



Weekly Clips, March 24, 2017
Texas Pension Review Board
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PRB PLANS

Pension reform bill passes despite objections from firefighters, police

March 20, 2017, By Phil Archer

A bill to reform Houston's nearly \$8 billion pension deficit passed the Senate State Affairs Committee Monday by a vote of 7-1, despite objections from firefighters and police.

Firefighters were the most vocal in opposition. Retirees, union officials and firefighter pension board representatives complained the bill makes cuts in benefits much more severe than those that the Houston Firefighters Retirement and Relief Fund board agreed to last October.

[click2Houston](#)

City's pension reform plan clears first hurdle in state Senate

March 20, 2017, By Mike Morris

Houston's pension reform plan cleared a state Senate committee in its initial hearing at the Capitol on Monday, despite the fact that all those who testified - including Mayor Sylvester Turner - opposed at least some portion of the omnibus package.

Retirees were concerned about benefit cuts. Some conservatives said the only path to true reform would be to move new hires into defined contribution plans similar to 401(k)s, which the bill does not do. Firefighters, who never agreed to final language with the city, are opposed in part because the legislation would cut their benefits by what the state Pension Review Board estimates to be \$970 million, up from about \$800 million the firefighters agreed to in approving initial reform terms last fall.

[Houston Chronicle](#)

Mayor Turner defends Houston pension plan to state lawmakers

March 20, 2017

State lawmakers are hearing about the pained Houston pension system in Austin Monday.

The hearing got underway Monday morning and Mayor Turner is defending his plan in front of the legislature. It will partially reduce nearly \$4 billion in unfunded debt.

Mayor Turner says failing to pass this bill would add millions to the deficit. That could mean more than 1,500 city employees could lose their jobs.

[KHOU](#)

Is the Dallas Police and Fire Pension Crisis the Canary in a National Coal Mine?

March 20, 2017, By Peter Simek

If you follow Dallas politics at all, the scope and scale of the impending Dallas Police and Fire Pension Crisis has probably sunk in by now. Even if you don't quite grasp the finer details of the problem and the various plans to fix it, it is easy to see that the pension situation threatens to leave Dallas in a very precarious financial position.

This city is already struggling to keep its streets from degrading even further than they already are, and has a huge inventory of general maintenance and repair needs, plenty of underfunded or mismanaged departments, and a litany of other problems and issues. Thanks to the pension, Dallas could find itself in an even deeper financial hole if it is on the hook for contributing 34.5% of computation pay plus \$11 million per year towards the pension, which is what State Rep. Dan Flynn's remedy for the crises proposes.

[DMagazine](#)

Keller: City Hall losing sight of big picture in pension changes

March 21, 2017, By David Keller

With the death earlier this month of Capt. William "Iron Bill" Dowling, who in 2013 lost both legs and suffered brain damage in the Southwest Inn fire, this might seem an awkward time to bring up the city's relationship with our firefighters' pensions system. But perhaps it's a perfect time to shine a spotlight on our concerns. Our pension fund's benefits supported Capt. Dowling and his family after his injuries in service to Houston. We will continue to do so in the future. His widow will not get a monthly Social Security check - firefighters don't pay into that system. Our pension fund is all that the thousands of other brave men and women who risk their lives each day can count on.

To support our commitment to Houston and our emergency workers, the city's firefighter pension system has developed a long-term diversified investing horizon. This matches up well with a workforce that is extraordinarily dedicated, often staying 20 or 30 years on the job.

[Houston Chronicle](#)

Dallas first responders played by the rules and now politicians are changing the game

March 21, 2017, By Carol Richtsmeier

My husband and other Dallas first responders entered public service because they have servant hearts.

When our friends received raises and bonuses, these first responders worked extra jobs and extra hours. When our friends bought bigger houses, drove new cars and went on exotic vacations, we stayed in our homes, kept our cars beyond their shelf lives and hoarded money just to make it to the Texas coast.

[Dallas News](#)

Dallas Cops and Firefighters Turned Into Paupers? It Could Happen.

March 21, 2017, By Jim Schutze

There are two big questions to which Dallas police and fire officers need to demand answers quickly, as negotiations in the legislature on a bill to reconstitute their pension fund near an end. These questions are about the two main issues looming over the debate.

The first issue, clawback, may seem to members of the fund like the more urgent one. But the second is actually bigger. It's about the death of the fund.

[Dallas Observer](#)

Houston pension bill moves ahead, despite flaws

March 21, 2017, By John Cassidy

Houston Mayor Sylvester Turner went to Austin Monday to convince lawmakers that he has hit upon a solution to Houston's \$8.1 billion pension problem.

His answer is math — really complicated but ultimately pointless math.

