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A New Buzzword?

In his outlook report this week, Municipal Market Analytics' Matt Fabian coined a new acronym: MPR. It stands for Mythical Pension Reform, a term that just might catch on as two states are attempting to overhaul their flailing pension systems. The reform is imaginary; politicians like to include the expected savings in proposed budgets before the reform actually passes. This is a mistake, Fabian says. In his analysis this week on Illinois Gov. Rauner's proposed 2016 budget, Fabian says that any reliance on MPR in the budget should only be applied to future years as the state's courts "have not shown much sympathy for state budget concerns or timeliness when considering the legality of past pension reforms." (New Jersey is the other state this year attempting a major reform.)

Rauner is seeking to slash current employees' retirement benefits in an effort to close his state's continual budget gaps, including one in 2016. A previous pension reform, which cuts benefits already accrued by employees, is tied up in a legal battle. Rauner's proposal would allow current employees to keep the pensions they've already earned but future employees would get less generous benefits. The governor estimated the move would save \$2.2 billion in 2016 alone.

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LIZ FARMER | MARCH 13, 2015

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