



Weekly Clips, September 29, 2017  
Texas Pension Review Board  
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## **PRB PLANS**

### **Teacher Retirement System changes keeping agency afloat, but at a cost to younger retirees**

September 25, 2017, By Amelia Brust

The state's pension plan for public school district and college employees received a funding boost this legislative session to stay afloat, but retirees are still expected to see increased costs.

The Teacher Retirement System of Texas was allocated an additional \$212 million after its leadership initially requested \$1.35 billion to resolve a budget shortfall for its medical offering, TRS-Care.

As part of House Bill 3976, which Gov. Greg Abbott signed into law June 12, TRS-Care is no longer required to offer a \$0 monthly premium health plan to retirees under 65 years old, a group that is ineligible for Medicare.

### **Community Impact Newspaper**

### **Uber's Legal Nightmare Takes Another Turn**

September 26, 2017, By Maya Kosoff

After a year spent fighting foreign-regulatory bodies and internal battles alike, Uber faces yet another challenge, this time from a small pension fund for retired Texas firefighters. In a lawsuit filed Tuesday, the Irving Firemen's Relief & Retirement Fund alleges that the \$70 billion company and former C.E.O. Travis Kalanick knowingly misled investors while fund-raising, failing to disclose that the company had possibly broken laws in the process.

### **Vanity Fair**

### **Retired Texas firefighters sue Uber claiming fraud**

September 26, 2017, By Alan Pyke

Uber defrauded investors by failing to disclose the legal jeopardy their defiance of local transit regulations engenders, a new lawsuit from a small pension fund for retired firefighters in Irving, Texas claims.

The suit's reasoning is a catch-all for a year of scandalous revelations about Uber's practices. It cites federal criminal inquiries launched this year into the company's "Greyball" software, used to deceive public officials about the true number and identity of Uber drivers on the street at any given time, and its "Hell" software, used to identify people who also drive for the rival cab-hailing service Lyft. It also references the harassment and discrimination allegations from Uber staff that prompted founder and former CEO Travis Kalanick to step away from the company.

### **Think Progress**

# **TEXAS ECONOMIC INDICATORS**

## **Comptroller says Harvey won't hamper Texas economy**

September 23, 2017, By Julie Chang

Comptroller says Harvey won't hamper Texas economy for long

Texas Comptroller Glenn Hegar was hesitant to give an estimate Saturday of how much Hurricane Harvey will cost the state, but he said the federal government will pick up most of the bill.

Hegar, speaking at the Texas Tribune Festival, said Harvey's state recovery cost will be comparable to past hurricanes. Hurricane Ike in 2008 cost the state about \$312 million of the total \$35 billion price tag, according to the Austin-based Center for Public Policy Priorities.

[\*\*Austin American-Statesman\*\*](#)

## **Austin's GDP growth strong but slowing; Area still among best in nation**

September 25, 2017, By Will Anderson

Austin's real gross domestic product — the value of all the goods and services that come out of the five-county area — grew from \$119.9 billion in 2015 to \$125.8 billion last year. That was an increase of 4.9 percent.

That was second in the nation for metros with populations of at least 2 million, trailing only the San Francisco Bay Area, according to data released Sept. 20 by the federal Bureau of Economic Analysis.

[\*\*Austin Business Journal\*\*](#)

## **Manufacturing in Texas is on pace for its best year in more than a decade**

September 26, 2017, By Evan Hoopfer

The manufacturing sector in Texas has been thriving at a rate it hasn't seen since pre-recession levels.

This comes after the Federal Reserve Bank of Dallas released its monthly manufacturing survey results Monday. The Dallas Fed surveys manufacturing executives all over Texas to get their thoughts on the current state of the sector.

One of the most important metrics the Dallas Fed tracks is the production index. Anything above zero indicates more respondents saw growth, while anything below zero means more reported a decrease in production.

[\*\*Dallas Business Journal\*\*](#)

## **Facebook plans expansion in downtown Austin**

September 28, 2017, By Shonda Novak and Lori Hawkins

In another major expansion for Facebook in Austin, the social media giant said it will lease more than 230,000 square feet of space in a 29-story office tower under construction downtown.