Last September, Turner promised a hard cap on the city's pension liability and a fixed 30-year repayment plan. Instead, he has delivered a bill that would allow debt to continue to accrue and repayment to be put off indefinitely.

[Watchdog](#)

Taxpayers locked-out of pension plans

March 21, 2017, By James Quintero

Public pension problems plague major metropolitans throughout Texas, prompting many to call for decisive action. But putting out these fiscal fires has been next to impossible thanks to the schemes of a few.

Throughout the years, 13 local retirement systems have successfully wiggled their way into state law, cementing in statute certain aspects of their plans, like benefit levels, contribution rates and the composition of the boards of trustees.

[Victoria Advocate](#)

This is a fix for the Dallas police pension we should all get behind

March 22, 2017, Dallas Morning News Editorial

Fixing a broken pension is a zero-sum game with high stakes, intense emotions and no guarantee of success. So give credit to leaders in Dallas and Austin for hammering out a compromise to save the Dallas Police and Fire Pension.

While still in progress, the months-long effort has accomplished a lot. As proposed, the pension fix would preserve key benefits for retirees and keep the valuable retirement program in place for young officers and future hires. The plan doesn't require a tax increase, a top priority for city leaders, and could improve Dallas' negative credit outlook.

[Dallas News](#)

Public-employee pensions scrutinized by teachers

March 22, 2017, By John Austin

AUSTIN — Texas teachers are giving a proposal to give new hires a 401(k)-style plan instead of the traditional defined-benefit pension poor grades, despite contentions that the status quo is unsustainable.

A proposal by Sen. Paul Bettencourt, R-Houston, Senate Bill 1751, would allow the state's employee retirement system and teacher retirement system the option of creating an alternative defined-contribution plan or a hybrid retirement plan for new employees.

It would not mandate creation of such plans, and would only apply to new hires after a set date. That doesn't reassure Jack Teddie, 73, who like many retired teachers, is strongly opposed to defined-contribution plans that yield unpredictable returns.

[Palestine Herald](#)

Turner: Pension Plan is gaining forward momentum

March 23, 2017, By Sylvester Turner

With our pension challenges, Houston has reached a fork in the road, and each day we delay in choosing direction costs us another \$1 million.

One path allows us to solve our pension problems once and for all; the other path has us repeating the mistakes of the past. It's a choice between eliminating \$8.1 billion in unfunded pension obligations and capping future costs or laying off hundreds of city employees and cutting services.

The choice is clear, and that is why we are moving forward to obtain legislative approval of the Houston Pension Solution – S plan that is fair, financially sound, budget neutral and sustainable for the long term. On Monday, this plan won committee approval and was sent to the full Texas Senate for consideration. Next Monday, we go before the Texas House Pensions Committee, and I expect a similar outcome.

[Houston Chronicle](#)

TEXAS ECONOMIC INDICATORS

A Hotel Boom Comes to Texas

March 20, 2017, By Julie Weed

Hotel construction continues apace in the United States, and dozens of new properties are expected to open this year in two major corporate and tourist destinations, New York and Los Angeles. But the three other cities with the most hotels projected to open in 2017, according to the industry research company STR, are all in Texas — Dallas, Houston and Austin.

There had not been a hotel building boom in Texas in about a decade, said Daniel Moon, the vice president of the Sam Moon Group, a developer of shopping centers and hotels in the Dallas area. But recent relocations by corporate headquarters and population growth have been driving new demand, and there is still plenty of open space to build on around the major cities, he said. Mr. Moon's company, which has been in business since the mid-1980s, is building its own first full-service hotel, a Marriott Renaissance in Plano, part of the Dallas-Fort Worth metropolitan area.

[The New York Times](#)

Statewide Economy Grows, But Houston's Growth Is Slower

March 21, 2017, By Travis Bubenik

Economic growth in Houston has been slower than in other parts of the state, across Texas the economic picture is looking better.

The Federal Reserve Bank of Dallas says jobs grew statewide by 4.9% in January, the strongest gain since October of 2014. That growth's been seen across sectors and in all major Texas cities, and it's expected to continue through this year.

But job gains have been weaker in Houston.

[Houston Public Media](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Unions finalize support for Mayor Curry's pension reform push

March 21, 2017, By David Bauerlein

The final pieces are falling in place for Mayor Lenny Curry to sign, seal and deliver to the City Council a draft of proposed labor agreements that would close the city's pension plans to future hires.

The last two unions still at the bargaining table struck tentative agreements Monday and Tuesday.

[The Florida Times-Union](#)

Texas judge shoots down latest effort to halt DOL fiduciary rule

March 21, 2017, By Bruce Kelly

Opponents of the Department of Labor's fiduciary rule were dealt another blow Monday when a federal judge in Dallas denied their latest effort to halt its implementation.

