



Weekly Clips, February 23, 2018  
Texas Pension Review Board  
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## **PRB PLANS**

### **Everything's Bigger In Texas, Including Potential Pressure to Fund Pension Benefits**

February 8, 2018, By Nora G. Wittstruck, Oscar Padilla, Todd D. Kanaster

With its resilient and broad-based economy, favorable financial management practices, and low debt burden, Texas (AAA/Stable) is well positioned to weather potential budgetary headwinds related to growing Medicaid expenditures and a reduction in operating revenue as constitutionally required sales tax transfers to the State Highway Fund begin in fiscal 2018. However, the state's Employees Retirement System (ERS) and Teacher's Retirement System (TRS) and each plan's respective liabilities could result in credit pressure stemming from weak funding discipline and exposure to investment risk. Furthermore, in our view, long-term credit risks could result from ongoing challenges to shore up or contain liability growth related to pensions, particularly if costs rise to unsustainable levels absent a credible plan and active management to stabilize or reduce such liabilities. We believe the system faces near-term risks and has long-term opportunities as noted below.

[S&P Global](#)

## **TEXAS ECONOMIC INDICATORS**

### **Is Fort Worth draggin' down Dallas on Amazon HQ2?**

February 20, 2018, By Mitchell Schnurman

The differences in the two workforces and economies usually don't get much attention and there's been a successful, complementary relationship through the years. The North Texas region has boomed, in part, because the Dallas side excels in attracting corporate and regional headquarters and tech companies. And Fort Worth-Arlington has been a magnet for huge investments from manufacturers like General Motors, Lockheed Martin and General Electric.

[Dallas Morning News](#)

### **Using Klein Tools as example, state comptroller says DFW has a powerful economy**

February 20, 2018, By Nicholas Sakelaris

Companies that forge, bend, stamp or weld metal have become a \$14 billion industry in Texas, representing 14 percent of the state's overall manufacturing economy, Texas Comptroller Glenn Hegar said Tuesday. Hegar touted the importance of an industry that added 14,000 jobs statewide in the past year while touring Klein Tools' two Mansfield facilities.

[Star Telegram](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **West Virginia bill criminalizes late pension fund payments**

February 17, 2018, By Jim Workman

A bill making it a crime for employers failing to make required, timely payments to the West Virginia Consolidated Public Retirement Fund on behalf of its employees has moved in the House of Delegates.

House Bill 4449 passed through the Judiciary Committee at the state Capitol on Wednesday. It now heads to the House Finance Committee for approval before possible action on the House floor.

### **[The Parkersburg News and Sentinel](#)**

## **1.5 Million Retirees Await Congressional Fix for a Pension Time Bomb**

February 18, 2018, By Jim Tankersley and Alan Rappeport

WASHINGTON — The sprawling agreement to boost government spending reached by Republicans and Democrats this month quietly included a step toward defusing what could be a financial time bomb for 1.5 million retirees and hundreds of companies in the industrial Midwest and the South.

The deal creates a select congressional committee to craft what could effectively be a federal rescue of as many as 200 so-called “multiemployer” pension plans — in which employers and labor unions band together to provide retirement benefits to employees.

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

## **Fees case may enable the US Supreme Court to curb the power of labor unions**

February 23, 2018, By Yuri Gripas

The U.S. Supreme Court on Monday will consider for the second time in two years whether to choke off a critical funding stream for public-employee unions, potentially reducing organized labor's influence in the workplace and at the ballot box.

The nine justices will hear a challenge backed by anti-union groups to the legality of fees that workers who are not members of unions representing teachers, police, firefighters and certain other government employees must pay to help cover the costs of collective bargaining with state and local governments.

### **[CNBC](#)**

## **Kentucky Senate Plans for Pension Vote by Next Week**

February 23, 2018, By Bruce Schreiner and Adam Beam

Republican leaders in the Kentucky state Senate say they hope to vote on a sweeping overhaul of public teacher pensions by the end of next week.

Republican Sen. Joe Bowen, the bill's chief sponsor, said the plan is for a Senate committee to vote on the measure Wednesday. Sen. Damon Thayer, who controls which bills are called on the Senate floor, said he hopes the full Senate will vote on the bill by the end of next week.

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

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

## **The Risk Pension Funds Can't Escape**

February 20, 2018, By Heather Gillers

Public pension funds that lost hundreds of billions during the last financial crisis still face significant risk from one basic investment: stocks.

That vulnerability came into focus earlier this month as markets descended into correction territory for the first time since February 2016. The California Public Employees' Retirement System, the largest public pension fund in the U.S., lost \$18.5 billion in value over a 10-day trading period ended Feb. 9, according to figures provided by the system.

