

TEXAS PENSION PLANS

Prop B supporters, opponents make closing arguments in bitter campaign

October 30, 2018, By Jasper Scherer

Joe Gamaldi, president of the Houston Police Officers' Union, promised to maintain his composure.

The union leader stood at a wooden lectern in True Light Missionary Baptist Church last Friday morning, flanked by pastors, union leaders and Mayor Sylvester Turner as he prepared to make the case against Proposition B.

Gamaldi, however, could not hide his irritation over the ballot measure that, if approved, would grant Houston firefighters pay “parity” with police officers of corresponding rank and seniority.

With a week left in what has become a bitter and prolonged feud, both sides of the Prop B campaign are pulling out all stops ahead of Election Day, running radio and TV ads, plastering the city with yard signs and billboards, and working the lines at early voting locations. Turner, who has put personal campaign funds into opposing Prop B, held events last week with business, clergy and labor leaders intended to show broad opposition to the ballot item, which the fire union has dismissed as ploys.

Regardless of how things play out on Election Day, the result likely will not be the final word on pay parity. If the measure passes, as many observers are predicting, the city will have to figure out how to fund the raises — a scenario that Turner and his administration say will result in hundreds of city layoffs. The union has disputed that, calling it a scare tactic by the mayor.

Both Turner and City Controller Chris Brown have said Prop B will cost more than \$100 million in its first full year of implementation. The union has disputed that, too, but has not provided its own figure. The union argues firefighters remain far underpaid compared to those in other Texas cities, while Turner has said the union turned down raises that would have made their salaries competitive.

[Houston Chronicle](#)

How quickly is Houston losing firefighters?

October 30, 2018, By Mike Morris

Fire union leaders have highlighted that large numbers of firefighters are leaving for better-paying jobs elsewhere, and city officials have downplayed that trend, saying there are more firefighters on staff today than in recent years.

This issue is among the claims we dug into in a recent piece fact-checking assertions in the parity debate, and we found both points are generally correct.

After a staffing shortage contributed to a spike in overtime costs in early 2014, Houston invested in more cadet classes. The pension reform fight at the Legislature last year has reversed that trend, triggering more retirements and early departures (contribution refunds typically occur when an employee leaves before becoming eligible for a pension).

[San Antonio Express-News](#)

TEXAS ECONOMIC INDICATORS

Texas Bullet Train named top North American infrastructure project

October 30, 2018, By Bill Hethcock

The proposed Texas Bullet Train has been named one of the top North American infrastructure projects by a national infrastructure advocacy group that called the high-speed rail venture a "game changer."

The project will create jobs, spur business growth and provide a reliable transportation option, according to the group, CG/LA, which recognized the train in its Strategic 100 North American Infrastructure Report released last week at a leadership forum in Dallas.

The proposed train connecting Houston and North Texas ranked among four other North Texas projects recognized for their "strategic value" and technological innovation. Other North Texas projects on the list are the the Cotton Belt Regional Rail, the D2 Subway, LBJ East Interstate 635 and the Trinity Lakes TOD Station.

The report called the bullet train "crucial in advancing public and business interests," generating \$36 billion in direct economic impact over 25 years, creating 10,000 jobs each year of construction and 1,500 permanent jobs when operational.

[Dallas Business Journal](#)

San Marcos Regional Airport shows dramatic increase In contribution to local economy

October 30, 2018, By Staff

The Texas Department of Transportation's Aviation Division commissioned a Texas Aviation Economic Impact Study, which reported the San Marcos Regional Airport has increased its contribution to local economy dramatically over the last eight years.

The study, which is used to measure the economic benefits provided by the state's airport system, examined both direct and secondary impacts attributed to airport-related activity.

Direct impacts account for activities by on-airport businesses and government agencies and the off-airport visitor spending at locations like hotels and restaurants. Secondary and multiplier impacts occur when companies incur business expenses and from the recirculation of direct impacts within the boundaries of the economic region.

