

TEXAS PENSIONS

State rep. continues push for teacher health care as session opens

January 8, 2019, By Danya Perez-Hernandez

As the 86th Texas Legislative Session begins today, state Rep. Terry Canales, D-Edinburg, hopes his second attempt at getting Gov. Gregg Abbott to consider teacher health care as an emergency item pays off soon.

Canales sent a third letter to the governor weeks ahead of the session, in which he asked him to declare health care for current and retired teachers an emergency item.

“Every year brings some combination of higher premiums and lower benefits for retired and active school employees,” Canales wrote in the letter. “So that Texas teachers – having dedicated their lives to public service – increasingly have to choose whether to pay their mortgage, buy groceries, or pay for potentially life-saving medications.”

In his first letter, Canales requested a special session of the legislature to be set immediately to address the health insurance issues, he said, but the governor strategically refused the request. The second letter requested additional funding as an Emergency Item in order to pass legislation within the first 60 days of the session. And the third letter was a nudge regarding the request as the session begins. Without the Emergency Item designation, the House and Senate cannot pass it as they are barred from passing any legislation within the first 60 days of the session.

The Teacher Retirement System is estimated to hit a budget shortfall of \$238 million if premiums were kept stable, he said, but teachers cannot afford increases in healthcare.

This session could be the prime time to do so as the Texas Rainy Day Fund has a record high of \$12.5 billion, Canales said. The solution, as offered by Canales and others at the House of Representatives during the 85th legislative session, was to use \$500 million out of this fund to help fund the TRS, but the Senate offered \$350 million asking the school districts to fund the rest.

[The Brownsville Herald](#)

Fort Worth Launches Program to Educate Voters on Pension Fund

January 8, 2019, By Staff

The city of Fort Worth launches an education campaign ahead of a vote on the city's pension in an effort to eliminate its \$1.6 billion unfunded liability.

Current city employees, general, fire and police will vote on Feb. 4-22 and decide whether or not to increase employee contributions to the fund, approve employee contributions to the fund for all overtime hours and allow further contribution increases if this plan doesn't work.

Mayor Betsy Price said the city will hold over 20 community educational meetings for city employees to understand what they will be voting on. “I think it's critical, if I were an employee having to vote on it I would want a chance to learn about it,” Price said.

Price said the meetings go on everyday from now until February 1st.

In order for the plan to go forward, a majority of all city employees must vote in favor of it. A failed employee vote will send the city's pension to the State Legislature in Austin, where the final decision will be made.

[WBAP](#)

TEXAS ECONOMIC INDICATORS

Texas economy doing well as Senate kicks off legislative session

January 9, 2019, By Richard Lee

Tuesday marked the beginning of the 86th session in the Texas Senate, a 140-day term in which state leadership has pledged to tackle the complex issues of public school finance reform and property tax reform. Governor Greg Abbott was on hand to welcome the members, new and current and promised to finally resolve these issues.

Other major issues facing the Legislature this session include state pension funds and contracting oversight, but like Abbott, Senate leader Lt. Governor Dan Patrick and newly elected House Speaker Dennis Bonnen have highlighted property tax and school finance reform as critical issues this session.

Patrick was not present at Opening Day as he was called to Washington D.C. for a meeting at the White House. In his absence, Flower Mound Senator and Finance Committee Chair Jane Nelson led the largely ceremonial proceedings, which included the swearing-in of six new members and the nomination and election of Austin Senator Kirk Watson as President Pro Tem.

On Monday, she and other Senators learned how much they will have to spend when state Comptroller Glenn Hegar delivered his biennial revenue estimate. Because the Legislature meets only every two years, budgets are crafted prospectively and based on projected revenues. Every session, the Comptroller looks at economic trends, sales, and other tax and fee collections and delivers a forecast for how much money the state should make in the next biennium. The estimate for the last session was daunting, as economic woes left the state looking at decreased revenue, down nearly \$3 billion over the previous biennium.

Things look much better for the 2020-2021 biennium, as a strong national economy and rising oil prices over most of 2018 have left the state with eight percent more revenue than two years ago, nearly \$120 billion in total general revenue. The state saw strong economic growth in 2018 of three percent and Hegar projected an even better 2019, calculating 4 percent growth. Despite a strong economy today, Hegar told reporters not to expect things to continue like that in 2020 and beyond.