The new space will nearly double the Silicon Valley company's space in Austin, where Facebook already has 700 employees and a multimillion investment.

[\*\*Austin American-Statesman\*\*](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **The Real Cost of H-1B Wage Requirements**

September 25, 2017, By Rosanna M. Fox

For decades, immigration has been at the forefront of political debate. Central to that debate has been the question of whether foreign workers depress the wages of Americans. Most recently, the election of President Trump and his commitment to securing our borders and protecting U.S. workers have amplified the debate around the H-1B visa, a popular guest worker program that enables U.S. employers to sponsor highly-skilled foreign professionals for difficult-to-fill positions (usually in science, technology, engineering and mathematics fields).

[New Jersey Law Journal](#)

## **Unfunded Pension Liabilities: Caveat Emptor, Caveat Esquire**

September 25, 2017, By Douglas Darch and Alexis Hawley

Ask any lawyer and they will tell you that, outside of a stock sale, a purchasing company has substantial control over the liabilities it acquires from the target company. Two recent federal court decisions, however, demonstrate the limitations of this general rule when unfunded pension liabilities are at issue. These decisions (one of which involves a malpractice claim against the attorneys who advised the purchaser on a transaction) demonstrate the unanticipated legal risks unfunded pension liabilities create and the extent to which courts are willing to stretch the law to find deep pockets.

[Law 360](#)

## **Judge won't restore pension for retired Hanford workers**

September 28, 2017, by the Houston Chronicle Staff

RICHLAND, Wash. (AP) — A federal court ruling says the Department of Energy had no obligation to continue full pension benefits for Hanford nuclear reservation workers who were required to switch from one employer to another in a 1996 contracting change.

The Tri-City Herald reported Wednesday (<https://goo.gl/FEamLR>) that the U.S. Court of Federal Claims dismissed a class action lawsuit brought against the federal government on behalf of as many as 500 former employees of Lockheed Martin Services Inc., which previously provided information technology and other services at Hanford.

The lawsuit filed in 2016 sought to restore full Hanford pension benefits.

[The Houston Chronicle](#)

# **NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **UC is handing out generous pensions, and students are paying the price with higher tuition**

September 24, 2017, By Jack Dolan

As parents and students start writing checks for the first in-state tuition hike in seven years at the University of California, they hope the extra money will buy a better education.

But a big chunk of that new money — perhaps tens of millions of dollars — will go to pay for the faculty's increasingly generous retirements.

Last year, more than 5,400 UC retirees received pensions over \$100,000. Someone without a pension would need savings between \$2 million and \$3 million to guarantee a similar income in retirement.

### **[The Los Angeles Times](#)**

## **Illinois in dire need of comprehensive fiscal, economic policy reform, experts say**

September 24, 2017, By Andrew Burger

The median income for a middle-class American rose to a record-high \$59,039 in 2016, according to the latest U.S. Census Bureau report, returning to a level not seen since 1999. In addition, the national unemployment rate came in at 4.4 percent in August, about the same as it was prior to the “Great Recession” of 2007-2009.

For many, it was a long, difficult haul recovering from the housing-banking bust and subsequent recession. It has been even more difficult in Illinois. A look ahead indicates it's not likely to get any easier, according to economic experts.

Illinois has been lagging behind its Midwestern neighbors in several key economic respects – economic and jobs growth are prominent among them. Compounding the problems are recurring state budget deficits and the level of public debt, which have grown to be among the largest in the nation.

### **[Illinois News Network](#)**

## **California Pension Crisis An Increasing Drag On Cities, Counties**

September 25, 2017, By KPIX5

(KPIX 5) — Cities and counties across the U.S. are going broke trying to keep up with public pension debt. The pension crisis was the topic of a Stanford University media workshop that KPIX 5 attended this week.

“It's the albatross around the necks of cities and counties,” Stanford Professor of Public Policy Joe Nation said about public employee pensions. “Unless we do something the system may not survive.”