Chief Judge Barbara M.G. Lynn of the U.S. District Court for Northern Texas denied the financial trade association plaintiffs' motion for an injunction to stop the regulation, which requires financial advisers to act in the best interests of clients in retirement accounts and will become applicable April 10. The trade groups, which include the U.S. Chamber of Commerce, the Securities Industry and Financial Markets Association and the Financial Services Institute, filed their preliminary injunction earlier this month.

[Pensions & Investments](#)

Chamber Can't Get Fiduciary Rule Halted During Appeal

March 22, 2017, By Jacklyn Wille

The U.S. Chamber of Commerce couldn't convince a federal judge to temporarily block the Labor Department's fiduciary rule while an appeals court hears a legal challenge to the regulation (*Chamber of Commerce v. Hugler* , 2017 BL 87076, N.D. Tex., No. 3:16-cv-01476-M, 3/20/17).

Denying the Chamber's request for an emergency injunction, the judge said on March 20 that the organization's arguments against the rule already were rejected as unpersuasive. Further, indications from the DOL and the White House about the rule's future suggest that an injunction is unnecessary, the judge said.

[Bloomberg BNA](#)

Opponents of pension fund bill worry it could sock N.J. taxpayers

March 22, 2017, By Samantha Marcus

A bill racing through the Legislature would dramatically alter the pension system for police and firefighters, granting employees control over their benefits and investments but leaving taxpayers on the hook if the pension fund flops.

The bipartisan proposal, which passed the state Senate last week 37-0, would carve the Police and Firemen's Retirement System out of the government worker pension system. The police and fire pension system has more than 85,000 members who are working or retired and holds about \$26 billion in assets and \$11 billion in unfunded liabilities.

[NJ.com](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Even San Francisco, Flush With Tech Wealth, Has Pension Problems

March 20, 2017, By Romy Varghese

The technology industry has transformed San Francisco with a boom other cities can only envy. But it hasn't eradicated a problem well known to industrial-era towns: the rising cost of pensions.

The city, where the unemployment rate is just 3.2 percent and the typical home sells for more than \$1 million, is facing a budget shortfall that will reach \$848 million in five years. Increases in pension payments and other payroll costs are driving the gap, according to a five-year financial plan, despite a measure voters approved in 2011 that aimed to cut employee-retirement bills.

[Bloomberg](#)

Rising Pension Debts Checking Muni Supply, Morgan Stanley Says

March 21, 2017, By Jordyn Holman

A drop in the sale of state and local government debt this year may have a culprit other than rising interest rates.

Analysts at Morgan Stanley, led by Michael Zezas, said the rising retirement-system costs has made government more leery of running up new debts. State and local revenues have not kept pace with growth in total liabilities that now amount to \$4.97 trillion, the analysts say.

[Bloomberg](#)

Jacksonville Police and Fire nears closing pension fund to new hires

March 21, 2017, By Rob Kozlowski

Jacksonville (Fla.) Police and Fire Pension Fund might close to new hires later this year following approval from the city's police and fire unions of a proposal from Mayor Lenny Curry's office.

The \$1.8 billion pension fund would close to employees hired on or after Oct. 1, 2017, based on the proposal, which was made by the mayor's office as the beginning of a process to comply with requirements established in a referendum passed by city voters Aug. 31. The referendum created a half-cent sales tax that will be used exclusively to fully fund the city's three pension funds.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

U.K. to Trigger Brexit on March 29, May's Spokesman Says

March 20, 2017, By Robert Hutton

The U.K. will officially begin divorce proceedings with the European Union on March 29, Prime Minister Theresa May's spokesman said, ending months of media speculation over the precise date.

The U.K.'s envoy to the EU, Tim Barrow, informed the office of European Council President Donald Tusk of the plan this morning, the spokesman, James Slack told reporters in London on Monday. The notification that Britain will invoke Article 50 of the EU's Lisbon Treaty, the official trigger for Brexit, will be done by letter, he said.

[Bloomberg](#)

Moody's: U.K. managers owned by insurers set to increase retirement businesses

March 22, 2017, By Sophie Baker

U.K. money management firms owned by insurance companies are set to capitalize on their existing client relationships and expertise when it comes to winning retirement business as the market changes and regulation forces insurers to diversify their sources of revenue, said Moody's Investors Service.

The credit ratings, research and risk analysis firm said in a sector comment published on its website Wednesday that these firms, whose owners are counted among the U.K.'s biggest providers of occupational retirement offerings, have developed a broad range of strategies aimed at the retirement market. "This should help them attract more business from external pension funds, while also converting some of their parent companies' pension customers into investment management clients," a news release said.

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