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Statement for the Record

by the

American Federation of State, County and Municipal Employees (AFSCME)

before the

Subcommittee on Social Security, Committee on Ways and Means

U.S. House of Representatives

on

Social Security and Public Servants: Ensuring Equal Treatment

March 22, 2016

American Federation of State, County and Municipal Employees, AFL-CIO

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The American Federation of State, County and Municipal Employees (AFSCME) submits this statement on behalf of our 1.6 million working and retiree members for the hearing held March 22, 2016 on the Social Security provisions that affect certain public employees.

AFSCME is a strong supporter of the Social Security system. We are troubled that the retirement income and Social Security benefits of many of our members and their families are unfairly reduced because of two amendments to Social Security, the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP). These provisions penalize ordinary public sector retirees who have worked hard and played by the rules. **Congress must take action to eliminate the harmful consequences and serious inequities of these provisions by repealing both GPO and WEP.**

Government Pension Offset

GPO is a federal law that has had a devastating effect on many Americans. It applies to nearly everyone receiving a public pension from work not covered by Social Security. Nationwide, roughly 27% (or more than one in four) state and local government employees are not covered by Social Security. Public employers in these states operate their own pension plans for their employees. The city, county, state and/or federal employees who are not covered by Social Security are found in all 50 states. The concentration of these impacted workers varies from state to state. In 11 states, over half of the public employees are not covered by Social Security. These states include Alaska, California, Colorado, Connecticut, Illinois, Louisiana, Maine, Massachusetts, Nevada, Ohio and Texas. Further, the percentage of employees ineligible for Social Security in Ohio, Maine, and Louisiana exceeds 75%. In Ohio, 97% of state and local employees are ineligible for Social Security.

If the public pensioner is also eligible for a Social Security spouse or widow's benefit, this law requires that this benefit must be cut by an amount equal to two-thirds of the public pension. For the great majority, the GPO fully eliminates the earned Social Security spousal or widow(er) benefit. The remainder experience a dramatic benefit reduction. As of the end of 2013, the GPO reduced or eliminated all of the Social Security spousal or widow(er) benefit for over 614,000 retired federal, state and local government employees. In California, some 91,550 beneficiaries lost all or some of their spousal or widow(er) benefit because of the GPO; in Connecticut, 8,196; Florida, 24,771; in Illinois, 43,723; in Ohio, 86,019; in Oregon, 4,351; in Pennsylvania, 7,906; in South

Carolina, 4,564; in Texas, 71,145; in Washington, 5,922. Disproportionately (81%) women lost their spousal or widow(er) benefit because of the GPO.

Thousands more will be affected in the future. The GPO affects low-wage workers, particularly women. AFSCME often hears the panicked concerns about the GPO from our retirees. Most come from retirees with modest pensions, particularly those retired from relatively low paying occupations, such as school custodians, nurses' aides and clerical workers. Many of these employees retire after a full-length career, but may have worked only a 30-hour week. Others may have had less than a full career – say 15 or 20 years following child rearing or divorce. Most of those adversely affected are women who began their careers expecting to retire with both a public pension and a Social Security spousal benefit. It is a frightful shock when they realize that they will not receive a much-needed portion of their expected retirement income.

According to current law, retirees cannot receive a Social Security benefit based on their own work record and receive a full spouse or widow's benefit. Rather, they can only collect the larger of the two. This is commonly referred to as the "dual entitlement" rule. For the purpose of the GPO, Congress made a determination in 1983 to arbitrarily equate two-thirds of a public pension (earned from work not covered by Social Security) with a Social Security earned benefit. The GPO essentially applies the dual entitlement rule to this portion of the pension and equates the remaining one-third portion of the public pension to a private pension benefit.

However, the situations really are not comparable, making the GPO formula capricious. Our experience bears witness to flawed reasoning underlying the GPO. It ignores the generally large contributions made to public pensions by both employers and their employees. In jurisdictions that don't participate in Social Security, the average total contribution to a public pension can amount to 21% of pay or more, compared to a much lower total of only 12.4% under Social Security. For example, in Ohio, school district employers contribute 14% of payroll to the pension and the workers' share of contributions is 10% of their paycheck. The total of these contributions – 24% – is nearly double the combined employer-employee contribution rate of 12.4% under Social Security.

This disparity in the level of contributions toward guaranteed retirement benefits is important. Generally, private pension plans are financed solely by employers but public pensioners typically put in more than half of the total pension contribution. Most private pensioners only pay into Social Security, yet they can receive a full pension AND a full Social Security benefit, with no offset of any kind. In effect, public pensioners are penalized for their contribution to their own retirement.

