



Weekly Clips, August 4, 2017
Texas Pension Review Board
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PRB PLANS

House backs bill putting \$212 million toward retired teachers' health care program

August 1, 2017, By Aliyya Swaby

The Texas House has approved taking money from a state's savings account to pay to temporarily bolster the state-run health insurance program for retired teachers.

The lower chamber voted 130-10 Tuesday to pass House Bill 20 authored by Rep. Trent Ashby, R-Lufkin, which would put a one-time influx of \$212 million into TRS-CARE, the health plan that serves hundreds of thousands of retired teachers. A group of House members argued against using the state's Economic Stabilization Fund, also known as the Rainy Day Fund, especially since the Senate has made it clear they would not approve that payment mechanism.

[Texas Tribune](#)

House approves fixes to teacher retirement

August 1, 2017, By Andrea Zelinski

AUSTIN — The Texas House gave its stamp of approval to a pair of bills aimed to help retired teachers Tuesday, answering a call by Gov. Greg Abbott to increase care for those enrolled in the state's retirement system.

Lawmakers there overwhelmingly agreed to spend \$212 million to lessen rising premium, deductible and out-of-pocket costs for retiring teachers. House members also voted to give the Teacher Retirement System the power to create a cost-of-living adjustment for retiring teachers.

[Houston Chronicle](#)

With retired teachers' health care at stake, legislators clash on fixes

August 3, 2017, By Aliyya Swaby

When David Hatcher got a blood test at his oncologist's office two summers ago, the doctor spelled out his results decisively: "The bad news is you've got leukemia. The good news: It's the kind we can treat with a pill."

A retired public school history teacher, Hatcher might soon be unable to afford the tablets that keep his chronic myeloid leukemia in check — his health care costs are set to rise, whether or not the Texas Legislature can agree in the next two weeks on a temporary fix for the retired teachers' health insurance plan.

[Texas Tribune](#)

\$2 Billion Shortfall To Impact Thousands of Fort Worth City Workers

August 3, 2017, By Aliyya Swaby

The City of Fort Worth projects its retirement plan will run out of money in coming years. The problem is so massive it's affecting the city's credit rating and could even impact how effectively the city can fund big infrastructure projects in the future.

City documents show Fort Worth will soon have more people retired and drawing money out of the plan than contributing to it. Added to that, the city isn't receiving the amount of interest it thought it would on money already in the pension plan.

It now has a research firm trying to find ways to dig out of the projected shortfall.

[CBS DFW](#)

A new era begins: Dallas mayor intends to appoint six businessmen to Police and Fire Pension Board

August 3, 2017, By Tristan Hallman

Dallas Mayor Mike Rawlings on Thursday announced the six people he intends to appoint as trustees to a new-look Dallas Police and Fire Pension Board.

The announcement, which came in a memo to the City Council, is a touchstone in the overhaul of the Dallas Police and Fire Pension System. After a dramatic year of financial panic and political and legal maneuvering, the new board will take the reins next month and try to guide the \$2.1 billion pension fund to firmer footing.

All six have professional investment and money management experience. The state law that governs the fund requires board members to "have demonstrated financial, accounting, business, investment, budgeting, real estate or actuarial expertise."

[Dallas News](#)

TEXAS ECONOMIC INDICATORS

Report: Texas could lose billions if new immigration enforcement law stands

August 1, 2017, By Julián Aguilar

Representatives from Texas' business, local government and higher education sectors argued Tuesday that the state's new immigration-enforcement law, which is slated to take effect Sept. 1, could do billions of dollars in damage to the Texas economy.

Using data from the 2015 American Community Survey and the Bureau of Economic Analysis, the Reform Immigration for Texas Alliance — a group made up of 40 state-based immigrant and civil rights groups — estimated during a Tuesday press conference that the state stands to lose roughly \$223 million in state and local taxes and more than \$5 billion in gross domestic product under Senate Bill 4.

[Texas Tribune](#)

Dallas Fed: Texas economy powers ahead despite drop in retail sales

August 1, 2017, By Dan Zehr

The state's manufacturers and most of its service-providing firms powered the ongoing expansion of the Texas economy in July, but the solid business gains failed to boost retail sales during the month, according to a set of monthly surveys from the Federal Reserve Bank of Dallas.

Despite retail sales contracting for the first time in nine months, the state revenue index, which tracks activity at private service-providing firms, edged up to a measure of 15.7 in July from 14.8 in June, according to the Texas Service Sector Outlook Survey.

