



**Texas Pension Review Board
Actuarial Committee
January 25, 2024**

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**Jack Ireland
Chief Financial Officer, City of Dallas**

Good morning Honorable Chair and Members of the PRB Actuarial Committee.

I am Jack Ireland and serve as the Chief Financial Officer for the City of Dallas. Today, I am here to provide remarks for the City.

Thank you for inviting the City of Dallas along with the Dallas Police and Fire Pension System and Cheiron to be present today and give an update on work being done to ensure that the Dallas Police and Fire Pension System complies with the funding period requirements in Chapter 802 of the Texas Government Code.

The Dallas Police Department and the Dallas Fire-Rescue Department are staffed by brave and dedicated men and women for whom we are forever grateful. We recognize our responsibility of ensuring that the pension benefits that they earn are protected for their futures. We are fully committed to ensuring the funding soundness of the Dallas Police and Fire Pension System.

It is well known that prior to 2017, the Dallas Police and Fire Pension System faced significant financial challenges. By enacting HB 3158 in 2017, the State Legislature made changes that stabilized the fund, including changes to the governance of the fund, and increased both employee and City contributions into the fund. The City of Dallas continues to meet all funding requirements as outlined by the legislature.

HB 3158 also recognized that additional long-term sustainable solutions would be necessary and required that a new plan be approved prior to 2025.

We appreciate that the PRB took action to select Cheiron as the independent actuary in the summer of 2023 well in advance of the July 1, 2024, timeline that was outlined in HB 3158. And we appreciate that DPFP was able to execute the contract ahead of schedule.

Similar to the PRB acting ahead of the required timeline, the City of Dallas has done so as well.

Dallas Mayor Eric Johnson established an Ad Hoc Committee on Pensions led by Mayor Pro Tem Tennell Atkins along with seven other City Council members to study the issue and provide recommendations to the Dallas City Council. The Ad Hoc Committee on Pensions began their work in September 2023 and continues to hold monthly meetings.

Additionally, Mayor Johnson appointed a study group of financial experts some of whom are former Board members of DPFP. The study group was formed to provide analysis and recommendations to address the funding soundness of the Dallas Police and Fire Pension System. The study group briefed the Ad Hoc Committee on Pensions in both September and December 2023.

Through monthly meetings led by our City Manager T.C. Broadnax, we have solicited the input of representatives of the ten associations that represent active police and fire personnel, and we are scheduled to begin similar conversations with associations that represent police and fire retirees.

The independent actuary selected by the PRB provided their preliminary report to the Ad Hoc Committee on Pensions on November 9, 2023, and we anticipate that they will provide their final report to the City on February 8, 2024. There are aspects of Cheiron's preliminary report that the City supports such as an initial five-year phase-in period that would allow the City to responsibly manage the budgetary impact of significant contribution increases. However, there are aspects of Cheiron's preliminary report that increase retiree benefits and liability by way of accelerated Cost of Living Adjustments before the Fund has achieved 70% funding. City staff is focused on achieving a 30-year funding period before increased benefits are considered.

Considering Cheiron's final report and other information being considered by the Ad Hoc Committee on Pensions, we are ready to continue working collaboratively with the staff and Board of the Dallas Police and Fire Pension System to reach a mutually acceptable plan.

It is our goal to reach an agreement on a plan that meets the 30-year funding requirements and satisfies both HB 3158 due to the PRB by November 1, 2024, and Funding Soundness Restoration Plan required by Section 802 of the Texas Government Code due to the PRB by September 1, 2025.

The City's goal is to reach a mutually acceptable plan that can be approved by both the Dallas City Council and the Board of the Dallas Police and Fire Pension System prior to July 2024. This timeline will allow the City to incorporate the increased contribution requirements responsibly into our fiscal year 2025 annual operating budget and begin making increased contributions into the Fund during fiscal year 2025 which begins on October 1, 2024.

The City of Dallas is committed to increasing contributions, ensuring the funding soundness of the Dallas Police and Fire Pension System, and protecting the pension benefits for all police and fire employees and retirees of the City of Dallas.

Thank you for the opportunity to provide remarks on behalf of the City of Dallas.