Taxation during retirement represents another example of unfair and unequal treatment under the GPO. A public retiree's entire pension is subject to federal income tax – including the part that is deemed equivalent to Social Security. Most Social Security benefits, however, are tax-free. So, the public retiree is effectively hit twice – once with taxes and again with the GPO. It is simply not right.

When Congress first enacted GPO, Congress thought many public retirees were getting multiple government pensions, leading to higher incomes in retirement than they had while working. The truth is very few AFSCME retirees fit this description.

Here are two examples of retirees hit by the GPO. They could not be confused with so-called “double and triple dippers.”

Mary retired in 1993 after working for almost 28 years with the Sandusky, Ohio schools. In 2007, when she was 75, her School Employee Retirement System of Ohio (SERS) pension was \$688 a month and she received a spousal benefit from Social Security of \$122 after the offset. After her then Medicare Part B premium of \$96.40 was deducted from her Social Security benefit, she was left with a monthly check of \$25.60. That results in a total of \$713.60 for her monthly income. In 2006, Mary received a cost-of-living adjustment (COLA) of \$14 to her SERS pension, yet with the GPO that increase was cut back to zero. The result was no cost-of-living increase for Mary. Further, she reported each of these miniscule COLAs or she would have been subject to a penalty from Social Security.

By reducing Mary’s survivor benefit the GPO is harming the financially dependent spouse. Clearly, Congress did not have Mary, or others like her, in mind when it passed GPO.

Annette became an AFSCME retiree member in 2003 when she retired from her job as a clerical worker employed by the City of Los Angeles and became a pensioner in the Los Angeles City Employees Retirement System. She had never heard of the GPO and thought she would be able to collect a Social Security widow’s benefit based on the work record of her deceased husband. However, she had a rude awakening. She found out that applying the GPO’s two-thirds offset to her modest \$1,300 pension would eliminate her Social Security widow’s benefit of \$812 a month. The reduction was hard for her to understand. She knew that, as a city employee, she had contributed the same percent of earnings into her pension as a private-sector worker contributes to Social Security. She knew that most private sector workers contribute nothing to their pension funds; their employers finance them. In addition, she knew that her own employer had made a substantial contribution to her pension – putting in as much as 16 and a half percent of payroll in any given year. She also knew that if she had never worked a day, she would be entitled to a full widow’s benefit from Social Security. It seemed so unfair.

Annette’s financial situation turned worse when she learned that she would not only lose the Social Security widows’ benefits her husband earned, but would also be financially hit by a second Social Security offset known as the Windfall Elimination Provision.

Windfall Elimination Provision

Like the GPO, the WEP also affects individuals receiving public pensions from work not covered by Social Security. When the public pensioner also worked in a Social Security-covered job for at least a decade, the WEP creates a public pension offset that can greatly reduce that person’s earned Social Security benefit. The maximum reduction in 2016 is generally \$ 428.00 a month.¹

¹ For impacted public retirees if their retirement benefits start after full retirement age or their on-covered pension starts later than your eligibility year, the WEP reduction may be greater than this maximum.

In 2014, the WEP affected some 1.6 million Social Security beneficiaries who are retired federal, state and local government employees. The WEP impacts retired workers' Social Security benefits as well as Social Security benefits to provide a modicum income security for disabled workers, spouses and dependent children. In California, some 220,783 beneficiaries saw their Social Security benefits reduced because of the WEP; in Connecticut, 16,667; Florida, 90,015; in Illinois, 85,723; in Ohio, 120,859; in Oregon, 15,752; in Pennsylvania, 35,084; in South Carolina, 17,348; in Texas, 148,925; in Washington, 29,949. The majority (61%) of retired workers who lose part of their Social Security benefit because of the WEP are men.

The WEP considers part of a retiree's public pension (from non-covered employment) as equivalent to their earned Social Security benefit. By law, Social Security does not allow retirees to collect two full Social Security benefits. So, instead of Social Security's normal benefit formula, WEP retirees' benefits are calculated using a modified formula.

Theoretically, Congress created the WEP as a way to distinguish between low-wage workers and those who only *appear* to have had low-wage careers. The second category comprises workers who qualify for good pensions from *primary jobs* in the public sector that pay them well but do not cover them under Social Security; these workers also have *secondary jobs* in the private sector, at low wages or short hours, but with Social Security coverage. The problem comes when the Social Security benefit formula is applied to their covered earnings, which makes them appear to be low-wage earners. That matters in figuring benefits because Social Security's benefit formula is weighted in favor of those who had low earnings throughout their work lives.

