007)	0.005 (0.007)
Teacher	-0.003 (0.005)	-0.011 <sup>+</sup> (0.006)	-0.003 (0.005)	-0.009 (0.006)	-0.000 (0.005)	-0.009 (0.006)	-0.001 (0.005)	-0.007 (0.006)
Public Safety	0.005 (0.005)	-0.002 (0.006)	0.005 (0.006)	-0.000 (0.006)	0.004 (0.005)	-0.003 (0.007)	0.003 (0.006)	-0.001 (0.007)
L. Income Per Cap.	-0.000 (0.000)	-0.000 <sup>+</sup> (0.000)	-0.000 (0.000)	-0.000 <sup>+</sup> (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
L. State Debt/GSP	-0.131 (0.105)	-0.092 (0.113)	-0.129 (0.104)	-0.091 (0.115)	-0.169 (0.104)	-0.134 (0.096)	-0.168 (0.103)	-0.132 (0.099)
L. Funded Ratio	0.719*** (0.024)	0.596*** (0.033)	0.720*** (0.023)	0.598*** (0.033)	0.702*** (0.026)	0.572*** (0.035)	0.704*** (0.024)	0.573*** (0.035)
L. Discount Rate		-0.048*** (0.011)		-0.048*** (0.011)		-0.052*** (0.012)		-0.052*** (0.012)
L. Market Valuation		-0.004 (0.009)		-0.003 (0.009)		-0.002 (0.011)		-0.001 (0.011)
L. Investment Returns		-0.012 (0.024)		-0.012 (0.024)		-0.000 (0.026)		-0.000 (0.026)
L. % Equities		0.032 (0.026)		0.032 (0.027)		0.032 (0.027)		0.032 (0.028)
L. % Real Estate		-0.128 <sup>+</sup> (0.069)		-0.130 <sup>+</sup> (0.070)		-0.122 <sup>+</sup> (0.069)		-0.123 <sup>+</sup> (0.070)
L. % Alternatives		0.056 (0.045)		0.062 (0.045)		0.054 (0.043)		0.059 (0.042)
L. % Bonds		0.020 (0.029)		0.022 (0.030)		0.010 (0.030)		0.012 (0.031)
L. Log System Age		-0.012 <sup>+</sup> (0.007)		-0.010 (0.006)		-0.012* (0.006)		-0.010* (0.005)
L. EAN		-0.040*** (0.009)		-0.038*** (0.009)		-0.043*** (0.010)		-0.042*** (0.010)
L. PUC		-0.058*** (0.011)		-0.055*** (0.010)		-0.061*** (0.012)		-0.058*** (0.012)
L. Employee Cont.		-0.255* (0.096)		-0.258* (0.099)		-0.256* (0.103)		-0.259* (0.105)
L. Employer Cont.		-0.105* (0.039)		-0.105* (0.040)		-0.109** (0.039)		-0.109** (0.040)
L. Log Actives		0.001 (0.003)		0.001 (0.003)				
Observations	711	702	711	702	660	654	660	654
Adjusted $R^2$	0.722	0.741	0.722	0.741	0.707	0.732	0.707	0.732

The above is the result of regressing riskless funded ratios on the independent variables.

Two-way robust-cluster standard errors in parentheses.