North Dallas Gazette

Report: Houston economy remains strong, but growth slowing

January 10, 2019, By John C. Roper

Economic activity in the Houston region remains strong, but a recent dip in key leading indicators suggests it is likely to slow in coming months. That dip was driven primarily by declines in an index of Houston corporate stocks, crude oil prices, job ads and single-family construction permits, all of which are factors economists at the Federal Reserve Bank of Dallas use to help anticipate changes in the economy.

The Fed reports that Houston's employment and business-cycle index – an aggregate measure of local employment and unemployment rates, wages and retail sales – continues to register healthy growth.

The Houston Business-Cycle Index grew at an annual rate of 6.4 percent over the three months ending in November, driven by healthy initial estimates of employment growth over that period. In contrast, growth in an index of 11 leading indicators for Houston dipped just below zero for the three-month period ending in November.

Houston employment and the business-cycle index continue to register healthy growth, and drilling activity has flattened at a high level. Oil prices, however, fell drastically toward the end of 2018, contributing to the Houston index dropping to near neutral.

A stock index of 150 Houston companies fell 109 points from its high in September to an average value of 474 in December 2018. That cascade of nearly 19 percent was the largest over-the-quarter decline since the end of 2008 when the Great Recession had already taken hold.

Most economists predict that Houston's economy will remain strong, but that growth this year will slow.

The state of Texas economy is beginning to slow as well. A pair of reports released earlier this month by the Dallas Fed showed that growth in the service sector, which accounts for about 70 percent of the state economy, is beginning to stall and that Texas manufacturing production has slipped to its lowest since August 2016.

[Houston Chronicle](#)

NATIONAL PENSION, INVESTMENTS & LEGAL

Pensions in Critical Status Fewest in Decade

January 7, 2019, Michael Katz

The number of US multiemployer pension plans in critical status has declined for the sixth straight year, and has fallen to its lowest level since 2008, according to data from the US Department of Labor.

Under federal pension law, if a multiemployer pension plan is determined to be in critical status or endangered status, the plan must provide notice to participants, beneficiaries, the bargaining parties, the Pension Benefit Guaranty Corp. (PBGC), and the Department of Labor.

In 2018, there were 115 multiemployer pension plans that reported to the Department of Labor that they were in critical status, which is less than half of the number that reported that status just six years ago. That is compared to 127 in 2017, 171 in 2016, 175 in 2015, 220 in 2014, 235 in 2013, and 241 in 2012. It was also the lowest number of plans in critical status since 2008, when 102 multiemployer pension plans reported they were in critical status.

If a plan is in critical status, adjustable benefits may be reduced and no lump sum distributions in excess of \$5,000 can be made. If a critical status plan is also critical and declining, the plan sponsor may file an application with the Secretary of the Treasury requesting a temporary or permanent reduction of benefits to keep the plan from running out of money. Pension plans in critical and endangered status are required to adopt a plan aimed at restoring the financial health of the pension plan.

[Chief Investment Officer](#)

Teachers fare better with existing pensions than 401(k)s, study shows

January 8, 2019, By Public Affairs, UC Berkeley

For the vast majority of teachers, existing pensions provide a higher, more secure retirement income than a cost-equivalent 401(k)--style plan. And pensions keep teachers in classrooms, according to a new study from UC Berkeley and the National Institute on Retirement Security.

Conducted by Nari Rhee, director of the Retirement Security Program at UC Berkeley's Labor Center, and actuary Leon F. "Rocky" Joyner, Jr., of Segal Consulting, the study shows that switching to an account-based retirement system such as a 401(k) would sharply reduce the retirement income security of most teachers in the U.S.

The study looked at the career patterns and pension benefits of public school teachers in six states: Colorado, Connecticut, Georgia, Kentucky, Missouri and Texas, which were chosen to represent geographic and teacher diversity. Concerns over retirement security and government efforts to take away pensions prompted walkouts last year in Colorado, Kentucky and elsewhere.

"Contrary to the claims made by a number of studies, pensions are good for teachers and they're good for school systems," said lead author Rhee. "They generate higher retirement income than 401(k)s for most teachers, and they incentivize experienced teachers to stay in the classroom, reducing turnover."

"Concerns about improving retirement benefits for the small minority of teachers who won't stay until retirement are best addressed by modifying traditional pensions for greater portability," says report co-author Joyner. "The report finds that switching to a 401(k) will make eight out of 10 teachers worse off."

[Berkeley News](#)

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