



Weekly Clips, April 6, 2018
Texas Pension Review Board
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PRB PLANS

Teacher in other states are striking. Texas teachers can't do that.

April 5, 2018, By Alex Samuels

The statute says any employees who "strike or engage in an organized work stoppage against the state or a political subdivision of the state" will lose all their "civil service rights, reemployment rights, and any other rights, benefits, and privileges the employee enjoys as a result of public employment or former public employment."

While supportive of the movements happening in other states, several Texas teachers associations are encouraging their members to refrain from leaving their classrooms and going on strike. Doing so, advocates say, could result in having their teaching certificates and Teacher Retirement System benefits permanently revoked.

The Texas Tribune

Houston council approves \$40M pension settlement

April 6, 2018, By Mike Morris

Mayor Sylvester Turner will have to find \$29 million less as Houston enters its reliably tight budget season after the city council agreed to settle a 4-year-old lawsuit against an actuarial firm the city had blamed for contributing to its multi-billion-dollar pension crisis.

The overall settlement, which the council approved Wednesday with one dissenting vote, was \$40 million -- less than 5 percent of what the city originally had claimed in damages. Of that, \$11 million will go to the city's outside counsel, Susman Godfrey.

Houston Chronicle

TEXAS ECONOMIC INDICATORS

Abbott urges Trump administration to protect two key NAFTA provisions

April 4, 2018, By Julian Aguilar

Abbott's request to U.S. Trade Representative Robert Lighthizer is the latest in an effort to highlight how much Texas and other border states have benefited from the 1994 pact. Since Trump took office, several business groups have grappled with how to convince the White House that NAFTA isn't just a good deal for border states but for the country as a whole. Several Republican leaders who were initially in favor of keeping the status quo have since conceded that the decades-old initiative could undergo some modernization. But they have stopped short of embracing all of the ideas the administration has put forth.

Star-Telegram

Texas agriculture chief Sid Miller asks Trump officials for more foreign workers

April 5, 2018, By Mark D. Wilson

Texas Agricultural Commissioner Sid Miller on Thursday asked the Trump administration to open the H-2B visa petition program to allow more temporary foreign laborers to work in the Texas shrimp industry and other agricultural fields.

“As Commissioner of Agriculture for the state of Texas, I am encouraging the Trump Administration to take immediate action and open the petition process under the H-2B Nonimmigrant Temporary Worker Program,” Miller said. “This is critical for our agricultural economy, as well as the small and seasonal businesses that rely on the temporary workers provided through the H-2B program in Texas.”

[Austin American Statesman](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Court strikes down Chicago Park District pension plan

April 2, 2018, By Hal Dardick and John Byrne

A Chicago Park District pension fund overhaul that Mayor Rahm Emanuel once held up as a model of city-union cooperation has been struck down by a judge, in a ruling that could produce more vexing financial challenges for both the mayor and taxpayers.

Circuit Court Judge Neil Cohen ruled that a January 2014 state change to the district’s pension system was unconstitutional because it diminished benefits by raising the retirement eligibility age and reducing both cost-of-living increases and disability benefits.

[Chicago Tribune](#)

Colorado Senate Passes Pension Reform Bill

April 2, 2018, By Michael Katz

The Colorado Senate has passed a pension reform bill that increases employee and employer contributions, reduces cost-of-living adjustments, and raises the retirement age for new employees, among other changes. The bill modifies the hybrid defined benefit plan administered by Colorado’s Public Employees’ Retirement Association (PERA) with the goal of eliminating the unfunded liability of the state’s public pension plans within the next 30 years.

[Chief Investment Officer](#)

Congress Establishes Select Committee to Address Underfunded Multiemployer Pension Plans

April 2, 2018, By Steven D. Spencer and Althea R. Day

The potential financial impact of severely underfunded multiemployer pension plans continues to be the focus of contributing employers, boards of trustees, and the participants and beneficiaries of such plans. The Bipartisan Budget Act of 2018 (Budget Act), passed into law on February 9, 2018, includes provisions intended to address these concerns.

[The National Law Review](#)

Bevin vetoes bill that provides pension relief to local Kentucky governments

April 5, 2018, By Daniel Desrochers

Gov. Matt Bevin vetoed a bill Thursday that would provide pension relief to local governments in Kentucky and allow certain groups to stop participating in state-operated pension systems. It was the provision that allowed regional universities, community colleges, health departments and others to stop participating in the Kentucky Employees Retirement System or County Employees Retirement System that caused Bevin to veto Senate Bill 362.

[Lexington Herald Leader](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Teachers in Oklahoma and Kentucky Walk Out: ‘It Really Is a Wildfire’

April 2, 2018, By Dana Goldstein

Thousands of teachers in Oklahoma and Kentucky walked off the job Monday morning, shutting down school districts as they protested cuts in pay, benefits and school funding in a movement that has spread rapidly since igniting in West Virginia this year.

In Oklahoma City, protesting teachers ringed the Capitol, chanting, “No funding, no future!” Katrina Ruff, a local teacher, carried a sign that read, “Thanks to West Virginia.”

[The New York Times](#)

Wisconsin state pension payouts rise for fifth consecutive year

April 2, 2018, By Andrew Burger

Some 203,000 retired Wisconsin state employees will receive 2.4 percent per annum more in pension payouts starting in May, thanks to investment returns that outpaced expectations. That equates to \$560.66 a year for the average retiree enrolled in the Wisconsin Retirement System, the ninth largest state employees' pension plan in the nation with about \$108 billion in assets.

