



Weekly Clips, January 26, 2018
Texas Pension Review Board
P.O. Box 13498 · Austin, TX 78711-3498
www.prb.state.tx.us

PRB PLANS

Retired teachers have opportunity to reenroll into TRS-Care program

January 23, 2018, By Rusty Surette

The Teacher Retirement System of Texas is offering a one-time grace period for retired educators to re-enroll in its TRS-Care program.

The system saw an abnormal drop in users last year due to an increase in premiums.

Under TRS plan rules, retirees and dependents who terminate coverage cannot return to TRS-Care unless they experience a rare special enrollment event. However, TRS says it understands that there may be some individuals who did not wish to leave TRS-Care, or who now wish to reverse their decision and re-enroll.

[KBTX](#)

TEXAS ECONOMIC INDICATORS

Despite tight labor market, Austin job growth maintains momentum

January 19, 2018, By Dan Zehr

Metro-area unemployment rate holds steady in December on modest payroll expansion. Data suggest that local employers added jobs as fast — and maybe even faster — in 2017 than the year before.

Back around the middle of last year, workforce experts looked at the easing rate of Austin-area job growth and figured the inevitable had finally arrived: The region's tight labor market was bringing expansion back to more reasonable levels.

[Austin American-Statesman](#)

Houston, We Have Problems: Where Houston's Amazon HQ2 Pitch Fell Short

January 22, 2018, By Kyle Hagerty

In its initial ask, Amazon told candidate cities it was looking to build in a city of 1 million residents with easy access to mass transit, proximity to an international airport, a diverse metro population and attractive recreational opportunities. The company has also made it clear that financial incentives and lower operating costs will be heavily considered.

According to Rice University McNair Center for Entrepreneurship and Innovation Director Ed Egan, Houston fell short of that ask in four critical areas: public infrastructure, educational institutions, the tech scene and government incentives.

[BISNOW](#)

Could higher gas prices lead to Houston energy jobs returning?

January 23, 2018, By Adam Bennett

Jankowski says current hiring among Houston-area energy companies remains flat overall, but if crude prices stay at or above their current level, that could translate to more jobs.

"If oil prices stay up above 60 (dollars per barrel), not just for a few weeks, but for a few months or a quarter or two, that'll bring some strength to that third leg of the stool, and Houston's economy will be a lot stronger mid-year than it is right now," said Jankowski, referring to his analogy of Houston's economy as a "three-legged stool", with the U.S. and global economies comprising the other two legs.

[KHOU](#)

How might Texas win Amazon's second headquarters? Not because of flashy financial incentives.

January 25, 2018, By Emma Platoff

Georgia has reportedly offered \$1 billion worth of incentives. In Philadelphia, it's more than \$2 billion; in Maryland, \$5 billion; and, from high-rolling New Jersey, a whopping \$7 billion.

But in Texas, Republican Gov. Greg Abbott said this week, "We will not give away the farm."

After an elimination round reality TV-like in its mystery, only 20 contenders remain in the competition to win Amazon's coveted second headquarters. The company says it will invest \$5 billion toward the location's construction and estimates it will bring as many as 50,000 jobs into the community that wins it.

[Texas Tribune](#)

Demand up for skilled labor roles

January 25, 2018, By Valerie Sweeten

Houston is a city in transition with new construction and expansion, and also recovery efforts still in progress from devastating Hurricane Harvey.

With all of these stresses on the workforce, the demand for skilled workers is high, according to studies and sources in the area.

With a focus on closing the skills gap in Houston by increasing the number of Houstonians trained for careers, it has forecast nearly 75,000 annual job openings in "middle-skills" careers. These types of positions require more than a high school diploma, but less than a four-year degree.

[Houston Chronicle](#)

Texas' revenue to rise in 2018 with higher oil process

January 25, 2018, By Collin Eaton

The revenue Texas gets from severance taxes, land rents and royalty fees on oil and gas production could come in 27 percent higher than previously expected in fiscal 2018 if crude prices stay elevated above \$60 a barrel, Fitch Ratings said Thursday.

The credit ratings agency believes Texas could collect about \$3.3 billion in natural resource revenue this year, up from its previous estimate of about \$2.6 billion.

[Houston Chronicle](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

New Mexico Considers Pension Forfeiture in Corruption Cases

January 22, 2018, By Morgan Lee

SANTA FE, N.M. (AP) — New Mexico state elected officials who are convicted or plead guilty to corruption-related charges would automatically forfeit certain pension benefits, under a proposal that responds to a string of high-profile scandals.

The bill from Democratic Rep. Matthew McQueen of Santa Fe and Republican Sen. Mark Moores of Albuquerque would erase certain retirement benefits when an elected official is convicted of corruption-related charges such as fraud, bribery, perjury or kickbacks.

[U.S. News & World Report](#)

Federal Judges Dismiss Unions' Appeal Over Pension Overhaul

January 24, 2018, By Associated Press

A panel of federal judges has dismissed a lawsuit filed by police and firefighter unions that challenged Rhode Island's pension overhaul. WPRI-TV reports the appellate panel upheld a decision Monday, dismissing the Cranston unions' suit. The court ruled the unions had failed to prove their claims that the 2011 pension law violated their contract rights. The unions had said the reduction in retirement benefits was unconstitutional.

