

**The Financial Contribution of Oil and Natural Gas Investments
To Public Employee Pension Plans in Seventeen States,
Fiscal Years 2005 – 2013**

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Executive Summary

This report examines the financial impact of investments in oil and natural gas companies on the overall performance of the two largest public employee pension funds in each of seventeen states, as well as the overall retirement systems of those states. The data show that investments in U.S. oil and natural gas stocks significantly out-performed the other assets held by those funds. Over the eight years from FYs 2005 to 2013, spanning vigorous expansion, deep recession and economic recovery, investments in oil and natural gas company assets by these public employee pension plans accounted for an average of 4.0 percent of plan assets and 8.0 percent of their returns. Therefore, the share of the funds' returns attributable to oil and natural gas investments was, on average, twice as great as their share of the funds' assets.

**Table ES-1. Total Assets, Oil and Natural Gas Assets, and Returns on Those Assets,
Two Largest Pension Funds in Seventeen States, FYs 2005 – 2013**

State	Total Assets (\$ billions)	Oil and Natural Gas Assets (\$ billions)	Oil and Natural Gas Assets as a Share of All Assets	Returns from Oil and Natural Gas Assets as a Share of All Returns	Ratio of Oil and Natural Gas Asset Returns to Their Share of All Assets
CA	\$370.4	\$14.0	3.8%	8.1%	2.14
FL	\$83.1	\$3.4	4.1%	8.5%	2.04
IL	\$47.7	\$1.8	3.7%	8.9%	2.40
IN	\$19.3	\$0.7	3.5%	10.1%	2.90
IA	\$14.4	\$0.4	3.1%	6.3%	2.04
MI	\$51.2	\$2.1	4.2%	6.9%	1.65
MN	\$29.4	\$1.6	5.3%	9.5%	1.78
MO	\$33.6	\$1.1	3.3%	6.4%	1.91
NE	\$7.1	\$0.3	4.5%	9.0%	2.00
NH	\$4.5	\$0.2	4.9%	11.5%	2.33
NM	\$20.9	\$0.9	4.2%	8.1%	1.92
NY	\$224.4	\$11.3	5.0%	9.8%	1.95
ND	\$3.4	\$0.1	4.0%	8.6%	2.18
OH	\$141.4	\$5.5	3.9%	6.7%	1.71
PA	\$81.2	\$2.1	2.6%	5.4%	2.04
SC	\$17.0	\$0.3	1.6%	5.5%	3.41
WV	\$7.8	\$0.2	3.2%	6.3%	1.96
Total	\$1,156.7	\$46.2	4.0%	8.0%	2.01

- The covered membership of the two largest plans in the seventeen states totaled an average of 9.63 million current and former employees over this period, accounting for more than 49 percent of all those covered in the United States by state and local government employee pension plans.

- The seventeen states pension systems account for nearly 55 percent of all assets held by all state and local government employee pension systems, and the two largest public pension funds in those seventeen states account for more than 35 percent of the total assets of all state and local public pension systems.
- The level and extent of the funds' investments in U.S. oil and natural gas assets vary greatly across the seventeen states: The two largest plans in South Carolina, for example, held an average of \$300 million in those assets over this period, representing just 1.6 percent of their total holdings; while the two largest plans in New York held an average of \$11.3 billion in U.S. oil and natural gas assets, representing 5.0 percent of their total holdings.
- On average, the share of these funds' combined returns attributable to their oil and natural gas assets was 2.01 times greater than those assets' share of the funds' total assets. Across the seventeen states, this ratio ranged from a low of 1.71-to-1 to a high of 3.41-to-1.
- On average, \$1 invested in U.S. oil and natural gas stocks by the two largest plans in these seventeen states in FY 2005 was worth \$2.30 in FY 2013, with a range across the seventeen states of \$2.18 to \$2.40. By contrast, \$1 invested in FY 2005 in all other assets by the two largest plans in these seventeen states was worth an average of \$1.68 in FY 2013, with a range of \$1.50 to \$1.79.¹

¹ See Table 2.