



Weekly Clips, March 31, 2017
Texas Pension Review Board
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PRB PLANS

Houston firefighters remain opposed to pension changes as bill makes way to House

March 27, 2017, By Phil Archer

AUSTIN, Texas - The City of Houston moved a step closer to resolving the long-running employee pension deficit Monday with the introduction of a bill in the Texas House Pensions Committee.

About 100 current and retired firefighters were on hand to comment on the House plan, filling three overflow rooms and providing the majority of the 66 witnesses who signed up for public comment.

Last week, firefighters refused to support a Senate version that they said cut too deeply into retiree benefits. Speaking of the Senate bill, Capt. Craig Moreau said Monday, "If this plan goes through, I'll lose half my pension."

[Click2Houston](#)

Firefighters opposed to pension reform at committee hearing – for now

March 27, 2017, By Mike Morris

Houston's pension reform plan got its first hearing Monday in the state House, where rows and rows of current and retired firefighters appeared to voice opposition to the plan.

Municipal and police leaders testified in support, however, as did representatives of the Greater Houston Partnership and, of course, Mayor Sylvester Turner, who spent most of his first year in office negotiating the package.

"It is not the perfect pension bill, because, quite frankly, I don't know if you can get the perfect pension bill, but it is a very good bill for all parties concerned," Turner said at the hearing.

Even the opposition of the firefighters was tempered somewhat by the testimony of their pension fund chairman, David Keller.

[Houston Chronicle](#)

Mayor Turner Testifies About Pension Reform Before the Texas House of Representatives

March 28, 2017, By Al Ortiz

Houston's pension problems are still being debated at the State Capitol.

Mayor Sylvester Turner testified Monday before the Pensions Committee of the Texas House of Representatives and asked lawmakers to approve his plan to reform the city's pension system.

Turner assured the committee members that his plan is fair and balanced.

According to the mayor, one of the plan's main assets is that it would eliminate an unfunded pension liability of eight billion dollars in 30 years.

Turner emphasized Houston has been dealing with this situation for nearly two decades.

[Houston Public Media](#)

DART on edge about Dallas Police and Fire pension plan that targets transit cash

March 28, 2017, By Julie Hancher and Tristan Hallman

The Dallas Area Rapid Transit board on Tuesday unanimously approved a resolution opposing a plan by Dallas City Council member Scott Griggs to tap DART funds to bolster the ailing Dallas Police and Fire Pension fund.

The board plans within the next few days to send a letter, along with the resolution, to Dallas and the other cities served by DART explaining how they feel the Griggs plan might not be legal and could threaten DART's ability to pay its bond debt and serve Dallas riders.

The transit agency and its board have been on edge since Griggs, a Dallas Police and Fire Pension board trustee, drafted a resolution last month that would call for an election to divert one-eighth of the city's voter-approved sales tax revenue dedicated to DART to help fix the failing pension fund.

[Dallas Morning News](#)

Senate Bill would let Houston voters weigh in on fix to pension crisis

March 29, 2017, By Brandon Formby

If the Texas Senate gets its way, Houston city officials could have to get voter approval for a plan to partially shore up massive, multi-billion-dollar shortfalls in some of the city's public pension funds.

The Senate on Wednesday voted 21-10 to give preliminary approval of a bill that would require voters to sign off before cities issue pension obligation bonds, a kind of public debt that infuses retirement funds with lump-sum payments. Issuing \$1 billion in those bonds is a linchpin of Houston officials' proposal to decrease the city's unfunded pension liabilities that are estimated to be at least \$8 billion.

Houston Mayor Sylvester Turner told The Texas Tribune earlier this month that if the bill becomes law and voters reject the \$1 billion bond proposition, a delicate and hard-fought plan to curb a growing pension crisis would be shrouded in uncertainty. He also argued that the debt already exists because the city will have to pay it at some point to make good on promises to pension members.

[Texas Tribune](#)

Texas Senate backs bill that would end most union payroll deductions

March 29, 2017, By Cassandra Pollock

In a vote that fell along party lines Wednesday, the Texas Senate gave preliminary approval to a measure that would end the state's practice of collecting public employee membership dues for certain labor unions and other associations through payroll organizations.

Senate Bill 13 by state Sen. Joan Huffman, R-Houston, would only apply to state employees such as teachers and corrections officers, while exempting police officers, firefighters and emergency first responders as well as charitable organizations. The bill is one of Lt. Gov. Dan Patrick's legislative priorities this session, and Gov. Greg Abbott signaled his support for the measure in January during his state of the state address to the Legislature.