[U.S. News & World Report](#)

Colorado Pension Sues Nine Banks over Lending Rates

January 24, 2018, By Michael Katz

The proposed class action lawsuit was filed in US District Court in Manhattan against Royal Bank of Canada, Deutsche Bank, HSBC, National Bank of Canada, Bank of America, Toronto-Dominion Bank, Bank of Nova Scotia, Bank of Montreal, and Canadian Imperial Bank of Commerce.

The pension has accused the banks of suppressing the CDOR from Aug. 9, 2007, to June 30, 2014. It says the banks colluded to keep CDOR rates low by intentionally quoting lower rates because they were emphasizing derivatives businesses that required them to pay rates based on CDOR, according to The Wall Street Journal.

[Chief Investment Officer](#)

SEC Weighs a Big Gift to Companies: Blocking Investor Lawsuits

January 26, 2018, By Benjamin Bain

The Securities and Exchange Commission in its long history has never allowed companies to sell shares in initial public offerings while also letting them ban investors from seeking big financial damages through class-action lawsuits. That's because the agency has considered the right to sue a crucial shareholder protection against fraud and other securities violations.

[Bloomberg](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Commission Searches for Pension Solutions; 1.400 State Retirees Have Pensions Over \$100K

January 24, 2018, By Christopher Keating

A special commission took up the politically charged question of whether to cap pensions for state employees during testimony Wednesday — at a time when some retirees are collecting six-figure checks every year.

Pensions have been identified as a key reason for the state's long-running financial woes, and two fiscally conservative groups told the commission that changes are needed in order for the state to wrestle down the budget problems.

[Hartford Courant](#)

An 8% return is so 2006

January 25, 2018, By Charles McGrath

Since the blissful ignorance of the pre-financial crisis period, public pension funds have had to deal with the reality of that lower return assumptions have hit the largest U.S. public pension plans. While the few plans that maintain 8%-plus return assumptions are in a better funded position than most, data show that plans with return targets below 7% have an average funded status of about 85%.

The majority of the plans have dropped their return assumptions by about 50 basis points to 7.5% from 8% over the 10-year period between 2006 and 2016.

[Pensions & Investments](#)

US economy grew at solid 2.6 percent rate in fourth quarter

January 26, 2018, By Martin Crutsinger

The U.S. economy grew at a solid rate of 2.6 percent in the final three months of last year, helped by the fastest consumer spending since the spring of 2016 and a big rebound in home construction.

The Commerce Department says the fourth quarter advance in the gross domestic product, the country's total output of goods and services, followed gains of 3.1 percent in the second quarter and 3.2 percent in the third quarter. The latest slowdown reflected a worsening trade deficit and less growth in inventory restocking by companies.

[San Antonio Express-News](#)

KC sits on \$1.5 billion in debt. How will it pay for services, meet pension promises?

January 26, 2018, By Bill Turque

City Hall's credit card carries a balance of \$1.5 billion in tax-supported debt, about triple what it was at the turn of the century. It comes to \$3,100 in unpaid bills for every adult and child in the city — and much higher than per capita debt in peer cities such as Fort Worth, Oklahoma City and Omaha.

[The Kansas City Star](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Brazil President Temer Says Pension Changes Remain on Agenda

January 20, 2018, By Marcelo Teixeira

Temer told newspaper Folha de S.Paulo that approval of the proposal, which raises the retirement age, remained a key target for his administration, even though analysts and politicians say it would be nearly impossible to pass such a bill in an election year.

"I want to say that the possibility to approve the reform is very strong," Temer said. "Several congressmen have changed their views," and the bill is slowly gaining more support, he added.

[U.S. News & World Report](#)

British PM May says will stop companies abusing pension schemes

January 21, 2018, By Reuters Staff

British Prime Minister Theresa May said she would clamp down on bosses who try to "line their own pockets" while not protecting workers' pensions, after the collapse of outsourcer Carillion with a 900-million-pound hole in its pension scheme.

Writing in Sunday's Observer newspaper, the Prime Minister said private companies could help deliver better public services, but the system needed to be rebalanced in favor of ordinary working people.

[Reuters](#)

Pension Giant Needs Risky Business

January 23, 2018, By Shuli Ren

It's time the world's largest pension fund boosted its risk appetite again. Japan's Government Pension Investment Fund has been fleeing local government bonds ever since it doubled its allocation targets for domestic and overseas stocks in late 2014. It's likely to have already exceeded that quota due to the global equities bull run.

[Bloomberg](#)

Does the world economy look too good?

January 24, 2018, By Simon Jack

Axel Weber, the chairman of investment bank UBS summed it up nicely when he told a Davos audience that things are buoyant - too buoyant. In one camp are the people who look at the real economy. According to the IMF, the world economy is enjoying its biggest period of concerted global growth since 2010.

All the major engines of economic activity are firing at the same time. The United States, China, India are growing strongly and with the exception of the UK, even the European Union is stirring from a decade of slumber.

[BBC](#)

The information contained in the PRB Weekly Clips is for informational purposes only and does not represent the views, positions or opinions of the Texas Pension Review Board.