The biggest system in the country is in California, the public employee retirement system known as CalPERS. The problem is the pension fund doesn't have nearly enough money to cover the cost of current and future employee pensions. It's short according to some estimates by a trillion dollars. “That's equivalent to eight years of the entire state budget,” said Stanford Professor of Economics Jeremy Bulow.

### **[CBS SF Bay Area](#)**

## **Equifax CEO Steps Down in the Wake of Damaging Data Breach**

September 26, 2017, By Ken Sweet and Michael Liedtke

NEW YORK (AP) — Equifax CEO Richard Smith stepped down Tuesday, less than three weeks after the credit reporting agency disclosed a damaging data breach that exposed highly sensitive information for about 143 million Americans.

His departure follows those of two other high-ranking executives who left in the wake of the company's admission that hackers exploited a software flaw that it did not fix to access Social Security numbers, birthdates and other personal data that provide the keys to identify theft.

Smith, who had been CEO since 2005, will also leave the chairman post.

### **[US News](#)**

## **Americans' Confidence Eases After Storms Hit Texas, Florida**

September 26, 2017, By Agnel Philip

U.S. consumer confidence eased in September from the second-highest level since late 2000 as attitudes deteriorated in states affected by hurricanes Harvey and Irma, according to figures Tuesday from the New York-based Conference Board.

The results corroborate other economic data showing tempered confidence in the aftermath of Harvey and Irma. Data from the University of Michigan showed consumer sentiment eased in early September, while the Bloomberg Consumer Comfort Index has declined for three straight weeks.

Still, the pickup in the Conference Board's measure of expectations shows Americans remain upbeat about the economy, employment and their incomes. The share of respondents who expected more jobs would be available six months from now advanced to a five-month high, while expectations of rising income were the strongest since June. Still-lofty household confidence will probably help underpin spending in coming months.

### **[Bloomberg](#)**

## **U.S consumer confidence slips; new home sales hit eight-month low**

September 26, 2017, By Lucia Mutikani

WASHINGTON (Reuters) - U.S. consumer confidence fell in September and home sales dropped to an eight-month low in August due to the impact of Hurricanes Harvey and Irma, supporting the view that the storms would hurt economic growth in the third quarter.

Still, relatively high levels of consumer confidence together with continued strong gains in house prices should support consumer spending and keep the economy on solid ground. Rebuilding in the hurricane-ravaged Texas and Florida also is expected to deliver a boost in the fourth quarter.

"Though hurricane disruptions will make spending uneven geographically over the next few months, we expect consumers to remain a primary driver of U.S. economic growth in 2018," said James Bohnaker, a U.S. economist at IHS Markit in Lexington, Massachusetts.

### **[Reuters](#)**

## **Banks Lobbying to Stem MiFID's Spread Spark a U.S. Client Revolt**

September 26, 2017, By Robert Schmidt and Benjamin Bain

Wall Street brokerages are quietly lobbying regulators to ensure new European rules that will upend banks' investment research operations don't spread to America. But the campaign is causing tension with public pension funds and other large investors that are some of their biggest clients.

The dustup is playing out behind closed doors in Washington at the Securities and Exchange Commission, where brokers want the agency to make clear they can continue combining the cost of financial research and trading in one bill for U.S. customers -- the practice that is being banned in the European Union.

The brokers' push, outlined in a draft legal memo, has drawn the ire of several pro-investor groups and huge state pension systems that manage money for government employees. Arguing that the European requirements would likely reduce costs and pierce the opacity of Wall Street billing practices if applied in the U.S., they're urging SEC Chairman Jay Clayton to bring the debate into the open.

### **Bloomberg**

## **California schools facing \$24B in retiree health costs**

September 26, 2017, By Kathleen Ronayne

SACRAMENTO, Calif. (AP) — California schools are on the hook for \$24 billion in future health care costs for their retirees, a mountain of debt that's forcing some districts to curb benefits or spend less on teacher salaries and classroom equipment, according to a new state report.

Los Angeles Unified School District boasts a whopping 56 percent share — or \$13.5 billion — of the unfunded liability, although it educates nine percent of California's public school population. It's historically provided some of the most generous retiree health benefits, including lifetime coverage for retirees and their spouses.

