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## APPENDIX II. SOURCES AND LIMITATIONS OF DATA

## UNITS, EMPLOYEES, AND PAYROLL

Estimates of the population of employees of nonprofit organizations were mainly taken from the 1959, 1962, and 1964 editions of the U.S. Bureau of the Census *County Business Patterns*. These publications show number of employees as of mid-March pay period, the taxable payroll for January–March, and number of units reported under the Federal Insurance Contributions Act for the old-age, survivors, and disability insurance program. The data are presented in the Standard Industrial Classification three-digit code. All Government employees are excluded. While data for nonprofit organizations are included only if they are covered under the elective provisions of the act, the 1959 publication says that nearly all eligible employees are now covered by the program.

Certain modifications, which had to be made for the purposes of this report, are shown below. Units (in nonmanufacturing industries) are counted only once in each county. Therefore, units for religious bodies and for elementary and secondary schools had to be compiled from other sources.

*Religious Bodies*

The number of units comes from the *Yearbook of American Churches*, published annually by the National Council of Churches of Christ in the U.S.A. The number of employees shown in *County Business Patterns* for religious organizations refers to lay employees only. Estimates for ministers, priests, and rabbis were obtained from *Yearbook of American Churches* and an interview with its editor, Benson Y. Landis; from *The Official Catholic Directory*, published annually by P. J. Kenedy & Sons; and from H. S. Linfield, *The Rabbis of the United States*, published by the Jewish Statistical Bureau in 1957. The Linfield data are for 1954, but estimates of rabbis active in religious work were made for 1960 on the basis of the increase since a previous study (1927) made by the same author.

A breakdown of lay employees into major religious bodies served, was estimated from a study reported by F. Ernest Johnson and J. Emory Ackerman in *The Church as Employer, Money Raiser, and Investor* (New York, 1959), from a conversation with an official of a large Catholic archdiocese and information in *The Official Catholic Directory* on Catholic population and number of parishes, and from data on the number of Jewish congregations in the *Yearbook of American Churches* and other information in *The Rabbis of the United States*.

*Educational Institutions*

Correspondence and vocational schools were subtracted from educational services on the assumption that the majority were proprietary organizations; museums, art galleries, botanical and zoological gardens, and nonprofit research agencies were added.

A list of nonpublic senior colleges and universities was compiled from *Retirement and Insurance Plans in American Colleges* by William C. Greenough and Francis P. King (New York, 1959), and nonpublic junior colleges were added from the *World Almanac, 1960*. For Catholic colleges the number of lay teachers was added from *The*

*Official Catholic Directory*, and for all other colleges, total teachers from the *World Almanac*. Colleges with no lay teachers or no information on number of teachers were omitted. The following results were obtained:

	Colleges	Teachers
Nonprofit.....	1,061	113,600
Proprietary.....	36	1,400
Total.....	1,097	115,000

From *County Business Patterns*, it would appear that the total number of private colleges should be between 1,500 and 1,600 and total employees around 245,000. It is estimated, therefore, that in 1960 there were about 1,500 private nonprofit colleges with the following breakdown of total employees:<sup>18</sup>

Faculty.....	130,000
Administrative officers.....	27,000
Nonacademic employees.....	83,000
Total.....	240,000

The number of elementary and secondary school units and lay teachers was compiled from *The Official Catholic Directory*, 1960; the January 1962 issue of the Lutheran Church—Missouri Synod's *Parish Education Bulletin*; *Why a Pension Program for Teachers and Administrators in Jewish Schools*, November 1957, pamphlet of the American Association for Jewish Education; and *Private Independent Schools, 1960*, published by James E. Bunting and *The Handbook of Private Schools, 1960*, by Porter Sargent.

### Hospitals

Proprietary hospitals were excluded from the *County Business Patterns* data by using information in the August guide issue of *Hospitals*, the journal of the American Hospital Association.

### Other Nonprofit Organizations

All data are from *County Business Patterns*: Nonprofit membership organizations excluding religious organizations.

### Annual Payroll

The taxable payroll for the first quarter of the year was multiplied by 4. During the period of study, the first \$4,800 of wages was taxable under OASDI. Therefore, the annual payroll figures are too low only for employees with annual wages of over \$19,200. The average annual wage for employees of nonprofit organizations in 1964 appears to be less than \$4,000. This includes an amount for ministers, priests, and rabbis estimated from the 1964 National Council of Churches survey of ministers' salaries in 15 Protestant denominations. The survey showed a median cash salary of \$5,158.<sup>19</sup> This is probably too low for the denominations covered, since it does not include certain fringe benefits

<sup>18</sup> Some help in breaking down nonfaculty employees was obtained from H. Robert Bokelman, *Higher Education: Planning and Management Data, 1957-58*. U.S. Department of Health, Education, and Welfare, Circular No. 517, 1958.