[My Statesman](#)

Texas Economy Stands To Lose \$9.2B Under New Sanctuary City Law, Study Finds

August 2, 2017, By Kyle Hagerty

The Texas economy could lose between \$9.2B and \$13.8B under the "sanctuary cities" law that goes into effect Sept. 1. On Tuesday a coalition of business leaders, city officials and immigration advocacy groups presented the analysis at the George R. Brown Convention Center in Houston.

The law, officially known as Senate Bill 4, allows law enforcement officers to question a detained person's immigration status, and penalizes agencies that fail to comply.

The analysis of data from the U.S. census, the Bureau of Economic Analysis and the Institute on Taxation and Economic Policy found that if 10% of undocumented immigrants leave Texas (as happened in Arizona), the state would lose roughly \$190.7M in federal tax revenue and \$223.5M more in state and local taxes.

[BISNOW](#)

Valero signs supply deal to ship fuels to Mexico

August 3, 2017, By Sergio Chapa

San Antonio-based refining company Valero Energy Corp. has signed a lucrative deal that will allow it to supply gasoline, diesel and jet fuel to thousands of new customers south of the border in Veracruz, Puebla and Mexico City.

Officials with Valero (NYSE: VLO) confirmed that the company's Mexican subsidiary, Valero Marketing and Supply de México SA de CV, has entered into a long-term import agreement with Mexico City-based Infraestructura Energetica Nova SAB de CV.

[San Antonio Business Journal](#)

Foreign delegation meets with economic development officials

August 3, 2017, By Steve Clark

A delegation of European site selectors and investors was in Brownsville last week as part of "familiarization tour" of South and East Texas.

The Greater Brownsville Incentives Corporation hosted members of the European American Investment Council, whose mission is to build bridges between U.S. economic development organizations and European investors looking for locations in the United States in which to do business.

[Brownsville Herald](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Court backs IBM in DB closure

August 4, 2017, By Angus Peters

Technology giant IBM's decision to close its UK defined benefit schemes has been ruled lawful by the Court of Appeal, in the culmination of an eight-year battle over the sponsor's discretionary powers.

The decision overturns a previous High Court judgement by pensions specialist Justice Warren, which concluded that previous IBM communications had set "reasonable expectations" that further changes would not be made.

IBM will now be free to implement the changes known as Project Waltz, which included ceasing future accrual for most members, ending a beneficial early retirement policy, and ensuring that future pay rises would not count towards the final salary used to calculate pension.

Pensions Expert

Watch Out Illinois: Missouri Cuts Taxes, Reforms Pensions, Takes First Significant Policy Steps Towards Growth

July 31, 2017, By Rex Sinquefield

True state-based, political leadership can be hard to find these days. Fortunately, in my home state of Missouri, history is being made that indicates a renewed, fiscally responsible approach to growth. Unfortunately, some are disparaging those steps forward with ill-informed positions.

The stage for this debate was set two years ago when both house chambers showed extraordinary leadership and vision by passing historic income tax reform and then overriding then Gov. Jay Nixon's veto of the legislation. Senate Bill 509 proved to be the state's most significant tax reform measure in nearly a century.

Forbes

183 St. Louis Teachers Retirement-Eligible Under New Law

August 4, 2017

ST. LOUIS (AP) — A new Missouri law has made 183 St. Louis teachers eligible for retirement, though the top administrator and union members in the district that has grappled with filling vacancies don't expect an exodus of teachers.

The school district is sending teachers a letter signed by Superintendent Kelvin Adams and the American Federation of Teachers' local president, Sally Topping, urging retirement-eligible teachers to stay, the St. Louis Post-Dispatch reported Friday.

US News

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Chicago Pension Bills Soar as City Pays Up to Keep Funds Solvent

July 31, 2017, By Elizabeth Campbell

Chicago will contribute \$1.18 billion to pensions in 2018 as the junk-rated city steps up payments to put its retirement funds on a path to solvency, even as the unfunded liabilities keep growing.

The city will pay \$792 million to the police and fire pensions, \$344 million to the municipal workers' fund and \$48 million to the laborers' fund next year, according to its annual financial analysis released Monday. The metropolis forecasts a \$114.2 million budget deficit in 2018, the smallest since at least 2007, the report shows.

[Bloomberg](#)

States Turn to Financial Engineering to Ease Pension Burdens

August 1, 2017, By Rebecca Spalding

It's no secret that states and cities across the country are grappling with a growing pension crisis. Now some are resorting to an unconventional tool to help: financial engineering.

California, New Jersey and other governments are moving around resources on their balance sheets to lessen the burden of their underfunded pensions as more traditional reforms have failed to fix ailing systems, according to a report by Fitch Ratings. Strategies have included everything from transferring lottery money to public pensions to recognizing future revenues to lower current funding ratios, the report stated.

