



# CITY OF HOUSTON

**Sylvester Turner**

Mayor

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The Honorable Raphael Anchia  
Chair, Pensions, Investments and Financial Services Committee  
Austin, Texas 78768

Dear Chairman Anchia,

The City of Houston appreciates the opportunity to offer this testimony against House Bill 805, which would make adjustments in Senate Bill 2190 from 2017. I oppose making these changes.

In 2017, I worked with boards of each of the three pension systems regarding benefit cuts in exchange for making the full actuarially required payments and the delivery of pension obligation bonds, together which brought down the collective \$8.2 billion unfunded liability for municipal, police, and fire employees.

Unfortunately, the Houston Firefighters' Relief and Retirement Fund, after agreeing on benefit reductions, did not agree on future cost containment measures and ultimately opposed the legislation. The Houston Police Officers Pension System and the Houston Municipal Employees Pension System worked with the city and supported the legislation.

House Bill 805 reopens the negotiations for the one system that opposed the legislation. This would be a concerning precedent for legislators to set.

As is true in pension legislation, small changes can have significant consequences. While the changes in the HFFRF are small, the corresponding change in the HPOPS system would affect 150 retired police officers, resulting in an increase of unfunded liability by over \$7 million. HPOPS, in negotiating with the city on benefit cost reductions, is put in a very unfair situation of having agreed to reductions that HFFRF is coming to legislators to change. To be blunt, this is unfair and wrong.

In order to ensure the City of Houston continues to pay off the unfunded pension liability, Senate Bill 2190 creates an annual Risk Sharing Valuation Study (RSVS) to determine the city's contribution rate annually. Both HPOPS and HMEPS have had consistent actuarial analyses with that of the city's actuarial reports, both systems coming in within 2% of the city's number. HFFRF has never matched the city's actuarial numbers, with difference of approximately 10% annually. It would not be in the taxpayer's best interest to make further upward revisions to this system.

Our pension system in Houston is working and is looked at as a national model. House Bill 805 reopens the door on a negotiated deal. It is not financially prudent for the Legislature to reopen negotiations.

Sincerely,

Sylvester Turner  
Mayor