

TEXAS PENSION PLANS

Greg Abbott, Lupe Valdez urged by Rep. Canales to declare health insurance funding for retired teachers an emergency item for Texas Legislature

July 22, 2018, By David A. Diaz

Texas Gov. Greg Abbott, the Republican nominee for reelection to the state's highest office, and his challenger, former Dallas County Sheriff and Democrat Lupe Valdez, are being urged to declare health insurance funding for retired teachers an emergency item for the Texas Legislature when it returns to work in January 2019, Rep. Terry Canales, D-Edinburg, has announced.

The South Texas legislator wants whomever is elected governor in the November 2018 statewide elections to use their authority to speed-up legislative action that will protect the health insurance program, known as TRS-Care, for more than 270,000 retired educators and their dependents.

TRS-Care was created in 1986. It was originally designed to be a placeholder health insurance program for retirees. However, as the program grew and more retirees paid into it, TRS-Care became a reliable, quality health care program for teachers and other Texas educators.

During the 85th Regular Session of the Texas Legislature in 2017, TRS-Care faced a \$1.1 billion budget shortfall. If nothing had been done by the Legislature to address this issue, retirees' premiums would have skyrocketed (possibly tripling), and the program could have closed within two years, leaving many without a quality health care option.

Edinburg Politics

Houston City Council to discuss firefighter pay issue at meeting union calls 'improper'

July 25, 2018, By Mike Morris

A Houston City Council committee will gather this morning to discuss the cost implications of a proposal that would grant firefighters the same pay as police officers of corresponding rank, a matter that could go before voters as early as November.

Houston firefighters, who circulated the "parity" petition last summer, say the very discussion is improper and toes the line of electioneering because the council has not yet decided when the petition will appear before the voters.

Mayor Sylvester Turner, however, said he has scheduled the meeting because he feels council has a duty to understand the implications of the proposal in order to educate voters about it.

Houston Professional Fire Fighters Association President Marty Lancton, in a Tuesday letter to the mayor and council, urged them not to conflate their duty to place the item on the ballot with concerns about its budgetary impact.

Turner did little to change firefighters' minds at Wednesday's regularly scheduled council meeting, arguing that the proposal's \$79 million projected annual cost – which he said equates to a 20 percent to 25 percent raise for firefighters -- is "something we simply cannot afford." The proposal, he added, could lower the city's credit ratings or force layoffs and cuts in city services.

The mayor left the door open during Wednesday's discussion to suggestions that the item could go before voters in November 2019 rather than this fall, but acknowledged afterward he suspects the council will decide to hold the vote this year.

Houston Chronicle

TEXAS ECONOMIC INDICATORS

UTD reaches coveted state research designation, unlocking millions in funding

July 25, 2018, By Eva-Marie Ayala

One day doctors might analyze the heart with a better predictive tool that helps them decide the best treatment for patients sooner thanks to cardiovascular research now being done at the University of Texas at Dallas. And maybe that work could lead to better coronary stents that help patients avoid more surgery down the line, said Heather Hayenga, an assistant professor who is leading the research.

Now UTD has reached an elite designation that secures millions in state dollars to jump-start research efforts similar to the one Hayenga is leading for years to come.

Officials announced Wednesday that the school now qualifies for the National Research University Fund, one of only three schools in the state to do so.

To qualify, schools must meet high benchmarks for two consecutive years that include spending at least \$45 million a year on restricted research, maintaining more than \$400 million in endowments and attracting top faculty and students.

The designation is important because it bolsters the university's overall reputation by serving as a milestone to show that UTD is dedicated to research and has notable faculty recognized with national or international awards for their work.

University officials can use it to bolster funds from grants or other private gifts that might require matching dollars, to recruit talented graduate students or to invest in new ideas.

[Dallas Morning News](#)

NATIONAL PENSION, INVESTMENTS & LEGAL

Why your pension is doomed. A new study shows that benefits are rising faster than GDP in most states.

July 19, 2018, By Editorial Board

Pension costs are soaring across the country, and government unions blame politicians for "under-funding" benefits. Lo, if only taxes were higher, state budgets would be peachy. The real problem, as a new study shows, is that politicians have promised over-generous benefits.

According to the study, accrued liabilities between 2003 and 2016 grew more than 50% faster than the economies in 28 states and more than twice as fast as GDP in 12 states. Leading the list are the usual suspects of New Jersey (4.3 times faster than GDP), Illinois (3.23) and Connecticut (3.18), as well as New Hampshire (3.46) and Kentucky (3.08).

Between 2003 and 2016, New Jersey's pension liability ballooned 176%. Unions blame lawmakers for not socking away more money years ago, though lower pension payments helped them bargain for higher pay. The reality is that New Jersey's pension funds would be broke even had politicians squirreled away billions more.

Illinois Supreme Court in 2015 blocked state pension reforms, the judges rebuked politicians for inadequately funding pensions. The solution, according to unions, is always to raise taxes. But no tax hike is ever enough because benefits keep growing faster than revenues.

Stanford University lecturer David Crane has calculated that every additional penny that California schools have received from the state's 2012 "millionaire's tax," which raised the top individual rate to 13.3% from 10.3%, has gone toward retirement benefits. The only salve to state pension woes, as the Wirepoints study notes, is to rein in current worker benefits.

[The Wall Street Journal](#)

How public sector employers are reducing their pension liabilities

July 24, 2018, By Paula Aven Gladych

The cost of pensions increased in more than 70% of cities, and one in three cities identified these expenses as the largest expense affecting their budgets, a 2016 survey by the National League of Cities showed.

The survey found that between 2009 and 2016, 33% of public sector employers increased employee contribution rates; 22% changed plan design; 17% reduced benefits; 12% reduced the cost of living adjustment; 8% increased eligibility requirements and 7% increased the vesting period.

Many have adopted hybrid plans, which are a combination of a defined benefit and defined contribution plan. Anti-spiking provisions have also become more prevalent, meaning that plans are increasing the number of years used in the plan's calculation to figure out an employee's final compensation, lessening the impact of a single year's substantial pay raise, according to the National League of Cities. Both of these options lower a plan's costs.

DC plans can also be more attractive to employees because they can choose when and how they want to withdraw funds from their retirement savings whereas DB plan participants are forced to live with their once a month check from the plan.

Employee Benefit News

House and Senate agree on foreign investment review process

July 24, 2018, By Hazel Bradford

House and Senate negotiators reached agreement late Monday on legislation expanding the power of U.S. regulators to review, and even block, foreign investment deals that could pose a national security risk.

Attached to a must-pass defense authorization package, the Foreign Investment Risk Review Modernization Act of 2018 expands the scope of review by the interagency Committee on Foreign Investment in the United States, while also streamlining the review process.

The Senate passed its version of CFIUS reform on June 18, followed by the House on June 26. A legislative conference committee worked out the final version. The final version extends the CFIUS review period to 45 days from 30 days, with the possibility of one exception, and allows for filing fees.

A key change from current CFIUS practices that were last updated in 2007 is a more risk-based approach to reviews, with a focus on investments from "countries of special concern."

House Financial Services Committee Chairman Jeb Hensarling, R-Texas, said in a statement that the changes will avoid "massive government overreach" while addressing emerging national security needs and "keeping America's doors open to investment."

Pensions & Investments

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