



Weekly Clips, April 21, 2017
Texas Pension Review Board
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PRB PLANS

Dallas Police and Fire Pension chief isn't afraid of burning bridges to save the system

April 14, 2017, By Tristan Hallman

On the outside, Kelly Gottschalk has a calm and easy demeanor. But inside, the executive director of the Dallas Police and Fire Pension Board is angry.

She's angry that police and firefighters have to worry about retirement security because of risky real estate investments, lucrative perks and over-valuations. Angry that the problems were hidden for so long behind a veneer of prosperity. Angry that Dallas taxpayers -- and she's now one of them -- could foot the bill to help save the pension system from insolvency.

Dallas News

Meet The Man With The Keys To Fix The Dallas Police And Fire Pension Fund

April 14, 2017, By Krystina Martinez & Rick Holter

A Texas House pensions committee advanced a bill to the full House this week aimed at fixing the Dallas Police and Fire Pension fund. The key figure in Austin for the troubled pension funds in Dallas and Houston is a small town-Republican.

State Rep. Dan Flynn comes from the tiny town of Van, about an hour east of Dallas. When he was asked to chair the House Pensions committee, Flynn said he did not expect the mess he was tasked to solve.

KERA News

In Dallas and Houston, pension fights escalating, sparking unexpected debates

April 17, 2017, By Brandon Formby

Pension leaders and elected officials in Dallas and Houston had one job: Get all parties from each city on the same page about how to shore up multi-billion-dollar retirement fund shortfalls before seeking help from state lawmakers.

Neither city has.

Their respective divisions come with seven weeks left in the legislative session and as a collection of pension bills are poised to hit the floors of both the Texas Senate and House. And the separate local disagreements over how best to move forward are now spurring spinoff debates involving whether to dramatically overhaul future public retirements in Houston and whether public transit funds should be tapped to shore things up in Dallas.

Texas Tribune

Comptroller Glenn Hegar: Reform rainy day fund to tackle pension issue

April 16, 2017, By Sean Collins Walsh

Conservatives in the Legislature opposed to tapping the state's rainy day fund to make ends meet in a tight budget have argued that a high balance in the savings account is necessary to protect Texas's sterling credit ratings.

But for Comptroller Glenn Hegar, the biggest threat to the state's credit is a \$33.5 billion and growing liability to the two major state pension systems . and the best way to solve that problem down the road might be to use money from the rainy day fund, which is the largest of its kind in the country.

[myStatesman](#)

Institutional appetite for private credit remains voracious

April 17, 2017, By Arleen Jacobius and Christine Williamson

Institutional investors have been gorging themselves on alternative credit for more than half a decade, and their collective appetite shows little sign of abating.

Analysis of *Pensions & Investments'* hiring activity shows that new assets committed to alternative credit strategies by institutional investors totaled \$79.7 billion in the seven years and one quarter ended March 31. Commitments have grown every year since 2010, with 2016's \$18.26 billion in commitments coming in 348% higher than the \$4.08 billion in 2010.

[Pensions & Investments](#)

Pension solution is an economic justice issue

April 18, 2017, By Judson W. Robinson III

As an organization that strives to bring equity to Houston's African American community and other communities of people of color, the Houston Area Urban League, Inc. has much to ask the Texas Legislature when it comes to matters of economic justice. In this current session, one is particularly simple: Passing the Houston pension solution brought forth by Mayor Sylvester Turner. This compromise proposal will bring sustainable change to the city of Houston's budget and stave off significant layoffs and cuts to city services, which would more profoundly affect people of color.

[Houston Chronicle](#)

Dallas officials say state lawmakers share blame for city's pension woes

April 19, 2017, By Brandon Formby

The Texas Legislature doesn't send any state funds to the beleaguered Dallas or Houston pension systems. But legislators nonetheless find themselves mediating city-level disputes over a collection of bills aimed at shoring up at least \$14 billion in the cities' collective shortfalls.

Under a practice that dates back to at least the Great Depression, state law dictates a lot of the financing, governance and benefits of dozens of local pension funds. Some say it's a good use of checks of balances. Others say it's another example of the state controlling local matters and dictating how a city's money must be spent.

[Texas Tribune](#)

Senate backs bid to ban state funds for pension bailouts

April 20, 2017, By Mike Ward

With Houston and Dallas first-responder pension plans in trouble, the state Senate on Wednesday endorsed a constitutional amendment prohibiting state funds from being used in bailouts of local retirement systems.