Teachers' union representatives argued good health care is an essential tool for recruiting and retaining teachers. But the looming debt means newer teachers are offered skimpier benefits and less money is available to spend in classrooms.

### **San Antonio Express-News**

## **Minorities and Americans without college degrees showed greatest gains in wealth since 2013, new data says**

September 27, 2017 By Heather Long and Tracy Jan

Americans who were left behind as the country pulled out of the Great Recession — African Americans, Hispanics and people without college degrees — saw large gains in net worth over the past three years, the Federal Reserve [reported](#) Wednesday.

But the improvements failed to narrow the inequality gap: The share of America's income held by the top 1 percent of households reached 24 percent in 2016, a record high, and the median net worth of white households, at \$171,000, was nearly 10 times larger than for black households.

The findings suggest that while a robust economy has benefited all economic groups, the wealthiest and most educated have been in a position to benefit even more because they began with such a significant advantage.

### **The Washington Post**

## **How President Trump's tax plan affects you, and what we still don't know about it** September 27, 2017, By Herb Jackson

Working poor people could owe no income tax, filing a return could get much simpler, and there would even be a new credit for caring for elderly relatives under a tax "framework" being proposed Wednesday by President Trump and Republican leaders in Congress.

The plan cuts the top corporate tax rate dramatically and creates a new top rate for small businesses that is lower than the top rate for individuals.

### [USA Today](#)

## **Retiring (Again and Again) in America** September 28, 2017, By Carol Hymowitz

Henry Blum has retired four times. After running an optometry business in the Bronx, N.Y., for decades, he stopped working in 2000 when he turned 70, thinking that was what he was supposed to do at his age. His wife threw a surprise party, but amid toasts from friends and family, he already was anxious he'd made a mistake.

Within weeks, regret and boredom set in as Blum found himself pacing around his apartment all day. He called the new owner of his former practice and was welcomed back because customers had been asking to see him. He repeated the pattern twice more, each time reducing his work schedule. He retired for the last time in 2015, at the age of 85—because chronic pulmonary disease made working difficult. "I know there are people I treated who can see because of me, and I'd still be working if I could," he says.

### [Bloomberg](#)

## **U.S. Second-Quarter Growth Revised Upward to 3.1% Annual Pace** September 28, 2017 By Patricia Laya

U.S. second-quarter growth was revised up slightly without altering the bigger picture of a consumer-driven economy that also got a healthy contribution from business spending during the period, Commerce Department data showed Thursday.

The third and final reading on second-quarter growth precedes what will likely be significant storm-related distortions in the third quarter, with hurricanes Harvey and Irma seen depressing growth before rebuilding efforts help boost GDP in the months ahead

The latest release on GDP in the April-June period shows American consumers, which account for almost 70 percent of the economy, remain the primary growth engine, backed by a strong job market, contained inflation and low borrowing costs. The rate of expansion was the fastest since the first quarter of 2015, and while it's above the Trump administration's 3 percent goal, most economists expect the pace to slow.

### [Bloomberg](#)

# **WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Moody's Downgrades UK's Rating on Brexit and Growth Fears**

September 23, 2017, By Reuters

LONDON — Ratings agency Moody's downgraded Britain's credit rating on Friday, saying the government's plans to bring down its heavy debt load had been knocked off course and Brexit would weigh on the economy.

A few hours after Prime Minister Theresa May set out plans for new ties with the European Union, Moody's cut the rating by a further notch to Aa2, underscoring the economic risks that leaving the bloc poses for the world's fifth-biggest economy.

Britain has worked down its budget deficit from about 10 percent of economic output in 2010, shortly after the global financial crisis hammered the country, to 2.3 percent.

### **[The New York Times](#)**

## **In Echoes of Financial Crisis, Warning Signs on the Global Economy**

September 24, 2017, By Mervyn King

A decade ago, the global financial crisis was under way. A year later, the banking system of the industrialized world was on the verge of collapse. Before those events, I told a gathering of business leaders in London, "Excessive leverage is the common theme of many financial crises of the past. Are we really so much cleverer than the financiers of the past?"

