

## TEXAS PENSION PLANS

### **Longview rally urges support for public education**

October 21, 2018, By Ken Hedler

Educators are the largest voting bloc in Texas, with one out of every 20 residents paying into the public school retirement system or drawing annuities from it in a state with the 10th-largest economy in the world.

Attendees drew support from lawmakers who spoke at the rally and applauded them when they expressed opposition to unfunded state mandates and vouchers, and called for making education the top priority for the legislative session that begins in January.

Lee talked about opposition to converting the pension into a deferred benefit plan such as a 401(k) plan, which he said would be less efficient.

Superintendents Mike Gilbert of White Oak ISD and James Wilcox of Longview ISD also spoke briefly. Gilbert said state support for public education has dropped, adjusted for inflation, to \$619 per student in Texas since 2010. That would amount to \$900,000 that White Oak ISD will not receive in the new fiscal year that started Oct. 1.

### [Longview News-Journal](#)

### **TEXPERS Report: Texas' State and Local Pension Funds Continue Trend Improvements**

October 24, 2018, By PRNewswire

The 99 state and local pension funds monitored by the Texas Pension Review continued improving in 2017, according to a new study of PRB data by the Texas Association of Public Employee Retirement Systems.

TEXPERS analysis of pension funds' amortization periods shows an eight trend of fewer years needed to pay off all present and future projected benefits to employees. The amortization period is similar to a home mortgage in showing the years needed to pay off interest and principal owed. The PRB says that amortization periods are the single "most appropriate" measure of public retirement systems' health.

Six systems now have a 0-year amortization, compared to three last year. Thirty-five systems join them in the PRB's recommendation for amortization periods less than 25 years.

TEXPERS' study shows that 32 systems lowered their targeted investment return in line with Pension Review Board recommendations for more conservative estimates. Only 12 systems now target an 8 percent or better return compared to 24 systems which did so last year. Most systems (46) seek a 7.50-7.99 percent average yearly return, as compared to 42 last year. The targets are a major factor used to calculate the contributions needed from employees and their city sponsor.

### [PR Newswire](#)

# TEXAS ECONOMIC INDICATORS

## **Jacobs sells energy engineering business for \$3.3B**

October 22, 2018, By Jordan Blum

Jacobs Engineering Group is selling its Houston energy and chemicals business to Australian construction and engineering firm WorleyParsons Ltd. in a cash-and-stock deal valued at \$3.3 billion. The unit employs more than 2,000 Houston-area workers.

The deal represents a major shift in the energy engineering and construction sector with Jacobs essentially leaving oil and gas and WorleyParsons becoming a much bigger force in U.S. energy industry. The acquisition effectively doubles the size of WorleyParsons worldwide and makes it a larger player in Houston, where the company already has a hub in the Energy Corridor.

Jacobs, headquartered in Dallas, will focus on its other two major business segments — aerospace, technology, environmental and nuclear, as well as buildings, infrastructure and advanced facilities. Both involve a lot more government work, especially with NASA. Jacobs will still employ more than 1,000 people in the Houston area after the deal closes.

### [Houston Chronicle](#)

## **Union Pacific will cut nearly 700 railroad jobs by year's end**

October 24, 2018, By Wire Services

Union Pacific will lay off 475 railroad workers and eliminate another 200 contract jobs by the end of the year to further reduce its expenses. The Omaha, Neb.-based railroad announced the layoffs Tuesday, and Union Pacific officials said more job cuts are likely over the next two years.

Chairman Lance Fritz says the layoffs will help make sure the railroad remains strong and competitive. Union Pacific is working to cut its general and administrative expenses by 30 percent before 2020.

The railroad said it will eliminate one of its three operating divisions, centralize its engineering unit and consolidate other functions as part of the cuts in the fourth quarter of this year. Union Pacific is scheduled to release its third-quarter earnings report on Thursday.

Earlier this year, Union Pacific announced plans for a new \$550 million rail yard in Texas. The 1,875-acre facility is being built in Robertson County, about 125 miles south of Dallas. It also operates a large intermodal terminal in the International Inland Port of Dallas in Hutchins.

### [Dallas Morning News](#)

## **California Vs. Texas: Jobs -- Comparing The Two States 1 In 5 Americans Call Home**

October 24, 2018, By Chuck DeVore

These two big states are alike in many key respects, even while being very different in others. Both states are large in land area and population, blessed with abundant natural resources, and diverse. They also have a widely divergent governance. California has high taxes (with the nation's highest individual income tax bracket), heavy regulations, and a burdensome lawsuit climate.

Texas, on the other hand, has low taxes and no individual income tax, a light and predictable regulatory regime, and a lawsuit environment that could use additional reforms, but is far better than California's.

More recently, Texas has continued its employment dominance over California. Looking at the past 12 months periods, Texas gained 406,400 nonfarm jobs through September, a 3.3% growth rate, compared to 339,600 jobs in California,

growth of 2.0% over a year earlier. Over the past 24 months, California added 647,100 jobs compared to Texas' 583,700 jobs, but the rate of growth in the Lone Star State was greater, 4.8% vs. 3.9% in California.

So, while California and Texas have significant similarities, they also feature diametrically opposed political governance, with California favoring higher taxes and bigger government compared to Texas.

These policy differences are likely the main reason why Texas has seen stronger employment growth, as small business owners, Fortune 500 companies, and investors alike seek the greater opportunities available in Texas.

[Forbes](#)

## **NATIONAL PENSION, INVESTMENTS & LEGAL**

### **How states have tried to close their pension funding gaps**

October 23, 2018, By Marcia Robiou

For more than a century, public workers accepted lower salaries on the promise of a safety net later in life. When their pension funds were flush with cash, some states cut back on payments. Then came the dot-com crash, the 2008 recession and state budget shortfalls, and those states suddenly found their pensions deep in the red.

More than half the states in the U.S. now require people to work longer or retire later before they can claim their benefit. For example Colorado, which overhauled its pensions earlier this year, raised the retirement age for new hires after 2020 to 64 years, from 60 and 58 for state employees and teachers, respectively.

At least 13 states have passed laws committing to bridging the financial gap. Some are taking creative approaches, like funneling earnings from cigarette taxes or state-owned casinos into their pension funds.

Oregon, for example, passed a law in 2018 that earmarked taxes on alcohol and marijuana and lottery revenues, among other things, to help bankroll pensions. Last year, New Jersey dedicated all earnings from the state lottery to the public pension fund, a move that will generate \$1 billion per year, according to a recent report by the state's independent pensions commission.

[PBS](#)

### **Kentucky pension crisis: A closer look at what 'Frontline' found**

October 25, 2018, By Tom Loftus

Years of underfunding by politicians who resisted tax increases and risky investments by Kentucky Retirement Systems created a multibillion-dollar pension crisis that threatens the retirement security of Kentucky teachers, police, firefighters and other public employees.

"The teachers are afraid of what the future holds. The pensions of some other Kentucky state workers are facing insolvency in around three years," "Frontline" reported. "Teachers worry that when the time comes for them to retire, the state won't have the money to pay their pensions."

The report recaps how Kentucky's public pension plans that were fully funded in 2000 devolved to become among the very worst-funded plans in the country, officially carrying more than \$37 billion in unfunded liabilities – a figure Gov. Matt Bevin says in reality is worse.

"Frontline" outlined how politicians in Frankfort patched together state budgets – often amid economic recessions that caused state revenues to plunge – by shorting pension contributions for more than a decade prior to 2014.

[Courier-Journal](#)

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