### **The Wall Street Journal**

## **US Public Pension Funds Break Cardinal Rule of Investing**

February 20, 2018, By Michael Katz

While securities laws require investment literature to clearly state that past performance is no guarantee of future returns, there is no law saying institutional investors have to believe this mantra—and apparently they don't. According to a research paper from Stanford Business School, US public pension fund managers regularly break the cardinal rule of investing, and are, in fact, using past performance to gauge what their future returns will be.

### **Chief Investment Officer**

## **U.S. Companies Growing Increasingly Upbeat About World Economy**

February 21, 2018, By Vince Golle

American business confidence in the world economy has surged, adding to an uptick in overall optimism as U.S. tax cuts and looser regulation improve the outlook for domestic growth, according to a new study.

Some 69 percent of leaders from mid-size companies across the U.S. said they were optimistic about the global economy this year, more than double the 30 percent in 2017, according to the JPMorgan Chase & Co. survey released Wednesday. The latest results marked the highest share of confidence in the eight-year history of the report, which indicated small businesses are similarly upbeat.

### **Bloomberg**

## **State pensions and fund companies feel heat over their gun stock investments**

February 22, 2018, By Liz Moyer

A fresh wave of scrutiny is washing over big state employee pension funds and money managers that invest in shares of gun makers one week after the deadly shootings in a Florida high school.

New Jersey state lawmakers on Thursday moved to restrict the state's public pensions from investing in the stocks of gun manufacturers. The world's biggest asset manager, BlackRock, which is among the biggest shareholders of gun makers, said it would "engage" with the companies on their response to recent events.

### **CNBC**

## **Arizona's Largest Pension Fund to Raise Employee Contributions**

February 23, 2018, By Chris Butera

To better maintain Arizona's largest public pension fund's long-term obligations, more than 200,000 members of the Arizona State Retirement System (ASRS) will have to increase their contributions, AZCentral reports.

Expecting modest long-term economic growth that may hinder large gains, the \$40 billion system has reduced its 30-year long-term outlook, which could make the increased contributions last several years.

### **Chief Investment Officer**

## **Retirement Experts to New Government Employees: Think for Yourself**

February 23, 2018, By Katherine Barrett and Richard Greene

When politicians talk about pensions, it's usually about the enormous weight they place on government budgets. According to the Volcker Alliance, where we are consultants, state and local governments are on the hook for \$1 trillion in unfunded pension liabilities.

Lawmakers on both sides of the aisle push for pension "reform," a word often used in a positive sense, to rescue dollars that could instead be used for other services. But what about future retirees? Is pension reform positive for them?

### **Governing**

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

## **Greeks feel the pain of being normal again**

February 19, 2018, By Antonis Galanopoulos, Viktoria Dendrinou, and Sotiris Nikas

The prevalent belief in Europe is that the crisis is all but over in Greece: the economy is growing, the country just raised money from bond investors, and the government that went to the brink three years ago is telling the euro region it doesn't need any more financial aid.

Yet for all the alluring signals, there's the enduring pain of repairing the nation's finances after an economic meltdown never seen before in peacetime.

### **Bloomberg**

## **Brazil government acknowledges pension bill going nowhere**

February 19, 2018, By Reuters Staff

Brazil's political affairs minister Carlos Marun said on Monday that passage of a bill to overhaul the country's costly social security system has effectively ground to a halt in Congress and would become a campaign issue in this year's election.

Marun spoke to reporters after the head of the Senate, Eunício Oliveira, said the federal government's military intervention in Rio de Janeiro would, by the rules of the country's constitution, block any vote on pension reform or any other measure requiring a constitutional amendment.

### **Reuters**

## **Japan's Pension Age to Rise**

February 20, 2018, By Chris Butera

To address the issue of a rapidly aging population combined with a declining birthrate, Japan's government approved of an outline to raise the public pension collection age to 71.

In tandem with the aforementioned reasons, the Friday outline also indicated that motivation to continue working as well as community activities have increased in older adults, as they are physically healthier now than they have been in previous generations. This is due to advances in healthcare-related science and technology. The government will also review the standardization of life according to age category.

## **Chief Investment Officer**

## **Eurozone economy cools amid stock market turmoil**

February 21, 2018, By Pam Pylas

LONDON (AP) — There are signs that the turmoil in financial markets at the start of February had a negative impact — albeit a short-term one — on the fast-growing 19-country Eurozone economy.

A closely monitored survey of the private sector found activity cooling during the month but still remaining near levels not seen since before the global financial crisis over a decade ago.

## **U.S. News & World Report**

## **University lecturers begin strike in pension dispute**

February 22, 2018, By Judith Burns

Lecturers have walked out at universities including Oxford and Cambridge at the beginning of a month-long strike campaign.

Petitions signed by 80,000 students, many backing the lecturers, are demanding refunds for lost teaching. Universities minister Sam Gyimah has called for more negotiations.

But Mr Gyimah says students "deserve to receive the education that they are paying for. For many, this is a vital time in their studies".

## **BBC News**

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