According to a comparison between a similar study from 2010 and 2018's, San Marcos Regional Airport's total economic output has increased from \$44.9 million to \$82.1 million – an 82 percent increase. The upward trend is echoed in the airport's revenues which have increased from \$293,000 in FY 2011 to \$604,000 in FY 2018 – a 106 percent increase.

[San Marcos Corridor News](#)

NATIONAL PENSION, INVESTMENTS & LEGAL

Are We on the Verge of the Next Big Pension Bill? A Review of the House-Passed Family Savings Act

October 29, 2018, By Michael L.

Broad support exists for many provisions in both the Family Savings Act (passed by the House as part of the Tax Reform 2.0 package), and the Retirement Enhancement and Savings Act (passed by the Senate Finance Committee last Congress), but many differences remain. There also are political dynamics of a midterm election, efforts on solvency of multiemployer plans, and few legislative days remaining. Nevertheless, serious consideration of retirement packages is likely this Congress or next (which will provide a legislative vehicle for many provisions in the bills, including governmental plan "pickup" clarifications and supplemental plan modifications, and potentially proposals currently outside the bills, such as PEPTA, UBIT and infrastructure investments).

[Bloomberg](#)

Dollar at 16-month high as strong U.S. data supports

October 29, 2018, By Reuters

The dollar rose to a 16-month high against a basket of major currencies on Tuesday, amid growing signs the United States economy is outperforming its peers.

The dollar index, which measures the greenback against six major currencies, was 0.4 percent higher at 97.01. Earlier in the session, the index hit a high of 97.02, its strongest since 30 June, 2017.

"It all stems from solid U.S. fundamentals which suggests the U.S. economy is in the best position to weather trade wars," said Joe Manimbo, senior market analyst at Western Union Business Solutions in Washington.

On Monday, U.S. President Donald Trump said he thought there would be "a great deal" with China on trade, but warned he had billions of dollars worth of new tariffs ready to be implemented if a deal was not possible.

[CNBC](#)

The dangerous consequence of Cutting Public Safety Pensions

October 30, 2018, By Diane Oakley

Offering pensions is particularly important in the public sector where salaries are low and employers can't offer benefits like stock options. The recruitment and retention effects of pensions are key reasons why the public sector has maintained this type of retirement plan, especially for public safety officers.

In 2012, the Palm Beach Town Council ignored the predictions of its police and firefighters and voted to cut pension benefits to roughly one-third of their prior value while adding a 401(k)-like DC plan to its benefit package. That action destroyed the long-term value proposition that played a fundamental role in retaining the police officers and firefighters.

It's important to provide context. Before the market crash, the Town of Palm Beach attracted and retained its public safety officers largely because these workers understood the long-term value of their pensions. In fact, Palm Beach strove to offer the best public pensions in Florida. This makes sense given that public workers often are willing to sacrifice pay in the short-term in exchange for retirement security.

But things changed in the wake of near collapse of the financial markets in 2008, which left states and municipal governments with deep fiscal problems. In April 2012, council members failed to heed the warnings that drastic pension cuts benefits would fuel attrition, and they voted to close the existing DB pension systems for police officers and firefighters. The new "combined DB/DC" retirement system offered only a fraction of its prior pension benefit and individual 401(k)-type accounts with a 100 percent employer match of employee contributions.

The impacts were swift and deep. By "freezing" the pensions of 120 police officers and firefighters, 20 percent of the town's workforce elected to retire right away. What followed was a mass exodus of employees. Media reports detailed the loss of 42 public safety officers in 2012 and into 2013. Over the first four years of the combined DB/DC plans, 109 public safety officers left before retirement.

The departure of experienced public safety officers in Palm Beach was unprecedented.

[Forbes](#)

The information contained in the PRB Weekly Clips is for informational purposes only and does not represent the views, positions or opinions of the Texas Pension Review Board.