<sup>+</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$

Table 23: Board Membership and Log Assets, No Fixed Effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.011 (0.010)	0.023* (0.009)						
<i>Board % Active</i>	-0.003 (0.012)	0.006 (0.013)	-0.008 (0.013)	-0.004 (0.014)				
<i>Board % Retired</i>	-0.052** (0.019)	-0.029 (0.027)	-0.054** (0.018)	-0.034 (0.027)				
<i>Politicization Inst.</i>					0.017 (0.023)	0.029 (0.018)		
<i>Active Inst.</i>					0.002 (0.020)	0.018 (0.020)	-0.004 (0.021)	0.008 (0.023)
<i>Retired Inst.</i>					-0.051* (0.025)	-0.004 (0.026)	-0.055* (0.025)	-0.011 (0.028)
L. Log Liabs.	0.029+ (0.017)	0.041+ (0.023)	0.030+ (0.016)	0.040+ (0.023)	0.027 (0.017)	0.048+ (0.024)	0.028 (0.017)	0.047+ (0.024)
L. Log Assets	0.962*** (0.015)	0.940*** (0.021)	0.961*** (0.015)	0.942*** (0.021)	0.966*** (0.016)	0.946*** (0.022)	0.965*** (0.016)	0.946*** (0.022)
Divided Government	-0.060*** (0.016)	-0.039* (0.015)	-0.062*** (0.016)	-0.043** (0.015)	-0.065*** (0.017)	-0.041** (0.015)	-0.067*** (0.017)	-0.044** (0.015)
Polarization	-0.019 (0.014)	-0.017 (0.012)	-0.019 (0.014)	-0.017 (0.012)	-0.022 (0.015)	-0.019 (0.014)	-0.022 (0.015)	-0.018 (0.014)
Div. Govt. x Polar.	0.035** (0.012)	0.022* (0.011)	0.037** (0.012)	0.026* (0.011)	0.036** (0.012)	0.022+ (0.011)	0.038** (0.013)	0.024* (0.011)
% Repub. Legis.	-0.022 (0.023)	-0.001 (0.020)	-0.017 (0.024)	0.010 (0.021)	-0.010 (0.027)	0.007 (0.023)	-0.008 (0.027)	0.013 (0.024)
Legis. Professionalism	0.003 (0.003)	0.003 (0.003)	0.003 (0.002)	0.002 (0.002)	0.003 (0.003)	0.004 (0.003)	0.003 (0.003)	0.003 (0.003)
Union Coverage	-0.003 (0.023)	0.030 (0.018)	-0.004 (0.024)	0.028 (0.019)	0.003 (0.022)	0.026 (0.017)	0.001 (0.022)	0.024 (0.018)
Social Security	0.007 (0.006)	-0.001 (0.008)	0.008 (0.007)	0.001 (0.009)	0.012+ (0.006)	0.004 (0.008)	0.012+ (0.006)	0.005 (0.009)
Balanced Budget	-0.024*** (0.007)	-0.011 (0.008)	-0.027*** (0.007)	-0.018* (0.009)	-0.027*** (0.006)	-0.016* (0.007)	-0.029*** (0.007)	-0.020* (0.008)
Teacher	0.010 (0.007)	0.000 (0.007)	0.011 (0.007)	0.003 (0.007)	0.013+ (0.007)	0.005 (0.007)	0.013+ (0.007)	0.006 (0.007)
Public Safety	0.013* (0.006)	0.004 (0.006)	0.014* (0.007)	0.008 (0.006)	0.013* (0.006)	0.006 (0.006)	0.014* (0.007)	0.008 (0.006)
L. Income Per Cap.	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)
L. State Debt/GSP	-0.046 (0.108)	-0.056 (0.126)	-0.041 (0.105)	-0.051 (0.127)	-0.017 (0.121)	-0.041 (0.138)	-0.015 (0.120)	-0.040 (0.139)
L. Discount Rate		-0.029** (0.009)		-0.029** (0.010)		-0.031** (0.010)		-0.031** (0.010)
L. Market Valuation		-0.001 (0.009)		0.001 (0.010)		0.009 (0.010)		0.010 (0.011)
L. Investment Returns		0.113*** (0.029)		0.114*** (0.029)		0.115*** (0.032)		0.116*** (0.032)
L. % Equities		0.010 (0.021)		0.010 (0.023)		0.007 (0.021)		0.008 (0.022)
L. % Real Estate		-0.008 (0.064)		-0.011 (0.066)		-0.037 (0.068)		-0.036 (0.068)
L. % Alternatives		-0.025 (0.039)		-0.014 (0.039)		-0.018 (0.042)		-0.012 (0.042)
L. % Bonds		0.007 (0.022)		0.012 (0.022)		0.001 (0.020)		0.003 (0.021)
L. Log System Age		-0.008 (0.007)		-0.005 (0.007)		-0.008 (0.007)		-0.006 (0.007)
L. EAN		-0.020** (0.007)		-0.016* (0.008)		-0.021** (0.008)		-0.019* (0.008)
L. PUC		-0.025+ (0.012)		-0.018 (0.013)		-0.029* (0.011)		-0.025* (0.012)
L. Employee Cont.		0.091 (0.130)		0.081 (0.136)		0.030 (0.133)		0.030 (0.136)
L. Employer Cont.		0.067+ (0.035)		0.064+ (0.034)		0.044 (0.032)		0.046 (0.032)
L. Log Actives		0.014* (0.005)		0.012+ (0.006)				
Observations	716	702	716	702	665	654	665	654
Adjusted $R^2$	0.997	0.997	0.997	0.997	0.997	0.997	0.997	0.997

The above is the result of regressing log assets on the independent variables.

Two-way robust-cluster standard errors in parentheses.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$



