TEXAS PENSION PLANS

Texas Teachers' returns top benchmark in multiple periods
September 21, 2018, By Christine Willamson

Texas Teacher Retirement System's net returns exceeded the performance of the pension fund's policy benchmark for all reported periods ended June 30 except the most recent quarter.

The $151.2 billion Austin-based pension fund returned a net 0.4% in the three-months ended June 30 (benchmark, 0.5%); one year, 9.2% (8.5%); three years, 7.7% (7.1%); five years, 8.7% (8.1%); 10 years, 6.6% (6.3%); and since inception July 1, 1991, 8.7% (8.2%). Multiyear returns are annualized.

The pension fund returned a net 12.9% in the year ended June 30, 2017, vs. 11.3% for the policy benchmark.

The pension fund's allocation to real-return strategies was 20% of the entire fund — 11.8% real assets; 4.9% energy, natural resources and infrastructure; and 3.3% Treasury inflation-protected securities. The category also includes commodities, but the allocation was zero as of June 30.

Texas Teachers' allocation to risk parity was 5.1% of total fund assets as of June 30.

Pensions & Investments

Financial watchdog: Texas mired in unfunded pension debt
September 26, 2018, By Johnny Kampis

A national watchdog group on Tuesday released a report ranking Texas 32nd among U.S. states in financial health, giving it a "D" grade.

Chicago-based Truth in Accounting, in its ninth annual Financial State of the States report, said Texas taxpayers would shoulder a debt burden of $10,100 each if the state paid off all of its liabilities today.

The analysis found that most of Texas' debt burden of $82.2 billion comes from unfunded obligations promised to its public-sector retirees. In fact, the numbers would look pretty good without those – of $238.4 billion in retirement benefits the state has promised, it hasn't funded $45 billion in pension and $65.5 billion in retiree health care benefits.

The bottom line, Truth in Accounting says, is that Texas has $76.1 billion in assets available to pay $158.3 billion worth of bills.

Texas Monitor

TEXAS ECONOMIC INDICATORS

Texas bullet-train debate rolls
September 21, 2018, By John Austin

Backers who want bullet trains to shoot from Dallas to Houston recently hailed a $300 million Japanese loan, but a rival says the line would lock Texas into an inflexible rail monopoly.

There’s no track laid, but Japan Overseas Infrastructure Investment Corp. for Transport & Urban Development and the Japan Bank for International Cooperation are lending the money, according to Texas Central, the company that proposes the high-speed rail project.

Not counting the terminal/end points, the proposed line would run through eight counties where residents have questioned the project, saying the line could displace homes, carve up rural land and possibly leave Texas taxpayers on the hook.

SNCF, which operates almost all of France’s trains, including high-speed routes, added its objections.

“Texas Central Partners comes clean on its empty promise of private funding led by Texas investors,” Scott Dunaway, spokesperson for Maryland-based SNCF America, wrote in a statement. “Now Japanese taxpayer funds are being loaned to finance the planned Dallas to Houston rail.

[Cleburne Times-Review]

Mayor Turner institutes hiring freeze, citing firefighter ‘parity’ referendum
September 25, 2018, By Syan Rhodes

The city of Houston is now in a hiring freeze and Mayor Sylvester Turner says the reason for the action is the proposed Houston firefighter pay parity measure on the November ballot.

In a letter dated Sept. 21 and sent to department heads and City Council members, the mayor writes, "Effective immediately, Monday, September 24, 2018, the City of Houston (all departments) will suspend hiring."

Turner's letter goes on to say that the hiring freeze affects applicants and promotional candidates who had not yet received an official from the city's human resources department as of Monday.

[Click 2 Houston]

Millennial magnet: Affordability helps make Watauga one of nation's hottest housing markets
September 26, 2018, By Karen Robinson-Jacobs

The Tarrant County community of Watauga, northeast of Fort Worth, is one of the nation's hottest ZIP codes and a magnet for millennial homebuyers. That designation comes from Realtor.com, a real estate website that slices and dices housing trends around the country. Watauga's 76148 ZIP code ranks third on the site's fourth annual list of hottest postal districts.

The community of 24,000 people regularly attracts young families looking for good schools and more budget-friendly homes. It topped the ranking in 2016 and 2017.

This ZIP, the only one in Texas included among the list's top 20 markets, also ranks highest in the state in the Human Rights Campaign's municipal equality index, which scores the ways cities support LGBT people who live and work there.

Real estate agent Phyllis Reaves said she sees "a lot" of millennials checking out the homes in Watauga, "and I know why."

"There's three main reasons," she said. Watauga's property taxes are lower than those in neighboring areas, she said, and "it's a good location, there's lots of shopping."

[Dallas Morning News]

NATIONAL PENSION, INVESTMENTS & LEGAL

America's new workforce trend: Refusing to retire

September 26, 2018, By Brittany De Lea

The number of Americans above traditional retirement age (65) remaining in the labor force, either part-time or full-time, climbed to nearly 19 percent in 2016, up from 12.8 percent in 2000, according to data from the Pew Research Center. Less than half of those employees reported that they were working part-time, as the percentage working full-time rises.

By 2020, the Labor Department forecasts that 25 percent of the labor force will consist of workers ages 55 and older, which is up from about 13 percent in 2000.

Some older Americans are reluctant to retire as saving becomes more of a challenge. A recent study from the National Institute on Retirement Security found that the median savings among all American workers, not just those with a retirement account, was $0. Nearly 60 percent of working-age individuals don't own a retirement account.

The number of employer-sponsored plans has also declined, which the study cited as "the most important vehicle for providing retirement income to older individuals after Social Security."

Working longer can also lead to higher Social Security benefits. Waiting until "full retirement age" (70) to claim Social Security will result in larger checks.

Fox Business

Four States That Will Founder When the Next Recession Hits

September 26, 2018, By Orphe Divounguy

While the U.S. is enjoying stock market highs and steady GDP growth, the current economic expansion — which is currently in year 10 — can't last forever. Many economists predict the next recession could come as soon as 2020.

That's bad news for some states that still don't have their fiscal house in order. Though it is hard to predict which sectors will be first affected by the next downturn, some states will inevitably face far bleaker prospects than others.

Which states? New Jersey, Illinois, Connecticut and California, for starters.

Why? Heavy debt loads, inability to balance budgets and high borrowing costs, to name a few major problems.

These states have struggled to pass balanced budgets even when the economy is doing well. Recent research from the Pew Charitable Trusts shows that New Jersey and Illinois have both failed to pass a balanced budget for each of the past 15 years, while Connecticut has failed to do so in 11 of the past 15 years. California has failed nine of 15 times.

Persistent deficit-spending means that most of these states also have less-than-adequate reserves in their "rainy-day funds" to supplement future budget shortfalls.

The Fiscal Times