State Sen. Joan Huffman, R-Houston, said the change is necessary to make clear that local retirement systems are the sole responsibility of local governments, not the state.

[Houston Chronicle](#)

Mayor Rawlings blasts 'taxpayer bailout,' proposes pension bill changes

April 20, 2017, By WFAA Staff

Dallas Mayor Mike Rawlings wrote a letter to the city's taxpayers Thursday, asking for their support in making changes to a proposed pension bailout he says is unnecessarily expensive for Dallas taxpayers.

The Dallas Police and Fire Pension, which Rawlings calls one of the worst-managed retirement funds in the country, is in a \$3.7 billion shortfall.

[WFAA](#)

I refuse to allow Dallas to break its pension promise to police officers and firefighters

April 20, 2017, By Jason Villalba

Two years ago during the last Legislative session, I authored a bill to provide a 25-foot halo of protection around police officers so that when they were working to protect our community they would not be assaulted or harassed by freelance video journalists. The bill did not prohibit filming, nor did it limit in any way the use of footage acquired by such activists.

It did, however, incite thousands of people from around the country to proclaim that I am an enemy of free speech who deserves death. During that time, my family and I received more than 100 death threats. Most threats were the benign musings of angry bloggers. Some, however, were quite specific, such as the threat to nail my newborn to a tree.

[Dallas News](#)

Rawlings, Griggs Square Off Over Proposed Fixes to Dallas Police Pension

April 21, 2017, By Stephen Young

Dallas Mayor Mike Rawlings has a lot of problems with Texas state Representative Dan Flynn's bill to fix Dallas' failing police and fire pension system. On Thursday afternoon, he aired them in a letter aimed at Dallas residents. The letter also laid out the fixes he believes can save the bill, which the mayor calls an "unprecedented and unnecessarily expensive Dallas pension taxpayer bailout."

Rawlings' criticism of Flynn's bill boils down to two essential points: The mayor believes that Flynn's plan requires Dallas taxpayers to contribute too much cash and doesn't do enough to ensure that the city controls the pension's board of directors.

[Dallas Observer](#)

Legislature's fix to Dallas police and fire pension would perpetuate the disaster

April 21, 2017, By Jere Thompson

The bill before the Texas Legislature to fix the failing Dallas Police and Fire Pension System is no solution. House Bill 3158 would only perpetuate the disaster. It's unfair to taxpayers, and history explains why.

In 1996, the pension board members representing the police and firefighters (the beneficiaries) voted to increase their pension board majority from four-out-of-seven members to a super majority of six-out-of-10 (and later to eight-out-of-12).

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

The richest county in America is in Texas, but we bet you can't name it

April 17, 2017, By Jill Cowan

As Tax Day approaches, Bloomberg took a look through last year's federal returns to find the U.S. County with the highest adjusted gross incomes.

The answer might've been shocking to East Coasters, but Texans likely won't be as surprised: McMullen County, right here in the Lone Star State.

Data from Syracuse University's Transactional Records Access Clearinghouse, which uses federal tax returns, showed that the rural county northwest of Corpus Christi had an average adjusted gross income of \$303,717 in 2015.

[Dallas News](#)

Texas unemployment rate ticks upward, surpasses California's

April 21, 2017, By Jill Cowan

Texas' economic engine sputtered for a second consecutive month, the Texas Workforce Commission reported Friday, adding 9,500 jobs in March - essentially flat after a February during which the state posted lackluster employment numbers.

While Texas' jobless rate has typically hovered at or near the national number, in March, the state's seasonally adjusted unemployment rate ticked upward to 5 percent, while the U.S. rate declined to 4.5 percent.

[Dallas News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Puerto Rico Union Sues Governor, Board Over Pension Cuts

April 14, 2017, By Carmen Castro-Pagan

The governor of Puerto Rico and the Financial Oversight Management Board were hit with a lawsuit by union members seeking to block proposed pension cuts for government employees (*Servidores Unidos de P.R. v. Fin. Oversight & Mgmt. Bd.* , D.P.R., No. 3:17-cv-01483, complaint filed 4/12/17).

Servidores Unidos Públicos, a local government union representing more than 10,000 affected government employees and 2,300 retirees, filed the lawsuit April 12 in the U.S. District Court for the District of Puerto Rico. The union members seek a court declaration that the recently adopted fiscal plan to manage the territory's finances and budget, which proposes a 10 percent cut to government pensions, is illegal.