"The bill aims to do one thing," Huffman said in laying out her bill Wednesday, "And that's to get the state out of the practice of collecting union dues."

[Texas Tribune](#)

A future debate on Texas public pension plans

March 29, 2017, By Paul Bettencourt

Last Thursday's Viewpoints article, "Multiple bills show how Texas betrays teachers, children," stated that the Legislature "is systematically stripping retired teachers of retirement benefits. Senate bills 1750 and 1751 ... will begin the process of rolling the retired teachers' pension fund, TRS, into a 401(k) arrangement."

This is simply false. As a former English teacher herself apparently, I wish the writer had taken the time to read these bills first before writing her article.

Fact: SB 1750 will direct the State Pension Review Board to contract with a nationally recognized actuarial firm to undertake an in-depth neutral study on the cost-effectiveness and feasibility of offering a hybrid retirement plan for newly hired participants in both the Texas Employee Retirement System and the Teachers Retirement System. The bill sets out the guidelines of the study, which must consider all aspects of a new retirement plan.

[Standard-Times](#)

TEXAS ECONOMIC INDICATORS

Texas factories build on growing momentum, despite headwinds

March 27, 2017, By Dan Zehr

Texas factory activity accelerated in March, building momentum off a more stable energy industry and drawing optimism from potential changes in federal tax and regulatory policies, according to a monthly survey from the Federal Reserve Bank of Dallas.

The state production index, a key measure of business at plants statewide, rose to a measure of 18.6 in March from 16.7 the prior month, according to the Texas Manufacturing Outlook Survey.

The production index tracks closely with the overall Texas economy, so it provides one of the most current glimpses of broader economic conditions across the state. The greater, positive figure in March indicated that output expanded at a faster pace during the month.

[Austin American Statesman](#)

Texas needs to do better at looking ahead on electricity

March 28, 2017, By Chris Tomlinson

AUSTIN - There are transformations underway in energy that most of us know about, whether it's the growing share of wind and solar power or extracting more oil and natural gas from cracking shale rock.

Yet many of us don't realize that the way we deliver electricity to homes and businesses is also undergoing its most profound transformation since Thomas Edison began stringing wires from New York City's Pearl Street Station in 1882 under the General Electric logo.

He would still recognize the simple model of a linear flow of electrons from generation to transmission to distribution and consumption," Ganesh Bell, chief digital officer at General Electric Power, said during a talk at the Energy Thought Summit conference in Austin. "Going digital will be the biggest transformation that this industry will ever see."

[Houston Chronicle](#)

Texas service-sector activity accelerates, but concerns persist

March 28, 2017, Dan Zehr

A jump in retail sales helped boost the pace of Texas service-sector growth in March, but political uncertainties and sluggish demand in some parts of the state left managers with less optimistic business outlooks, according to a monthly report from the Federal Reserve Bank of Dallas.

The state revenue index, a key measure of activity among private, service-providing firms in Texas, nudged up to a reading of 15.2 in March from 14.1 the prior month, according to the Texas Service Sector Outlook Survey, which was released Tuesday. The greater, positive figure indicated that the sector's expansion — now on an 88-month growth streak — accelerated slightly this month.

[Austin American-Statesman](#)

Texas shovels money at companies that would have moved here even without it

March 29, 2017, By Nathan Jensen

From 2002 to 2016, Texas awarded more than \$7 billion in tax credits to companies through an economic program known as Chapter 313.

The program is intended to attract investors by providing abatements to offset some of the property taxes that companies pay to school districts.

The fundamental flaw with the program is that, although the credits were a determining factor for several companies that moved to the state, 85 to 95 percent of companies that received the credit would have relocated to Texas regardless of whether the program existed.

[Star Telegram](#)

Broad gains elevated Texas economic activity

March 29, 2017, By David Hendricks

Comerica Bank's Texas Economic Activity Index ticked up in January to a level of 93.1 points from 91.8 points in December, the Dallas-based bank reported Wednesday.

The index averaged 91.3 points for all of 2016 and has risen for five consecutive months.

"We believe that the recent positive performance of the index represents a fundamental turning point in the Texas economy. The state's important energy sector is growing again in a low oil price environment as well-seasoned energy companies utilize new technologies and capture new efficiencies in their operations," said Robert Dye, Comerica Bank chief economist.

