



Weekly Clips, May 5, 2017
Texas Pension Review Board
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PRB PLANS

Texas Senate passes a bill overhauling Houston's troubled pension systems

May 1, 2017, By Brandon Formby

Texas Senators overwhelmingly passed a bill Monday that aims to overhaul Houston's troubled pension funds, but not before including a last-minute amendment that could switch future first responders and City Hall employees to a new kind of retirement system.

The Senate passed Senate Bill 2190 in a 25-5 vote. Lt. Gov. Dan Patrick praised the work of the bill's author, State Sen. Joan Huffman. The Houston Republican spent months working with Houston city officials, police officers, firefighters and city employees in an effort to rewrite the statute that governs the city's severely underfunded pension systems. Her bill was at least loosely based on a plan that Houston Mayor Sylvester Turner worked on with the three employee groups.

[Texas Tribune](#)

Pension Fights in Dallas, Houston raise fears of police, firefighter shortages

May 1, 2017, By Brandon Formby

The bruising battles over legislative fixes to failing pension systems in Dallas and Houston could eventually evolve into a statewide war over the kind of retirement funds public employees should be offered.

For decades, cities have used the promise of lucrative and dependable pensions as a way to help recruit for public safety jobs. They also use differences in pension benefits as a way to pull more experienced officers from other cities' departments. Michael Mata was already a cop when he heard that Dallas' pension benefits could help him retire a millionaire.

[Texas Tribune](#)

Houston pension reform bill passes Senate by wide margin

May 1, 2017, By Mike Morris

Houston's pension reform package breezed through the state Senate Monday afternoon, setting up a Saturday vote in the Texas House that could put the city inches away from solving a fiscal crisis that officials long have warned could threaten the city's solvency and force the layoffs of hundreds of employees.

Mayor Sylvester Turner cheered the 25-5 vote, made possible because a threatened political blockade dissolved, giving the landmark proposal a speedy passage.

[Houston Chronicle](#)

Control of the Dallas Police pension must shift to the city

May 2, 2017, By Will Hartnett

As a former legislator, I am deeply concerned by the impending vote by the Dallas delegation regarding the Dallas Police and Fire Pension System. On Wednesday, Representatives Linda Koop, Morgan Meyer, Jason Villalba, Cindy Burkett, Angie Chen Button, Victoria Neave and Roberto Alonzo are expected to vote in favor of Rep. Dan Flynn's bill, which will force the city to increase taxes by hundreds of millions of dollars to bail out the system, while denying taxpayers the means to assure sound fiscal management of the pension in the future.

[Dallas News](#)

Texas senate passes Houston pension reform bill

May 2, 2017, By Meaghan Kilroy

The measure passed the Senate by a 25-5 vote. The House is expected to vote on its version of the bill Saturday.

The bill includes benefit reductions for participants in the three pension funds that would help reduce the funds' \$8.2 billion in total unfunded liabilities, according to a Monday news release from the mayor's office.

[Pensions & Investments](#)

Texas retired teachers face 'death spiral' in health insurance unless lawmakers help, add money

May 2, 2017, By Robert T. Garrett

AUSTIN — An insolvent health insurance program for retired Texas teachers on fixed incomes will force them to pay much, much more for coverage if lawmakers don't infuse the system with cash and let it dial back benefits, according to lawmakers and experts.

Painful changes are coming, no matter what, because over the next two years, the Teacher Retirement System of Texas' "TRS-Care" program is expected to have nearly \$1.1 billion less than it needs to pay the bills.

[Dallas News](#)

Texas House approves bill to save Dallas Police and Fire Pension System; Mayor is 'incredulous'

May 3, 2017, By Tristan Hallman

AUSTIN — Efforts to save the failing Dallas Police and Fire Pension System from insolvency have taken months of lobbying, tense negotiations, legal action and fiery rhetoric. The city's credit ratings have dropped several times. Hundreds of police officers and firefighters have walked out the door, along with hundreds of millions of dollars from the pension system.

But on Wednesday, it took fewer than 10 minutes for the state House of Representatives to give its unanimous approval to a bill designed to bolster it.

[Dallas News](#)

Texas House gives preliminary approval to Dallas pension overhaul

May 3, 2017, By Brandon Formby

The Texas House unanimously gave initial approval to an overhaul of Dallas' troubled police and fire pension fund Wednesday. But six last-minute amendments from State Rep. Yvonne Davis, D-Dallas, have yet to be considered.

That will happen when the House takes a final vote Thursday.

Meanwhile, Dallas Mayor Mike Rawlings blasted the chamber's unified support, which he said "dealt a brutal blow" to residents. Rawlings has drawn ire for his opposition to the bill. He said that taxpayers are being asked to contribute too much money, something he said will certainly force cuts to city services.