[Bloomberg BNA](#)

Flurry of Pension Rescue Filings May Indicate Renewed Confidence

April 18, 2017, By David B. Brandolph

Four more financially beleaguered multiemployer pension plans are testing the rescue application waters, seeking Treasury Department permission to cut benefits.

The four plans include the Portland, Ore.-based Western States Office & Professional Employees Pension Fund, which filed on Feb. 22, and the New York-based Local 805 International Brotherhood of Teamsters Pension & Retirement Plan, which filed March 22. They were joined on March 29 by the Troy, Mich.-based International Association of Machinists Motor City Pension Fund and on March 30 by the Anchorage, Alaska-based Alaska Ironworkers Pension Plan.

[Bloomberg BNA](#)

As the Clock Ticks, Senate Stalls on State-Run Retirement Plans

April 19, 2017, By Liz Farmer

Late last month, Congress voted to overturn an Obama-era rule that cleared the way for cities to create retirement programs for private-sector workers that didn't have one through their employer. But a similar resolution targeting the rule as it applies to states is stuck.

For the past three weeks, that resolution has lingered in uncertainty as the Senate stalls on taking an up or down vote. Many believe that signals an opportunity.

"Based on the conversations we've had with staff and colleagues working on this," says Cristina Martin Firvida of AARP, which supports the Obama-era regulation, "I think there are a number of senators who still have a lot of questions about the state rule."

[Governing](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Calpers Is Sick of Paying Too Much for Private Equity

April 16, 2017, By Dawn Lim and Heather Gillers

The largest public pension fund in the U.S. is studying dramatic changes in how it invests in private equity that would slash payments to Wall Street managers, according to people familiar with the matter.

The internal review is the latest effort by the California Public Employees Retirement System to re-evaluate its more expensive bets as it wrestles with a cash crunch, a widening funding deficit and declining estimates of future earnings from stocks and bonds. Calpers, like many pension funds, doesn't have enough assets on hand to pay for all future obligations.

[The Wall Street Journal](#)

Luzerne County employee pension fund change debated

April 17, 2017, By Jennifer Learn-Andes

Luzerne County Councilman Rick Williams is pushing for a major change in how the county's \$215 million employee pension fund is invested, saying parking money in index funds could yield the same return and save \$600,000 in annual fees to money managers.

He publicly pitched the proposal at a recent meeting of the county Retirement Board, which oversees the fund, driven partly by famed investor Warren Buffett's suggestions in national media to buy low-cost index funds instead of paying active managers to try to beat the stock market.

[The Dallas Post](#)

Local public pensions debate pros, cons of joining state systems

April 17, 2017, By James Comtois

The debate over whether county and municipal pension plans should join their state systems is heating up.

Officials in Massachusetts and Rhode Island are trying to persuade smaller public plans to let the state manage their entire investment portfolios or make it easier to do, arguing the advantages of scale and the availability of greater resources.

In Wisconsin and Nebraska, some municipal pension plans are looking to be folded into their state systems as a means of solving funding problems.

[Pensions & Investments](#)

World's Largest Pension Fund Struggles To Make Ends Meet

April 20, 2017, By David Vaughan

The world's largest pension fund is cutting payments and warning that investment growth is set to fall.

The California Public Employee Retirement Scheme . known as CALPERS . is struggling to maintain payments to retired public servants while the value of investments is falling and the scheme is underfunded.

[Money International](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Brazil waters down pension reform as protests turn violent

April 18, 2017, By Maria Carolina Marcello and Ueslei Marcelino

Brazilian President Michel Temer on Tuesday made new concessions to ease passage of an unpopular pension reform bill, leading police unions to try and invade Congress in the latest angry demonstration from a labor group.

The watered-down proposal, which has faced pressure from skittish lawmakers, has raised doubts among investors about how close it will come to the original goal of narrowing a huge and growing budget deficit.

[Reuters](#)

IMF boosts U.K. economic growth outlook

April 18, 2017, By Sophie Baker

The International Monetary Fund upgraded its projection for U.K. growth to 2% for 2017, reflecting stronger-than-expected economic performance since the Brexit vote, said the latest World Economic Outlook.

Published Tuesday, the outlook said the IMF had revised growth upward from January projections for 2017 of 1.5%, and October projections of 1.1%.

The IMF also revised its growth projections for the U.K. for 2018, to 1.5%. In January's outlook it said growth would be 1.4%, and in October it said 2018 growth would be 1.7%.

[Pensions & Investments](#)

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