[My San Antonio](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

What counts as a church? Supreme Court pension case asks important question

March 28, 2017, By Kelsey Dallas

A Supreme Court case about retirement benefits could hold surprising consequences for America's religious communities. In parsing the legal language, justices may need to redefine what counts as a church.

Advocate Health Care Network v. Stapleton centers on what types of employers are considered religious — or at least religiously affiliated — under Internal Revenue Service pension rules. The petitioners, a group of three religiously affiliated health care systems, argue that they are eligible to run church plan pensions, which are exempt from the Employee Retirement Income Security Act. An ERISA exemption means the hospitals don't have to report pension savings to the government or pay related premiums.

[Deseret News](#)

Argument Analysis: Justices hesitant about extending ERISA to church-affiliated pension plans

March 28, 2017, By Ronald Mann

Monday's argument in Advocate Health Care Network v. Stapleton took the justices back to their roots, with a straightforward textual question about the breadth of coverage under the Employee Retirement Income Security Act. ERISA imposes a variety of requirements on the plans to which it applies. Churches seeking to avoid that regulatory burden were able to obtain an exemption from ERISA for their pension plans. Organizations affiliated with churches operate a large share of the hospitals in this country.

For more than 30 years, the three federal agencies that administer ERISA have treated the pension plans of those hospitals as exempt from ERISA. In each of the three cases consolidated for this oral argument, employees of health-care providers filed suit alleging that the pension plans provided by their employers do not qualify for the church-plan exemption. Specifically, the question is whether ERISA's rules apply to pension plans operated by affiliates of churches, such as hospitals, if the church itself did not create the pension plan

[SCOTUS Blog](#)

Senate repeals Labor Dept. municipal retirement plan rule

March 30, 2017, By Sarah N. Lynch and Lisa Lambert

A divided U.S. Senate on Thursday killed a regulation that had exempted city-run retirement savings plans for low-income workers from strict pension protection laws.

Utah Republican Orrin Hatch, the resolution's sponsor, has said he expects the Senate to soon repeal a related rule on state-operated retirement plans.

That resolution may face a tougher time than the one on municipal plans, which barely passed in a 50-49 vote. States are farther along establishing retirement programs for people who do not have workplace savings plans, and Republicans who advocate for states' rights are more skeptical of the resolution.

[Reuters](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Branstad calls IPERS' changes 'prudent' to shore up statewide pension fund

March, 27, 2017, By William Petroski

Gov. Terry Branstad says he supports changes to shore up Iowa's largest public employees' pension fund, which will include increased contributions by state and local governments and workers to cover an additional \$1.3 billion in unfunded liabilities.

Branstad told reporters Monday he wants to compliment the Iowa Public Employees' Retirement System's Board for making a "thoughtful and prudent decision" last week to reduce its assumed annual rate of return on investments from 7.5 percent to 7 percent. Other new assumptions, based on a consultant's actuarial study, anticipate that inflation will be reduced, interest on members' accounts will decline, and wage growth and payroll growth will decrease.

"Too many states have overestimated the revenue in their pension funds, and as a result are in big trouble," Branstad said. "We have seen what has happened with many cities. We have seen what has happened in the neighboring state of Illinois, and it has happened in many other states around the country."

Des Moines Register

Moody's Cuts New Jersey's credit rating on budget, pension funding concerns

March 28, 2017, Robert Steyer

Moody's Investors Service cut New Jersey's general obligation bond rating by one notch due to "the continued negative impact of significant pension underfunding, including growth in the state's large long-term liabilities, a persistent structural imbalance and weak fund balances," the firm said.

Cutting the rating to A3 from A2 affects approximately \$37 billion in debt, Moody's said in a report Monday. The outlook on the revised rating is stable. New Jersey remains in the "upper-medium grade" category of Moody's rankings, although A3 is the lowest rung in that category.

Pensions & Investments

Chuck Reed: Retirees in L.A. feel the sting of unfunded pensions

March 29, 2017, By Chuck Reed

Benjamin Franklin once said "When the well is dry, we know the worth of water." The same could be said today for public pensions that aren't fully funded. Sooner rather than later they will dry up and it's public workers who pay the price. If you don't believe me, just ask the 200 retirees of the East San Gabriel Valley Human Services Consortium, known as LA Works, who just had their pensions slashed.