It's the fifth consecutive year investment returns for Wisconsin state employees' Core Fund exceeded expectations, gaining 16.2 percent in 2017. That was preceded by five consecutive years of reductions, which were attributed to the economic recession.

[WI Watchdog](#)

Puerto Rico gov defies board, rejects reform, pension cuts

April 2, 2018, By Danica Coto

The powers of a federal control board overseeing Puerto Rico's finances could soon be tested as the U.S. territory's governor on Monday defied its calls to implement more austerity measures amid an 11-year recession.

Gov. Ricardo Rossello rejected demands that his administration submit a revised fiscal plan to include a labor reform and a 10 percent cut to a pension system facing nearly \$50 billion in liabilities. He said the plan he will submit Thursday also will not contain any layoffs.

[ABC News](#)

Why Public Pension Pre-Funding Matters (An Explainer)

April 3, 2018, By Elizabeth Bauer

Years ago, as an actuarial student, preparing for actuarial exams, I learned the ins and outs of pension plan funding methods and funding requirements, and I have a vague memory of reading about public pensions, which were not a part of my day-to-day work. I remember pretty much two items: first, the eye-popping idea that state constitutions promised state and local employees that they could keep their existing benefits, not just for past service accruals, but for all future years of employment; and, second, the notion that it was generally accepted for public plans to be un- or underfunded because, after all, unlike private employers, whose very real risk of bankruptcy was highlighted by the Studebaker plan failure that was the motivation for the Erisa pension funding legislation of 1974, public employers posed no such risk to their employees since state and local governments would always be around.

Forbes

Stocks dive and then surge back as U.S. – China trade war escalates

April 4, 2018, By James F. Peltz

The escalating U.S.-China trade dispute is adding anxiety and confusion to a stock market already on edge over shifting trends in the American economy. But that doesn't mean the market's nine-year bull run is over, as its dramatic rebound Wednesday made clear.

As the United States and China have exchanged a volley of announcements calling for higher tariffs on hundreds of products traded between the countries, stocks have gyrated sharply as investors try to determine whether the dispute could dissipate or get much worse in the coming weeks.

Los Angeles Times

How states are changing teacher pension plans

April 4, 2018, By Katie Lobosco

Starting next year, new teachers hired in Kentucky probably won't get a traditional pension. Neither will new teachers in Pennsylvania. Pensions are already a thing of the past for teachers in Michigan, Rhode Island and Tennessee.

In most cases these teachers are offered what's called a hybrid plan, which combines elements of a traditional pension and a 401(k)-style account. Generally, they shift more of the investment risk to the workers. "We've been seeing about one state a year add a hybrid plan," said Keith Brainard, the research director at the National Association of State Retirement Administrators.

CNN Money

Kentucky Retirement Systems sued by fund-of-funds manager

April 4, 2018, By Arleen Jacobius

Private equity firm Bay Hills Capital is suing Kentucky Retirement Systems, Frankfort, for allegedly attempting to replace the general partners of four funds of funds in which the pension fund is a limited partner with in-house staff, according to the complaint filed Monday in the Chancery Court of Delaware.

The funds of funds are Bay Hills Emerging Partners I, Bay Hills Emerging Partners II, Bay Hills Emerging Partners II-B and Bay Hills Emerging Partners III.

Pensions & Investments

U.S. economy added 103,000 jobs in March; unemployment rate stays at 4.1%

April 6, 2018, By Danielle Paquette

The U.S. economy added 103,000 jobs in March, maintaining a steady track of growth, but wages barely budged, the Bureau of Labor Statistics reported Friday. The jobless rate stayed at 4.1 percent, while average hourly pay grew just 2.7 percent from March 2017.

Robert Frick, corporate economist at the Navy Federal Credit Union, said the numbers reflect a healthy long-term trend — companies have hired an average of 200,000 workers each month this year — but flat wages concern him as the country hits 90 straight months of employment gains.

[The Washington Post](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

These Developing Countries Are Getting Old Before They Get Rich, with Dire Consequences

April 2, 2018, By Paul Kiernan and Luciana Magalhaes

Throughout Latin America and Asia, decades of falling birth rates and growing life expectancies have produced more retirees with fewer workers to underwrite their care. For government policy makers, this means challenges as burgeoning pension and health costs leave less money for economic development.

[The Wall Street Journal](#)

Trade Tension With China, U.S. Pushes South Korea Toward Vietnam

April 2, 2018, By Jiyeun Lee

South Korean President Moon Jae-in is looking to expand trade with Southeast Asia as one way for corporate giants such as Samsung Electronics Co. to diversify production bases and export markets. Seoul sees the U.S. under President Donald Trump as an increasingly demanding and unreliable trade partner, while tensions with China over the U.S. Thaad missile-defense system have dragged on for more than a year.

[Bloomberg](#)

Ontario Teachers' Pension Plan Returns 9.7% in 2017

April 5, 2018, By Michael Katz

The Ontario Teachers' Pension Plan earned a net return of 9.7% in 2017, and reported that it was 105%-funded as of the beginning of 2018, marking the fifth straight year that the pension has been fully funded. The pension plan reported total net assets of C\$189.5 billion (\$148.1 billion) for the year ending Dec. 31, 2017, which is approximately a 10-fold increase since the plan's inception in 1990.

[Chief Investment Officer](#)

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