Texas Tribune

Turner, nearing finish on pension reform, seeks to lift revenue cap

May 4, 2017, By Rebecca Elliott

Mayor Sylvester Turner plans to ask voters to lift Houston's cap on property tax collections in November, a move that could loosen one of the city's primary fiscal constraints as it confronts still-hefty pension and debt costs that leave little breathing room to maintain city services.

The referendum would fulfill the mayor's pledge to try to overturn the revenue cap if he succeeded in reforming Houston's pension systems.

Houston Chronicle

Retired teachers win reprieve, if not 'permanent fix,' under health care plan embraced by Texas House

May 4, 2017, By Robert T. Garrett

AUSTIN — The House on Wednesday unanimously advanced a bill to rescue Texas' insolvent health insurance program for retired teachers with more money and flexibility for the system to make plan changes. The vote was 143-0.

As early as Thursday, the House could finally pass and send the bill to the Senate. It is backed by House leaders and the main retired teacher group.

Dallas News

Texas House passes Dallas pension overhaul with little debate

May 4, 2017, By Brandon Formby

The Texas House on Thursday unanimously approved an overhaul to Dallas' failing police and fire pension system, dealing a political blow to Mayor Mike Rawlings, who opposed the bill.

The lower chamber approved the bill with three minor amendments from State Rep. Yvonne Davis, D-Dallas. One of those amendments would allow pension members some flexibility over how they are paid annuities. Another would allow for lump-sum withdrawals in case of some hardships.

Texas Tribune

TEXAS ECONOMIC INDICATORS

Quarterly earnings a mixed bag for Austin companies

May 4, 2017, By American Statesman Staff

A number of Austin's publicly traded companies issued their quarterly earnings reports this week. The reports were a mixed bag, with some companies showing progress and beating Wall Street's expectations, and others seeing their numbers fall short of projections.

Here's a look at how some of those Central Texas companies did this week:

[myStatesman](#)

Texas House backs Rainy Day Fund overhaul

May 3, 2017, By Jim Malewitz

The Texas House approved legislation Wednesday that would overhaul the way the state stows away money for tough economic times.

Filed by Rep. Giovanni Capriglione, House Bill 855 would allow Texas to embark on a new investment strategy — the creation of an endowment called the Texas Legacy Fund — that supporters believe would grow the state's savings account by billions over the decades and potentially give lawmakers extra money each session for often-neglected items such as funding pensions, paying down debts or fixing crumbling infrastructure like state hospitals.

[Texas Tribune](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

State Can Block Justices From 'Double Dipping Pensions'

May 4, 2017, By Joel Stashenko

ALBANY - The Court of Appeals ruled Thursday that the state can legally block its Supreme Court justices from receiving judicial pensions while they remain on the bench as "certificated" justices.

The unsigned per curiam decision found that there were valid public policy reasons behind the 2013 adoption by the Administrative Board of the Courts of a rule prohibiting "double-dipping" by justices who opt to remain on the job after they reach the state's judicial retirement age of 70.

[New York Law Journal](#)

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[New York Law Journal](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

U.S. Public Pensions Post Best Quarter Since 2013 as Stocks Rise

May 1, 2017, By Martin Z Braun

U.S. state and city pensions posted a median 4.1 percent return in the first quarter, the best performance since 2013, as worldwide stock markets rose, according to the Wilshire Trust Universe Comparison Service.

Improving economic conditions and a weakening U.S. dollar helped boost international equities, with emerging markets returning more than 11 percent, according to MSCI indexes. U.S. stocks have also rallied amid speculation about the impact of President Donald Trump's plans to cut taxes and increase spending on infrastructure, pushing the Standard & Poor's 500 Index to a gain of 5.5 percent during the first three months of the year. U.S. bonds returned 0.82 percent while global debt returned 1.76 percent, according to Bloomberg Barclays Indexes.

[Bloomberg](#)

Yale Endowment Defends High Management Fees

May 1, 2017, By Michael Katz

While many pension funds are switching to passive investments to save money on fees, Yale University's endowment has staunchly defended its actively managed investing strategy against so-called "fee bashers" in its most recent annual report.

"In recent years, a broad range of market commentators have decried excessive fees paid to hedge funds and private equity funds," said the Yale Endowment in its 2016 annual report. It went on to say that what the "fee bashers miss is that the important metric is net returns, not gross fees."

[Chief Investment Officer](#)

IRAs Mostly Serve People Who Need Them the Least

May 2, 2017, By Lauren Weber

More than 40 years after Congress created individual retirement accounts, a new analysis finds the savings plans aren't fulfilling their mission.

IRAs were intended to give workers without employer-sponsored programs—typically those who work in small businesses or are self-employed—access to tax-advantaged retirement savings plans. But most of the \$7.8 trillion parked inside IRAs as of 2016's third quarter came from rollovers of employer-sponsored 401(k) accounts, according to an analysis of Internal Revenue Service data by the Center for Retirement Research at Boston College.

