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**Facts About the Dallas Police and Fire Pension Fund Crisis****Current situation:**

Current and former employee retirement benefits are at risk without major changes to the Dallas Police and Fire Pension Fund.

The Dallas Police and Fire Pension Fund currently has \$3.5 billion in unfunded liabilities based on 2022 pension data, which is up from \$3 billion that had been calculated using 2021 figures.

If the City hopes to meet state-mandated requirements that the Pension Fund be fully funded by 2055, it will have to put more money into the fund, according to Cheiron Inc., an actuarial firm hired by the Texas Pension Review Board as an independent actuary to review the status of the plan and recommend changes to make sure the system can be fully funded within 30 years.

City Council members have been told a \$1.3 Billion cash infusion from taxpayers would set the fund on a much better course by limiting future city payments to the fund to a more reasonable level.

The City will be funding 37% of the pension in 2024, and a lump sum payment of \$1.3 billion would be needed to maintain that contribution rate over the next 30 years.

No one knows of a source that the city can use to generate these needed funds.

Dallas must have a new plan for eliminating unfunded liabilities of the Dallas Police & Fire Pension Plan ready for state officials by next year.

**Background:**

The Texas Legislature, as part of a law passed in 2017 to overhaul the pension, is requiring Dallas to have a plan that would see the system fully funded by 2055. The city's police and fire pension board is supposed to greenlight that plan by Nov. 1, 2024. The plan would then go to the state pension review board and to lawmakers during the 2025 legislative session for final approval.

Dallas police and fire pension board officials as recently as last month said their projections showed the pension was around 41% funded, that the system won't be able to do cost-of-living adjustments until 2073, and full funding wouldn't happen until 2090.

A major increase in employee contributions and a reduction in benefits for active and retired members was part of the 2017 pension fix approved by the Texas Legislature.

These actions have significantly hurt recruitment of new Dallas police officers and firefighters, and as a result there are hundreds of fewer employees contributing to the fund than the city anticipated. The diminished benefits are also hurting the retention of current first responders.

According to police and fire pension records, the city was contributing at least \$165.5 million to the Police and Fire Pension Fund as of the end of December 2021. This was millions short of the Actuarial Determined Contribution.

**Next Steps:**

Representatives from the Cheiron Inc. actuarial firm said the contribution rates of Dallas public safety officers should not be increased and that their benefits should not be cut, as this could negatively impact public safety recruitment.

City Council members should consider allowing some cost-of-living adjustments decades sooner than prior projections of 2073 when all current plan holders will be deceased.

How much more the city will have to contribute each year isn't yet clear. But the firm is recommending the city ditch contributing a fixed rate and instead pay a percentage that changes every year to help pay down the pension's unfunded liabilities.

A second analysis from Cheiron, based on 2023 pension data, is planned to be released in February 2024.

**STATEMENTS FROM DPROA MEMBERS:**

"As first responders, police and fire department retirees put the protection and safety of Dallas residents first. Now it is time for Dallas citizens to stand behind retirees and current first responders who have earned the retirement benefits they were promised."

"Dallas police and fire retirees did not cause the pension fund problems and must not have their current benefits further reduced or harmed in any way."

"The City of Dallas has known about the pension shortfall for more than 45 years. This shortfall is no surprise. Former Dallas Mayor Steve Bartlett told a public gathering of former Dallas mayors in 2018: 'Dating back—I was on the council in 1977—we kept on putting it under the rug, putting it under the rug. Every time we'd talk about compensation for police, we'd talk about it in the context of the budget. That's how we got so far behind. It was covered up by over-promising in the pension fund. And shame on us for all of us that made that possible.'"

"Most Dallas police and fire retirees do not receive Social Security—or receive small amounts because of the Windfall Tax that penalizes all public servants—and rely on the Dallas Police and Fire Pension Fund for their retirement benefits."

"Under the current situation, and during a time of steep inflation, Dallas police and fire retirees will not receive cost-of-living adjustments until the year 2073 when current retirees will be long deceased."

"A fully funded and healthy Dallas Police and Fire Pension Fund is a major recruitment and retention tool for the Police and Fire Departments. The extremely poor condition of the current fund continues to harm recruitment and retention of Dallas Police officers and Dallas firefighters."

"The City of Dallas should permanently solve the unfunded liability of the Dallas Police and Fire Pension Fund and not simply "kick the can down the road" with a band-aid solution."