[Bloomberg](#)

New York City pensions return 12.95 percent in fiscal 2017: preliminary report

August 2, 2017, By Hilary Russ

NEW YORK (Reuters) - New York City's public pension system returned 12.95 percent on its investments in fiscal 2017, according to preliminary results from City Comptroller Scott Stringer on Wednesday, after two years of far more dismal results.

Those returns, well above the funds' target return rate of 7.0 percent, should provide some relief for the underfunded retirement system.

The results also mirror the investment performance of the nation's two largest public pension plans, both in California.

[Reuters](#)

Public Pension Returns Barely Broke Even in Fiscal Year 2016

August 2, 2017, By Rebecca Spalding

Public pension fund investments returned only 0.6 percent on average in fiscal year 2016, according to a report by the Center for Retirement Research at Boston College, far lower than their 7.6 percent average target rate.

Lower than expected returns did little to improve the nation's growing unfunded pension liabilities. Of the 170 plans studied, the average funding ratio was 72 percent for the fiscal year, about the same level as the year before, according to the report. Under new accounting standards introduced in 2014, however, the plans were only 68 percent funded.

[Bloomberg](#)

Pension Plans Had a Great Year, But Retirees Likely Won't Benefit From IT

August 3, 2017, By Liz Farmer

Public pension plans are reporting double-digit investment returns, and some are even finishing with record highs this year.

The high earnings are due to a robust stock market and are welcome news after two straight years of below-average returns for most pension plans. But finance experts say the investment boost likely won't translate into an equally impressive reduction in pension debt because of the increasing cost of pensions.

"Government contributions tend to be insufficient to reduce unfunded liabilities -- even if the plans meet their target," says Tom Aaron, vice president and senior analyst at Moody's Investors Service.

[Governing](#)

Solid hiring in July cuts unemployment rate to 4.3 pct.

August 4, 2017, By Christopher Rugaber

U.S. employers added 209,000 jobs in July, a second straight month of robust gains that underscore the economy's vitality as it enters a ninth year of expansion.

The unemployment rate slipped to 4.3 percent from 4.4 percent, matching a 16-year low first reached in May, the Labor Department said Friday.

But growth in Americans' paychecks — a persistent weak spot since the recovery began in June 2009 — remains stubbornly slow. Average hourly pay rose by 2.5 percent from a year earlier, the same tepid annual pace as in June. That's below the 3.5 percent to 4 percent that is typical when the unemployment rate is this low.

[ABC News](#)

Economy adds impressive 209K jobs in July

August 4, 2017, By Vicki Needham

The U.S. economy added a solid 209,000 jobs in July, exceeding economists' estimates as the labor market shows few signs of slowing down.

The unemployment rate last month fell to 4.3 percent from 4.4, the Labor Department reported on Friday.

The labor market has churned out nearly 1.3 million jobs in the first seven months of the year, maintaining the momentum that started nearly seven years ago under President Barack Obama.

[The Hill](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Brazil eyes pension vote, budget target after Temer dodges trial

August 3, 2017, By Silvio Cascione

BRASILIA (Reuters) - Brazil's Congress is expected to reopen the door for a modest pension overhaul as soon as October, lawmakers said before returning to normal business on Thursday following a vote to block a corruption trial against President Michel Temer.

Still, legislators warned that Temer must spend some of his newfound political capital either on measures raising tax revenue or a new, less ambitious 2017 budget target. The choice could quickly put him at odds with allies and even erode market confidence in his austerity agenda.

Reuters

World's Biggest Pension Fund Rides Stocks to \$46 Billion Gain

August 4, 2017, By Yuko Takeo and Shigeki Nozawa

The world's biggest pension fund posted its fourth-straight quarterly gain, as global stocks rose and a decline in the yen against both the dollar and the euro helped boost the value of its overseas investments.

The Government Pension Investment Fund returned 3.5 percent, or 5.1 trillion yen (\$46 billion), in the three months ended June 30, increasing assets to a record 149.2 trillion yen, it said in Tokyo on Friday. Domestic equities added 2.3 trillion yen as the benchmark Topix index rose in the period, while the value of foreign stocks increased by 1.9 trillion yen.

The Japanese retirement fund's recent string of quarterly gains follows a series of losses after it overhauled its strategy in 2014 to buy more shares and cut debt. GPIF, which holds the majority of its stock investments in strategies that track indexes, benefits when broader equity markets are rising.

Bloomberg

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