Well, we weren't. Excessive leverage once again proved to be the weak point of our financial system. And wisdom does not seem to be on an upward trend.

A decade on, one might expect that leverage would have been significantly reduced. And in the majority of large banks, that is indeed true.

### **[The Wall Street Journal](#)**

## **Pension fund execs call for investors to use UN's sustainable development goals**

September 26, 2017, By Sophie Baker

The United Nations' sustainable development goals can help institutional investors to invest in new opportunities and identify future areas of risk in portfolios, said pension fund executives.

Speaking on a panel discussion at the Principles for Responsible Investment annual conference in Berlin on Tuesday, executives outlined the ways they are using the UN's 17 sustainable development goals in their portfolios and why they are important.

Alexandra West, portfolio head, strategy and innovation at the A\$40 billion (\$32 billion) Cbus, Melbourne, Australia, said there are two reasons why the goals are important. The first is "because they will ensure a sustainable economy and they will drive economic growth," and the second is that they "need us. Without mainstream institutional investment" the goals will not be achieved, she said.

### **[Pensions & Investments](#)**

## **The United States is now the world's second-most 'competitive' economy**

September 26, 2017, By Danielle Paquette

The United States is now the second-most competitive economy in the world, climbing to an eight-year high in global rankings, according to an analysis published Tuesday by the World Economic Forum.

The latest edition of the Global Competitiveness Report, an annual ranking of 137 economies based on data from international financial institutions, moved the United States up from the No. 3 position to second place, just behind Switzerland.

Singapore, the Netherlands and Germany rounded out the top five spots.

"The strength of the United States comes from its performance in efficiency enhancers and innovation and sophistication factors," wrote economists Klaus Schwab and Xavier Sala-i-Martin for the WEF, a Swiss group focused on promoting growth worldwide.

### **[The Washington Post](#)**

## **Global economy at risk a decade on from financial crisis, says WEF**

September 26, 2017, By Larry Elliott

The 10th anniversary of the worst downturn since the Great Depression finds the global economy at risk of a fresh crisis and ill-prepared for the disruption likely from the robot age, the World Economic Forum has warned.

The body that organises the annual gathering of the global elite in Davos each January used its annual league table of competitiveness to stress that the failure to push through growth and productivity-friendly policies since the crash of 2007-08 had jeopardised chances of a sustained recovery.

WEF sources said recent Bank of England concerns about a potential consumer debt crisis were timely since there was evidence that the global banking system was less sound than before the financial crisis and that conditions were deteriorating in some parts of the world. Last month, the International Monetary Fund warned of a "dangerous" growth in China's debt.

### **[The Guardian](#)**

## **Singapore fifth most visited city in the world: report**

September 26, 2017, By Nisha Ramchandani

SINGAPORE was ranked the fifth globally for international visitors and fourth worldwide for visitor spend in the latest Mastercard Global Destination Cities Index.

With 19.41 million, Bangkok claimed the top spot for the third year running in terms of international visitors, followed by London and Paris.

In 2016, Singapore saw 13.11 million visitors, up 8.8 per cent year on year, the report said. Meanwhile, visitor expenditure in Singapore grew from US\$13.07 billion in 2015 to US\$15.69 billion in 2016. Singapore is forecast to receive 2.6 per cent more visitors and 0.3 per cent more in spend in 2017.

### **[Business Times](#)**

## **After German election, France's Macron paints sweeping vision for Europe** September 26, 2017, By Ingrid Melander and Richard Lough

PARIS (Reuters) - French President Emmanuel Macron offered an ambitious vision for European renewal on Tuesday, calling for the EU to work more closely on defense and immigration and for the euro zone to have its own budget, ideas he may struggle to implement.

In a nearly two-hour speech delivered two days after the German election in which Chancellor Angela Merkel's conservative CDU/CSU bloc scored its worst result since 1949, limiting her freedom to maneuver on Europe, the 39-year-old French president held little back in terms of sweep, self-assurance and aspiration.

But at a time when Europe is beset by tensions between east and west and battling to overcome nearly a decade of draining economic crisis, Macron's earnest and at times high-brow discourse ran the risk of falling on deaf ears.

[Reuters](#)

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