Congressional supporters of WEP believe that public employees with secondary jobs are getting an unfair advantage from the weighted Social Security benefit formula, which was designed to give low-wage workers a decent income upon retirement. This is a faulty assumption. In reality, the Social Security Administration (SSA) does not determine what a public employee has earned in total wages. The WEP modified formula assumes all these workers are high earners or low earners. This forces SSA to treat all workers receiving both a public pension and Social Security benefits as high earners indiscriminately.

In fact, public employees and retirees who take second jobs are most likely to do so because they have always been low-wage earners and receive low public pensions. Many of them are exactly the people that the *normal* Social Security benefit formula is designed to protect and help. In addition, the WEP modified formula causes a proportionally larger cut in benefits for workers with lower average monthly earnings and monthly benefit amounts. This occurs because the percentage factor in the lowest bracket of monthly earnings is the largest percentage cut. These deeper cuts to lower-wage workers creates a very arbitrary penalty that is especially unfair because these workers pay the same percentage in payroll contributions on their Social Security-covered earnings as all others. Why should they be penalized by this unfair statutory provision?

Conclusion

AFSCME calls upon Congress to eliminate the harmful consequences and serious inequities of these provisions by repealing both GPO and WEP. Both GPO and WEP are

problematic and based on similar faulty assumptions. Both GPO and WEP warrant remedy and repeal. If the Subcommittee considers approaches that may establish measures that fall short of full repeal, we urge that any such changes serve as an interim redress on a path towards full repeal of both GPO and WEP. Bills have been introduced that both repeal and reform GPO and WEP. Rep. Davis' (R-IL) bill H.R. 973 would repeal both, Chairman Brady's (R-TX) bill H.R. 711 reforms WEP; and Rep Smith's (D-WA) bill H.R. 4728, would expand the exception to WEP.

Modifying the complicated and confusing existing WEP formula will likely advantage some retirees than the current WEP formula and disadvantage other retirees. Any proposed changes to the current WEP formula and provision must include a thorough and public analysis of how the proposal affects current and future retirees. Proposals should not aggravate the existing inequities of WEP and GPO by visiting them on more retirees and their survivors.

Lastly, we do not support mandatory Social Security coverage in the public sector. Mandated coverage would negatively affect the financing of many state and local government plans and would adversely affect the retirement security of hundreds of thousands of public sector workers. This would be true even if the mandated coverage applies only to future employees. Addressing the injustice and fundamental flaws in GPO and WEP makes far more sense.

We look forward to working with the Subcommittee to rectify these arbitrary and unwarranted penalties to active and retired public sector workers.

To the Honorable Members of the House Committee on Ways and Means:

This letter pertains to H.R. 711, the Equal Treatment of Public Servants Act of 2015. I am a 57-year old Finance professor who, since the age of 21, has been completely out of the labor force for only one year (graduate school), and who did not pay into Social Security for a further nine years because I was employed by a state university in Illinois where the employees were not allowed to participate in Social Security. Nevertheless, by the time I am eligible to receive Social Security in 2020 I will likely have paid into the system for 31 years, and during most of those years I have contributed the maximum possible amount in payroll tax because my covered earnings exceeded the maximum taxable amount. Under current law (because I will have 30+ years of substantial covered earnings) I will not be subject to the Windfall Elimination Provision of Social Security. Given the low likelihood that I will get the Illinois pension I am owed due to the severely underfunded status of the pension systems and the financial difficulties the state faces, I was counting on at least receiving the Social Security benefits I have been promised under current law to ensure a moderately comfortable retirement. **Imagine my dismay, therefore, when upon close examination of H.R. 711 in conjunction with my earnings record, I determined that it would REDUCE my Social Security benefit by approximately 12 percent, even though I am less than five years away from being benefit eligible!**

I provide my covered and non-covered earnings record, and details of my calculations, below. I am very knowledgeable about how Social Security benefits in general are determined and how the current Windfall Elimination Provision works, but I am less adept at reading arcane legislative language. While I believe that I have interpreted the provisions of H.R. 711 correctly, I apologize if any of my interpretations below are incorrect. In addition, the analysis below as it pertains to my own situation requires me to forecast the Social Security Average Wage Index series for the years 2015 to 2018 - this series is used to construct index factors for each individual to compute Average Indexed Monthly Earnings (AIME's) and to determine the bend points in the Social Security benefit formula that will apply to someone like myself who will become benefit eligible in 2020. I assume the Average Wage Index, which was last published for 2014, will increase 2.25% in 2015 and 2.60% in each of the years 2016-2018. I also assume I will earn the maximum taxable amount in covered earnings in the years 2016-2020.