<sup>19</sup> Reported in the 1964 Annual Report of the Annuity Fund for Congregational Ministers, p. 14.

such as rent. Also a mean figure would probably be higher. On the other hand, it is probably too high for certain other denominations, especially those with many part-time ministers. The total annual payroll for all nonprofit organizations is \$10.2 billion if the \$5,158 figure is used for ministers, priests, and rabbis, or \$10.5 billion if \$6,500 is substituted.

#### PENSION COVERAGE INFORMATION

##### *Protestant Ministers*

Pension information for Protestant religious bodies was obtained from the statistical reports, minutes, and other materials distributed at the annual meetings of the Church Pensions Conference and from annual reports and other information sent by the member pension boards. Nonmember Protestant denominations were checked against the *Yearbook of American Churches* and questionnaires sent to 18 reporting 1,000 or more pastors. One was returned by the Post Office, five did not answer, and one reported no plan. The remaining 11 sent some information on modest funds. Several small funds have since been discovered for denominations with less than 1,000 ministers. It appears that any undiscovered funds would probably not raise our figures much. The larger funds generally gave information for the years 1957-64. Data back to 1945 were obtained from Church Pensions Conference reports and some earlier data from the *New York (State) Insurance Reports*.

##### *Catholic Priests*

Father Joseph M. Becker, S.J., professor at St. Louis University, on a visit to the National Bureau advised the author that priests are cared for by their orders even when they are no longer active, but that retirement arrangements for diocesan priests vary among the 112 dioceses and 26 archdioceses. A check of *The Official Catholic Directory*, 1960, showed that 72 jurisdictions with 18,600 diocesan priests listed an organization with a title such as Infirm Priests' Fund or Priests' Mutual Benefit Society. Questionnaires were sent to such organizations in 18 dioceses and archdioceses with 9,400 priests. In reply, five dioceses with 1,435 priests reported pension plans and five others with 4,443 priests reported plans for medical care and hospitalization but not for retirement. In other words, almost a quarter of the priests were in dioceses with plans. On the assumption that a unit with a plan is more likely to report than one without, we estimate pension coverage at about 20 percent in dioceses with clerical funds but at only 10 to 11 percent in the country as a whole. Three of the reporting plans had funds of less than \$100,000 each; the other two were unfunded. This suggests that despite the small size of our sample, the total probably is not greatly affected.

##### *Rabbis*

Correspondence with five national rabbinical associations brought three replies, each reporting an insured pension plan. One reported coverage of 20 percent, another 80-85 percent, and the third did not answer the question.

*Clergy of Other Religious Bodies*

The two largest denominations in other religious groups each reported 400 or fewer clergymen to *Yearbook of American Churches* in 1957. Replies to our questionnaire were not received from either of those denominations.

*Lay Employees of All Religious Bodies*

Lay members of pension funds appear in the statistical reports of the Church Pensions Conference, but there is no breakdown between church secretaries, sextons, organists, and so on, and teachers and other employees in church-affiliated schools, colleges, hospitals, and homes. Some discussion of lay coverage is given in the annual reports of the denominational pension boards.

Correspondence brought information on no dioceswide pension plans for lay employees of the Roman Catholic Church except the one started by the Archdiocese of New York in 1962.

No data were available on pension coverage of Jewish lay employees, but their number is small compared to total lay employees of religious bodies; so the lack of information is probably not serious.

*Colleges and Universities*

*Retirement and Insurance Plans in American Colleges* by William C. Greenough and Francis P. King (New York, 1959) lists 4-year colleges and gives detailed information about retirement plans available for their faculty members, administrative officers, and nonacademic employees. The majority of the private nonprofit colleges were listed as having TIAA-CREF plans. Other plans were with agency insurance companies (see agency life insurance data below), included with funds for Protestant ministers and other lay employees, or self-administered plans usually for individual colleges.