Table 24: Board Membership and Log Riskless Liabilities, No Fixed Effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Board Politicization</i>	0.017 (0.017)	-0.005 (0.016)						
<i>Board % Active</i>	0.018 (0.020)	-0.032 (0.022)	0.010 (0.019)	-0.030 (0.020)				
<i>Board % Retired</i>	0.033 (0.029)	-0.033 (0.039)	0.029 (0.029)	-0.032 (0.038)				
<i>Politicization Inst.</i>					0.043 (0.041)	-0.044 (0.035)		
<i>Active Inst.</i>					0.038 (0.037)	-0.055 (0.039)	0.023 (0.034)	-0.039 (0.035)
<i>Retired Inst.</i>					0.039 (0.055)	-0.040 (0.063)	0.028 (0.051)	-0.030 (0.062)
L. Log Liabs.	0.790*** (0.032)	0.666*** (0.049)	0.792*** (0.032)	0.666*** (0.049)	0.771*** (0.034)	0.648*** (0.046)	0.773*** (0.034)	0.650*** (0.046)
L. Log Assets	0.198*** (0.032)	0.298*** (0.048)	0.197*** (0.032)	0.298*** (0.048)	0.218*** (0.034)	0.336*** (0.046)	0.214*** (0.033)	0.337*** (0.046)
Divided Government	-0.012 (0.038)	-0.002 (0.039)	-0.016 (0.039)	-0.001 (0.039)	-0.004 (0.042)	0.005 (0.041)	-0.008 (0.043)	0.009 (0.040)
Polarization	-0.027 (0.022)	-0.019 (0.020)	-0.028 (0.022)	-0.019 (0.020)	-0.025 (0.024)	-0.018 (0.023)	-0.025 (0.025)	-0.019 (0.023)
Div. Govt. x Polar.	0.008 (0.024)	0.003 (0.025)	0.011 (0.024)	0.002 (0.025)	0.004 (0.026)	0.000 (0.026)	0.008 (0.027)	-0.004 (0.025)
% Repub. Legis.	-0.031 (0.042)	-0.038 (0.043)	-0.024 (0.040)	-0.040 (0.044)	-0.039 (0.048)	-0.035 (0.048)	-0.032 (0.046)	-0.043 (0.049)
Legis. Professionalism	0.004 (0.005)	0.006 (0.005)	0.004 (0.005)	0.006 (0.005)	0.005 (0.005)	0.006 (0.005)	0.004 (0.005)	0.007 (0.005)
Union Coverage	-0.072 (0.052)	-0.090* (0.044)	-0.074 (0.052)	-0.090* (0.044)	-0.082 (0.056)	-0.117* (0.047)	-0.086 (0.056)	-0.115* (0.048)
Social Security	-0.031* (0.014)	0.017 (0.014)	-0.031* (0.013)	0.017 (0.013)	-0.034* (0.013)	0.019 (0.015)	-0.034** (0.013)	0.018 (0.015)
Balanced Budget	-0.007 (0.013)	-0.026+ (0.014)	-0.012 (0.011)	-0.025+ (0.013)	-0.007 (0.013)	-0.036* (0.016)	-0.011 (0.012)	-0.030* (0.015)
Teacher	0.020+ (0.011)	0.029* (0.012)	0.021+ (0.011)	0.029* (0.012)	0.018+ (0.011)	0.033** (0.012)	0.019+ (0.011)	0.032* (0.012)
Public Safety	0.006 (0.009)	0.012 (0.012)	0.009 (0.009)	0.011 (0.011)	0.010 (0.009)	0.017 (0.012)	0.013 (0.009)	0.013 (0.012)
L. Income Per Cap.	0.000* (0.000)	0.000** (0.000)	0.000* (0.000)	0.000** (0.000)	0.000+ (0.000)	0.000* (0.000)	0.000+ (0.000)	0.000* (0.000)
L. State Debt/GSP	0.197 (0.227)	0.087 (0.239)	0.204 (0.228)	0.085 (0.240)	0.284 (0.243)	0.087 (0.256)	0.290 (0.244)	0.085 (0.259)
L. Discount Rate		0.073*** (0.019)		0.073*** (0.019)		0.079*** (0.020)		0.079*** (0.020)
L. Market Valuation		0.019 (0.026)		0.018 (0.026)		0.024 (0.033)		0.023 (0.032)
L. Investment Returns		0.154** (0.048)		0.154** (0.048)		0.128* (0.053)		0.127* (0.053)
L. % Equities		-0.024 (0.045)		-0.024 (0.045)		-0.030 (0.049)		-0.031 (0.051)
L. % Real Estate		0.277* (0.128)		0.278* (0.129)		0.240+ (0.133)		0.240+ (0.135)
L. % Alternatives		-0.105 (0.085)		-0.107 (0.084)		-0.096 (0.085)		-0.106 (0.085)
L. % Bonds		-0.007 (0.052)		-0.008 (0.052)		-0.002 (0.057)		-0.006 (0.057)
L. Log System Age		0.022 (0.015)		0.021 (0.014)		0.022 (0.014)		0.018 (0.013)
L. EAN		0.056** (0.016)		0.056*** (0.016)		0.063*** (0.018)		0.060*** (0.016)
L. PUC		0.097*** (0.023)		0.095*** (0.022)		0.102*** (0.028)		0.097*** (0.026)
L. Employee Cont.		0.672*** (0.176)		0.675*** (0.175)		0.629** (0.184)		0.630** (0.186)
L. Employer Cont.		0.325** (0.104)		0.325** (0.104)		0.297** (0.096)		0.294** (0.095)
L. Log Actives		0.025* (0.011)		0.025* (0.011)				
Observations	711	702	711	702	660	654	660	654
Adjusted $R^2$	0.987	0.988	0.987	0.988	0.987	0.988	0.987	0.988

The above is the result of regressing riskless log liabilities ratios on the independent variables.

Two-way robust-cluster standard errors in parentheses.

+  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$