Earnings History and Indexation

	Wage Indexing		Indexed		Indexed
	Factor	SS Earnings	SS Earnings	All earnings	All Earnings
1980	4.1011	7,200	29,528	7,200	29,528
1981	3.7260	0	0	0	0
1982	3.5316	23,393	82,615	23,393	82,615
1983	3.3676	24,996	84,175	24,996	84,175
1984	3.1806	28,908	91,944	28,908	91,944
1985	3.0506	33,150	101,128	33,150	101,128
1986	2.9627	35,934	106,461	35,934	106,461
1987	2.7851	38,292	106,645	38,292	106,645
1988	2.6543	41,310	109,650	41,310	109,650
1989	2.5532	46,744	119,349	46,744	119,349
1990	2.4405	32,730	79,878	51,300	125,198
1991	2.3528	0	0	53,400	125,641
1992	2.2375	0	0	55,500	124,183
1993	2.2185	0	0	57,600	127,783
1994	2.1605	0	0	60,600	130,925
1995	2.0772	0	0	61,200	127,125
1996	1.9804	6,169	12,217	62,700	124,169
1997	1.8712	0	0	65,400	122,375
1998	1.7781	0	0	68,400	121,623
1999	1.6843	0	0	72,600	122,277
2000	1.5960	0	0	76,200	121,615
2001	1.5588	37,428	58,343	80,400	125,328
2002	1.5433	84,900	131,029	84,900	131,029
2003	1.5065	87,000	131,066	87,000	131,066
2004	1.4396	87,900	126,539	87,900	126,539
2005	1.3888	90,000	124,989	90,000	124,989
2006	1.3277	94,200	125,073	94,200	125,073
2007	1.2701	97,500	123,835	97,500	123,835
2008	1.2415	102,000	126,637	102,000	126,637
2009	1.2605	106,800	134,626	106,800	134,626
2010	1.2314	106,800	131,518	106,800	131,518
2011	1.1940	106,800	127,522	106,800	127,522
2012	1.1579	110,000	127,366	110,000	127,366
2013	1.1433	113,700	129,989	113,700	129,989
2014	1.1041	117,000	129,176	117,000	129,176
2015	1.0799	118,500	127,971	118,500	127,971
2016	1.0526	118,500	124,731	118,500	124,731
2017	1.0259	125,400	128,654	125,400	128,654
2018	1.0000	128,657	128,657	128,657	128,657
2019	1.0000	131,998	131,998	131,998	131,998
2020	1.0000	135,422	135,422	135,422	135,422

Note: in each year, for both covered SS earnings and all earnings, I include only up to the maximum taxable amount under Social Security.

Benefit Computation Under Current Law:

The sum of my high 35 years of indexed SS earnings is \$3,428,730, and my Average Indexed Monthly Earnings thus equals $\$3,428,730 / 420 = \$8,163.64$. If the SS Average Wage Index evolves as I have assumed, the bend points in the benefit formula will be \$945 and \$5,693 for someone who becomes eligible for benefits in 2020. Because I will have 30 years of substantial covered earnings, I will not be subject to the Windfall Elimination Provision under current law, and my Primary Insurance Amount (PIA) will be computed as follows:

$$PIA = (0.90 \times 945) + 0.32 \times (5,693 - 945) + 0.15 \times (8,163.64 - 5,693) = \$2,740.46$$

Benefit Computation Under H.R. 711:

As I understand it, the bill provides that the PIA will be determined as per the following formula:

$$PIA = \left[\frac{\text{AIME determined from covered earnings}}{\text{AIME determined from all earnings}} \right] \times PIA \text{ using all earnings}$$

I assume the intent of the bill is that both the numerator and denominator in the above formula will be calculated only using earnings up to the maximum taxable amount under Social Security each year, and that only the high 35 years of indexed earnings will be used in both the numerator and denominator. However, these are not clearly spelled out in the legislative language, and if my interpretation is wrong then the impact on my benefit will be even more extreme than what I calculate below.