Letters were written to all 30 private colleges listed as having self-administered plans, including some for which the noninsured plan was for nonacademic employees only or was an alternative to an insured plan, and also to the four colleges with 200 or more faculty members for which information was not available in Greenough and King. Replies were received from all four of the latter colleges and from 20 of the colleges with 80 percent of the teachers in the noninsured-plan group. Two of the plans for nonacademic employees were insured, two others had been dropped, and another two were unfunded. One unfunded plan was also reported for faculty and administrative officers of a small college. The other respondents sent information on total assets and in some cases on portfolio distributions. Again it would appear that the missing data for funded plans were probably small compared to the given information.

Data for junior colleges come from Francis P. King's article, "Insured Staff Benefit Plans in the Junior Colleges," in the *Junior College Journal*, September 1960. Some junior colleges were also listed in Greenough and King, among church plans, and in the list of participating institutions in the TIAA-CREF annual reports.

*Elementary and Secondary Schools*

The TIAA-CREF annual reports also list school participants. Other information was obtained from correspondence with Catholic diocesan school boards, religious orders that run private schools in

more than one diocese, the American Association for Jewish Education, the National Union of Christian Schools, the Board of Support and Pensions of the Lutheran Church-Missouri Synod, and the National Council of Independent Schools. Schools and their employees are also included in the agency life insurance data (see below), but no breakdown of educational services is given.

#### *Other Educational Services*

Most of the pension information for other educational services comes from the agency insurance company data (see below) and TIAA-CREF reports. We have also had correspondence with the American Association of Museums and the American Association for State and Local History, both of which conducted surveys among their members around 1960-61 on pension and insurance provisions for their employees.

#### *Hospitals*

Numerous investigations have been made of hospital pension coverage. The study has profited from data in the American Hospital Association's *Hospital Salary Survey*, 1956, the survey conducted by Louis S. Reed in New York State in November 1958,<sup>20</sup> and the periodic studies carried on by the Bureau of Labor Statistics.<sup>21</sup> Included in the BLS studies in 15 large metropolitan areas (16 in 1956-57) are percentages of workers employed by nongovernment hospitals<sup>22</sup> with pension plans (other than OASDI) for employees of given occupational category. If a pension provision applied to at least half of the workers in the given category in the given hospital, all such workers were included; otherwise, none were included. The 1963 survey also gives percentages for the total of all standard metropolitan statistical areas in the country. On the basis of the number of employees in the given categories in 1963 and the relationship between 1963 coverage rates for total areas and for the 15 studied, an estimated 1960 U.S. coverage rate was computed for each category.

Correspondence with hospital associations in areas with high coverage gave some names of hospitals with noninsured plans and names of agency life companies carrying hospital pension plans. A few teaching hospitals are included in the TIAA-CREF 1960 report.

#### *Other Nonprofit Organizations*

Pension data on other nonprofit organizations come from the agency life insurance company data (see below); annual reports of pension funds for certain well-known charitable organizations; correspondence with organizations listing 100 or more employees in Jay Judkins, *National Associations of the United States*, U.S. Department of Commerce, 1949; and also correspondence with Jewish federations and Catholic chanceries. The TIAA-CREF report for 1960 shows about 40 professional, technical, historical, civic, and charitable organizations; but in general, they have few employees.

#### *Agency Life Insurance Data*

A list was compiled of agency insurance companies mentioned by Greenough and King and by various nonprofit organizations as in-

<sup>20</sup> See "Where Hospitals Stand on Employee Benefits," *Hospitals*, Sept. 1, 1959.

<sup>21</sup> Bulletins No. 1210 (*Earnings and Supplementary Benefits in Hospitals, 1956-57*), No. 1294 (Mid-1960), and No. 1409 (*Industry Wage Survey—Hospitals, Mid-1963*).

<sup>22</sup> Only hospitals with 100 or more employees were included.

surers of their pension plans. Questionnaires were sent to the 33 companies on the list and to nine companies not reported by any of our respondents, but shown as having substantial group annuity operations or group permanent contracts for funding retirement plans in the April and June 1962 issues of *Employee Benefit Plan Review*. Information was requested as of December 1960 on number of contracts, number of employees covered, and amount of reserves for nonprofit organizations in the SIC two-digit categories: medical and other health services; educational services; museums, art galleries, and so forth; and nonprofit membership organizations. Unfortunately, we did not ask for the three-digit category, nonprofit educational and scientific research agencies, which is included under the two-digit code miscellaneous services. Thirty-five companies (83 percent) replied, but two of them had no plans that fitted the definition, nine said they did not have the data in the form requested, and two were able to send totals but not breakdowns into the four categories. In general, the companies that were mentioned most often reported the largest totals. That fact is encouraging, since some nonprofit organizations reported insured pension plans but did not name the insurer. The questionnaire was also returned by the National Health and Welfare Retirement Association.