[Wall Street Journal](#)

South Dakota Pension's Long View

May 3, 2017, By Sarah Rundell

Over the past 10, 20 and 43 years, the South Dakota Investment Council (SDIC), which manages the benefits of more than 84,000 of the US state's public-sector employees, has ranked in the top 1 per cent of public pension funds in terms of investment performance.

Strategy at the \$10.5 billion fund is based on strict adherence to long-term strategies during underperforming periods and nurturing an expert internal team, state investment officer Matt Clark explains, in an interview from the fund's Sioux Falls, South Dakota, headquarters.

[Top 1000 Funds](#)

Senate Kills State-Sponsored Retirement Plans For Private Sector

May 3, 2017, By Ashlea Ebeling

In a narrow vote, 50 (yes) to 49 (no), the Senate by resolution killed an Obama-era rule that greenlighted state-sponsored auto-IRA retirement programs for small business workers. A majority vote was needed to repeal the rule. The AARP cried foul and urged a "no" (don't repeal the rule) vote because: "Too many small business employees don't have a way to save for retirement out of their regular paycheck." That's 55 million workers.

[Forbes](#)

Corporate pension funding holds steady in April – 2 reports

May 4, 2017, By Rob Kozlowski

The funded status of the largest U.S. corporate pension plans remained relatively level in April as strong market performance was offset by falling discount rates, said reports from Mercer and Legal & General Investment Management America.

According to Mercer's report, the estimated aggregate funding ratio of pension plans sponsored by S&P 500 companies was 83% at the end of April, the same as the previous month.

[Pensions & Investments](#)

Unemployment rate drops to lowest level in a decade in April as economy adds 211,000 jobs

May 5, 2017, By Ana Swanson

The U.S. job market rebounded strongly last month and the unemployment rate fell to the lowest level seen in a decade, government data released Friday morning showed, calming fears about the state of the economy following several dismal readings in the past month.

Employers added 211,000 jobs in April as the unemployment rate ticked down to 4.4 percent, the lowest level since May 2007. Average hourly earnings rose by 2.5 percent from the previous year to \$26.19, slightly slower growth than was seen in previous months.

[Washington Post](#)

Wages Have Started Growing, But Not for Everyone

May 5, 2017, By Mike Maciag

While the rest of the workforce has seen wage increases, low-income employees haven't been as fortunate. There's also a divide among the states.

After a long and slow economic recovery, most American workers have finally started to see their paychecks climb in recent years. Low-wage earners, however, haven't been as fortunate: Many have experienced little to no wage growth.

[Governing](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Greece Agrees to Tighten Belt Again in Return for Further Bailout Funds

May 2, 2017, By Niki Kinsantonis

ATHENS — Greece and its international creditors said on Tuesday that they had reached a preliminary deal allowing the country to receive crucial bailout payments in exchange for promises to raise taxes and to further cut pensions and social spending.

The agreement — the culmination of months of talks — paves the way for the transfer of more than 7 billion euros, or about \$7.6 billion, of emergency funds to Athens. It also comes before a series of elections in France, Britain and Germany in the coming days and months, with European officials eager to avoid giving fuel to far-right parties.

[New York Times](#)

Brazil pension reform clears hurdle, faces tough approval path

May 3, 2017, By Maria Carolina Marcello

President Michel Temer's proposal to reform Brazil's costly social security system cleared a committee vote on Wednesday, but the measure, deeply unpopular with voters, faces an uphill battle in the full Congress.

The committee voted 23-14 to approve the constitutional amendment, which would make Brazilians work longer and reduce pension benefits to plug a widening budget deficit at the root of the country's worst recession ever.

Temer spokesman Alexandre Parola told reporters the vote numbers showed that "Brazilian society recognizes the urgent need for reforming the social security system."

[Reuters](#)

Puerto Rico declares bankruptcy. Here's how it's going to unfold

May 3, 2017, By Nathan Bomey

Facing mountainous debt and population loss, the board overseeing Puerto Rico filed Wednesday for the equivalent of bankruptcy protection in a historic move that's sure to trigger a fierce legal battle with the fate of the island's citizens, creditors and workers at stake.

The oversight board appointed to lead the U.S. territory back to fiscal sustainability declared in a court filing that it is "unable to provide its citizens effective services," crushed by \$74 billion in debts and \$49 billion in pension liabilities.

[USA Today](#)

Mexico competition watchdog fines pension funds \$58 mln

May 4, 2017, By Sheky Espejo

May 4 Mexico's competition regulator on Thursday announced it fined four pension funds a total of 1.1 billion pesos (\$58 million) for antitrust violations.

The Federal Economic Competition Commission (Cofece) said in a statement it had fined four "afores," as they are known locally: Profuturo GNP Afore, Afore Sura, Afore XXI Banorte and Principal Afore. It also said it had sanctioned 11 people who represented the pension funds.

[Reuters](#)

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