My AIME determined from covered earnings will be \$8,163.64 as calculated in the section above. My high 35 years for all indexed earnings would include the years 1986 – 2020 and total \$4,387,144, so my AIME determined from all earnings would be $\$4,387,144 / 420 = \$10,445.58$. The PIA using this higher AIME would be $(0.90 \times 945) + 0.32 \times (5,693 - 945) + 0.15 \times (10,445.58 - 5,693) = \$3,082.75$. Thus my final PIA using the formula above will be:

$$PIA = \left[\frac{8,163.64}{10,445.58} \right] \times 3,082.75 = \$2,409.29$$

This reduction in my PIA of \$331.17 if H.R. 711 is adopted represents a 12.08 percent diminishment.

I should note that the actual dollar amount of my Social Security benefit will be determined jointly by my PIA and the age at which I claim - I will only receive my full PIA if I wait until full retirement age (66 years and 8 months in my case) to claim. However, the percentage reduction applied to my PIA for claiming early will not change as a result of H.R. 711; consequently the diminishment of my benefit in percentage terms would be the same regardless of when I claim benefits based on the above earnings record, but the diminishment in dollar terms would be lower if I claim before full retirement age. It is also the case that both PIA's above are in current dollars and not adjusted for future inflation.

I recognize that due to my relatively high income I am unlikely to have the sympathy of many members of the committee – although I will note that I grew up lower middle class at best, did not inherit any money from my parents or other relatives, did not marry into money, and achieved what I have in life solely through my own talent, hard work and determination. I offer my own circumstances merely as a detailed case study of what I believe are the unintended consequences of this legislation. I have done quite a bit of analysis and I believe that my situation is far from unique. I sincerely believe this legislation will inflict great harm on tens, perhaps hundreds of thousands of individuals who, like me, have paid into Social Security for a long time while having relatively brief periods of non-covered employment, but unlike me earned much lower salaries during their careers. For example, a prototypical lower middle income person who began working (like me) in 1980, had one year of no earnings, 10 years of non-covered employment, and earned one-half of the Social Security average wage in his/her first 5 years of work and the average wage in subsequent years, and became eligible for benefits in 2020, would suffer a 7.21 percent PIA diminishment under this legislation by my calculations. A middle-to-upper-middle income individual in similar circumstances who earned the average wage in his/her first 5 years of work and twice the average wage thereafter would suffer a 12.83 percent PIA diminishment.

I believe that this legislation, as currently structured, does two things. First, it dramatically hurts individuals of all income classifications who have had long careers with substantial earnings under Social Security and only short stints in non-covered employment. The main reason for this is that, contrary to current law, people who have paid substantial sums into Social Security for 30 or more years will no longer be exempt from the Windfall Elimination Provision (WEP). A second issue is that (unlike myself) many folks who have only briefly worked in non-covered employment will not have done so for enough years to qualify for a pension based on that employment, or will receive only very low pensions. Under current law, these individuals are protected because the WEP reduction cannot be more than one-half of any pension received based on non-covered employment. However, there is currently no such protection in H.R. 711 and a great many individuals who will not even be eligible to receive non-covered pensions will have their Social Security benefits reduced if this legislation is signed into law. I strongly urge the sponsors of this legislation to correct these flaws, i.e. to restore the exemption from the WEP for those with 30 or more years of substantial earnings in covered

employment and the protections contained in current law for those who are receiving zero or low pensions based on non-covered employment. It must be acknowledged, however, that fixing these injustices would reduce the revenues generated from diminishing the Social Security benefits of unfortunate folks like me to provide windfalls for others (see below).

The second thing this legislation does, that is obvious upon reflection, is to collectively increase Social Security benefits for those already eligible to draw benefits at the expense of those, like myself, who are not yet eligible but may be only a few years away from eligibility and are too old to make compensating adjustments. Why is this the case? Because for people who are eligible to claim in 2016 or in prior years (born in 1954 or earlier), the Windfall Elimination Provision under H.R. 711 will be calculated two ways, according to current law and according to some variant of the new system, and affected individuals will receive the higher of the two calculations. Thus, clearly, no one who is currently receiving benefits and is subject to the Windfall Elimination Provision will see his/her benefit reduced, but some of these folks will receive increases based on the new formula and their individual circumstances. Thus, as a group, current eligibles will see their benefits increase. If the bill is truly revenue-neutral, then the laws of mathematics imply that those who are not yet eligible must collectively have their benefits reduced to make up for the shortfall, so it stands to reason that among those individuals born in 1955 or later years the number of people like myself who will be negatively affected by H.R. 711 will exceed the number who are positively affected. From a public policy perspective, I simply cannot comprehend why it is desirable to collectively increase the benefits of those born in 1954 and earlier, at the expense of those born in 1955 and later, when the former group (who enjoyed lower payroll tax rates early in their careers and have a lower full retirement age) is already getting a better deal under Social Security. In what way is it fair or just to take money away from the generational have-nots in order to give even more to the generational haves?