Life insurance companies have been obliged to include, in the income tax returns for taxable years beginning after December 31, 1958, the amount of pension plan reserves in four categories at the beginning and end of the taxable year. Category D is for employees of 501(c)(3) organizations. We were unable to get the totals of these reserves from the Internal Revenue Service in 1965. Therefore, the same companies, queried in 1960, were asked to send us data they reported for the years 1958-64. Fourteen companies sent data for 1958 or 1959 to 1964. The figures were raised to include 12 companies with reserve data on only 1 or 2 years in the period and three companies that reported number of employees covered but not size of reserves.

The life insurance companies were most cooperative and their comments were helpful even when they could not send figures. In many cases, insured pension plans for 501(c)(3) organizations had been qualified as trusts described in section 401(a), and it was not possible for them to separate out their reserves. Also, in some cases plans funded by individual policies are excluded. In general the companies that sent data for the end of 1960 made special surveys in order to collect the data. Therefore, the figures for other years have been revised on the basis of the 1960 figures. For the later years of the period, some companies were unable to deduct reserves for public schoolteacher plans qualified under section 403(b).

#### PENSION FUND ASSETS AND RESERVES

Total pension funds for nonprofit organizations include:

1. Funds insured with TIAA-CREF (from annual reports). This is the sum of (a) TIAA reserves for life annuities and other periodic payment plans (previously shown separately as reserves for annuities and for settlement plans) and (b) CREF accumulations of periodic and single premiums, accumulations transferred from TIAA, and dividends on common stock less operating and investment management

fees, payments to participants, and organizational expense. Increases in market value of common stock holdings are excluded, except when noted that market values are used.

2. Funds insured with agency companies. This is the NBER tabulation of pension reserves for nonprofit organizations on replies to questionnaires. See Agency Life Insurance Data. The questionnaires were sent mainly to insurance companies reported by nonprofit organizations as insurers of their pension plans. In 1964 five of the companies accounted for 80 percent of the total reserves.

3. Noninsured funds. This is the book value (market value when noted) of total assets of all noninsured pension funds for nonprofit organizations that could be obtained.

#### DATA FOR TABLES

Reference to appendix II in table notes are listed here:

Table II-1. Nonprofit funds, see "Pension Fund Assets and Reserves," above.

Table II-2. See "Pension Fund Assets and Reserves," above. All TIAA-CREF funds were assigned to educational institutions except small amounts estimated for a few teaching hospitals and approximately 40 professional, historical, charitable, etc., organizations most of which had few employees. Agency-insured funds were assigned as reported except that those for nonprofit membership organizations had to be divided between religious bodies and other nonprofit organizations. The former were estimated from letters and reports from such bodies mentioning insured funds and coverage rates.

Table II-3. Ministers, priests, and rabbis, see "Units, Employees and Payroll—Religious Bodies," above. Coverage, see "Pension Coverage Information," above.

Table II-4. Nonprofit organizations, see "Pension Fund Assets and Reserves," section 3.

Table II-5. TIAA-CREF, and agency insured funds for nonprofit organizations, see "Pension Fund Assets and Reserves," sections 1 and 2.

Table II-6. See "Pension Fund Assets and Reserves," section 3. Composite portfolios in terms of book and market value were compiled for each year for the funds for which both sets of data were available. The proportion of market to book was then applied to total book value to get total market value.

Table II-9. Agency life insurance companies, assets of U.S. life insurance companies (from *Life Insurance Fact Books*) less TIAA (from Annual Reports).

TIAA-CREF: Sum of (1) TIAA: proportions of total portfolio applied to reserves for annuities and settlement plans and (2) CREF: portfolios corrected by subtracting (a) "deposits" and "due after yearend for stocks purchased" from cash (if negative, use zero and see (c)); (b) other liabilities from other assets; and (c) cumulated increase in market value and excess of subtrahend over minuend in *a* from common stocks at market value.



Table II-10. See "Pension Fund Assets and Reserves," above, also TIAA-CREF under note to table II-9. Agency-insured funds of nonprofit organizations were distributed according to proportion of total portfolios of United States life insurance companies (from *Life Insurance Fact Books*) less TIAA (from Annual Reports).

Table II-12. Noninsured funds for nonprofit organizations, see "Pension Fund Assets and Reserves," section 3. The proportion of funds in book value for which income data were available in different years ranged from 81 to 90 percent.