



California State Teachers' Retirement System

For Immediate Release: Sept. 23, 2008

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### **Retired Educators Stimulate Nevada and Sierra Counties' Economies**

*Statewide, retired educators benefit rural counties most*

**SACRAMENTO, CA** – In retirement, as in the classroom, California's public school teachers boost their communities, especially in places like Nevada and Sierra Counties, according to research commissioned by the California State Teachers' Retirement System (CalSTRS).

In the region, CalSTRS benefit payments to retired educators and family members accounted for 0.81 percent of the Nevada County's \$4.9 billion economy and for 1.57 percent of the Sierra County's nearly \$86 million economy.

Compared with Los Angeles County, CalSTRS benefits have a greater impact on rural counties—more than three times greater in Nevada County and more than five times greater in Sierra County, according to California State University, Sacramento researchers.

There was also a ripple effect of salaries paid and business profits and taxes collected because of CalSTRS direct benefits payments.

- In Nevada County, the \$32 million in annual benefit payments created a ripple effect of nearly \$40 million.
- In Sierra County, the \$1.3 million in annual benefit payments created a ripple effect of \$1.35 million.

The disparity in the relative benefit of CalSTRS payments between the region and Los Angeles counties is likely because retired educators make up a larger segment of the population of the state's smaller, mostly rural, counties than they do in the larger, urban areas.

“California's educators spend their careers stimulating the minds of the state's children and continue that sense of contribution throughout their retirement by stimulating our California economy,” said CalSTRS Chief Executive Officer Jack Ehnes.

Statewide, CalSTRS members received \$6.03 billion in payments during 2006, according to the study. The economic ripple effect from those benefits totaled \$9.22 billion. The findings show that CalSTRS benefits to the state's retired educators are an economic engine in all of California's 58 counties.

In fact, teacher pension dollars, and the economic activity they generate, have a larger economic benefit to California than the furniture or oil and gas extraction industries, according to the study. The stability of these payments also helps cushion local economies during unstable times.

Retired educators' pension benefits are also job generators, the study found.

- In Nevada County, they accounted for 268 jobs in 2006, paying wages and benefits totaling nearly \$6 million.
- Pension benefits in Sierra County generated 3 positions, paying wages and benefits totaling nearly \$67,000.

Statewide, retired educator benefits generated 60,867 jobs that paid wages totaling \$2.11 billion. Funding for CalSTRS is a partnership among the teachers, the school districts they work for and the state of California. All three pay into the retirement system but investment returns account for nearly 75 percent of every dollar of benefits paid.

And the investment of CalSTRS benefits has been a good one, returning \$6.71 for every dollar paid into the economy, when investment returns and the economic ripple effects are factored in.

The [study](#) was conducted by Dr. Robert Fountain, professor emeritus and director of the CSUS Applied Research Center, and Dr. Robert Waste, professor of public policy and administration at CSUS. In their analysis, the researchers used the economic impact model called IMPLAN (Impact Analysis for Planning), which was developed by the federal government and is widely used for economic impact studies. In addition to statewide calculations of impacts, the study also broke down economic impacts by county.

Established 95 years ago, the [California State Teachers' Retirement System](#), with a \$158.6 billion portfolio, is the second-largest public pension fund in the United States. It administers retirement, disability and survivor benefits for California's 813,000 public school educators and their families from the state's 1,400 school districts, county offices of education and community college districts.