There's many hands that played a part in what's happening to the LA Works retirees: policy leaders who originally set up the risky pension structure, which eventually had no tax base nor revenue source; the four cities that didn't keep up with their pension payments and later refused to pick up the tab when the consortium folded; and the California Public Employees' Retirement System (CalPERS), which never looked into the pension's risky structure nor notified retirees that their employers has fallen behind on payments. And it's CalPERS that recently voted to cut the retirees' benefits by as much 63 percent.

East Bay Times

Jacksonville City Retirement System unions approve closing pension plan to new hires

March 29, 2017, By Rob Kozlowski

Jacksonville (Fla.) City Retirement System may close to new hires on Oct. 1 following approval of a city proposal by the memberships of two city unions, said Tia Ford, spokeswoman for Mayor Lenny Curry, in an email.

The memberships of the local chapters of the Laborers' International Union of North America and International Brotherhood of Electrical Workers approved the new contract following a vote on March 23-24. The closing of the \$2 billion retirement system, which consists of the general employees and corrections officer pension funds, is now pending City Council review and approval, Ms. Ford said.

[Pensions & Investments](#)

CalPERS picks director of investment management engagement programs

March, 30, 2017, By, Randy Diamond

Clinton L. Stevenson was named investment director of the investment management engagement programs at the \$313.2 billion California Public Employees' Retirement System, Sacramento, confirmed spokeswoman Megan White in an email.

The programs, formerly known as the targeted investment programs, had been headed by Laurie Weir, who retired last year.

CalPERS announced in June 2016 that it plans to commit \$11 billion in new money to hiring emerging and successful early stage money managers, including ones owned by women and minorities, by 2020. Mr. Stevenson will lead that effort.

[Pensions & Investments](#)

New assessment shows California retired teachers' account only 63.7 percent funded

March 30, 2017, By Adam Ashton

The pension fund for California teachers is about \$97 billion short of the assets it would need to pay all of the benefits it owes to its members today, according to a new valuation from the California State Teachers' Retirement System.

CalSTRS released the new accounting ahead of its monthly meeting, which is scheduled for next week.

The \$202 billion fund has about 63.7 percent of the assets it needs to pay the benefits it owes. That reflects a 4.8 percent decrease in CalSTRS' funded ratio from its most recent assessment.

[The Sacramento Bee](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

U.K. Begins Process to Leave European Union by March 29

March 29, 2017, By Kenneth Rapoza

We've heard it for months. This thing called "Article 50". It's been triggered. The U.K. pulled it. The British ambassador to the E.U., Tim Barrow, delivered their formal notice on Wednesday that they're ready to begin the process to exit the single market. In two years time, the United Kingdom will no longer be a member of the European Union, a project that was first conceived after World War II and counts Winston Churchill as one of its founding fathers.

Surprisingly, the British Isles have not yet sunk into the North Atlantic. The pound sterling is not worth five cents. And the economy has not crashed to zero. In fact, in a rather sanguine conversation with Arvind Subramanian, India's chief economic adviser, Brexit has yet to be felt in the former British colony. Exports to the U.K. from there have risen over the last six months by double digits, he told Bloomberg today.

Forbes

Exclusive: Greece, EU/IMF lenders agree on key labor reforms, pension cuts - sources

March 29, 2017, By Renee Maltezou and Lefteris Papadimas

Greece has agreed with its lenders on key labor reforms, spending cuts and energy issues, moving closer to clinching a deal before a meeting of euro zone finance ministers on April 7, sources close to the talks said on Wednesday.

The European Commission could not immediately confirm the report of a preliminary deal. The report drove Greek government bond yields to multi-week lows.

Negotiations between Athens, the European Union and the International Monetary Fund -- which has yet to decide if it will participate in Greece's current bailout -- have dragged on for months, rekindling fears of a new crisis in Europe.

Reuters

Anger Stirs in Brazil as Temer's Pension Drive Ignores Voters

March 30, 2017, By David Biller and Samy Adghirni

A posse of shadowy ghouls lurks under the cape of a cartoon vampire bearing a passing resemblance to Brazil's President Michel Temer on the fliers being handed out in downtown Brasilia one recent afternoon. "They want YOUR BLOOD," the pamphlet warns. "And your pension."

Temer's administration has proved adept at working the corridors of Congress but has had less success conveying its message to the Brazilian people. While the strategy has managed to get parts of his agenda through Congress, the risk is that the government will spark a popular backlash over its controversial pension reforms just 18 months away from elections.

Bloomberg

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