In summary, I believe that H.R. 711, at least in its current form, is deeply flawed and will do great harm to many individuals such as myself who were born in 1955 and later years, had only short stints of non-covered employment and who are already receiving a raw deal under Social Security compared to previous generations. I strongly urge the Committee to either modify the flaws in the bill that I discuss in detail above, or to reject the bill outright and leave well-enough alone. The Windfall Elimination Provision in its current form has been settled law

for over 30 years; indeed, I was aware of it in 1990 when I took a job without Social Security coverage and I have structured my career in covered and non-covered employment in such a way that I would not be unduly harmed by this provision. To change the rules of the game now, just a few short years before I am eligible to claim Social Security and too old to recover from the blow that this legislation inflicts on me, is just plain wrong.



Association of Texas Professional Educators®

ATPE Supports the Equal Treatment of Public Servants Act

ATPE has a long-standing position supporting the repeal of the Windfall Elimination Provision (WEP), a provision in Social Security law that can reduce retirement benefits for public educators eligible for a pension through publicly subsidized agencies. ATPE believes this provision contributes to the shortage of certified teachers in Texas. This provision is especially detrimental to efforts designed to attract private-sector professionals to the education profession, as these individuals typically have a significant number of years vested in the Social Security system. ATPE believes that repealing and/or reforming this arbitrary reduction of benefits would be an effective way to attract new teachers to the profession and retain experienced educators who may be considering leaving the profession.

ATPE understands the initial purpose of the WEP and that repealing it completely would carry a significant cost. However, this provision is causing major unrest and low morale within the education community. The arbitrary formula used by WEP contributes to an overall negative view of the teaching profession, which further impacts recruitment and retention of quality educators in our public schools, especially second-career employees from the private sector. We urge you to provide relief to Texas school districts and employees by addressing this issue during this Congress. Please join ATPE in supporting the Equal Treatment of Public Servants Act (H.R. 711).

ATPE opposes mandating Social Security coverage for all Texas public school employees as a means to address this issue due to the possible damage it would cause to the Teacher Retirement System (TRS). Additional payroll taxes needed to support statewide Social Security would inevitably reduce the state's contributions to TRS, thus compromising the system's stability and ultimately reducing benefits for retired educators.

The more than 100,000 members of ATPE urge passage of H.R. 711, and any action that would reduce the punitive federal Social Security laws that harm Texas educators.

Barbara G. Willis
Columbia, MO

April 4, 2016

Dear Committee Members,

I am reaching my retirement age in a couple of months but found out that Social Security is not going to be there for me because I am a former federal employee. I also found out that I am penalized on my personal earnings due to not working enough years and then penalized if I claim as a divorced spouse because I did work and will have a small pension from my federal employment. So it seems that according to current law, I am not going to get the help I need in retirement because I both didn't work and did work.

I did not choose to not work enough years. I did choose to raise a wonderful child with a disability. My ex-husband abandoned us and did not help with medical bills and failed to provide child support for many years. The medical bills were in the hundreds of thousands every year so my co-pays even while I had insurance were in the tens of thousands every year. It was not a situation where a medical emergency forced me into bankruptcy because the bills never stopped and continue to this day.

Why is social security very important to me as I get older and become unable to work? Because the laws also punished me for needing help for my child by taking every single dime I had put away for retirement before I could get the help needed. In other words, the law slapped me down from my careful planning for old age, then social security slapped me down for caring for my special needs child, and then came back to slap me down one more time because I had worked and qualified for a pension from federal employment.

Please correct this problem. It is a horrible thing to hope that I die before I can no longer work to support myself. But that is the situation as it is today. I do not have extended family who can care for me as I age. For the very small amount I could have received under the social security rules that I worked under for my whole life will be the difference of being homeless and destitute or at least being able to have a roof over my head and food on the table. I should not be punished for having worked, for having not worked enough, or for loving my child.

Sincerely,
Barbara G. Willis

Dear Chairman Kevin Brady

WHEREAS, After 1976, Anchorage Firefighter were not allowed to participate in the Federal Social Security System; along with others because THE MUNICIPALITY OF ANCHORAGE, ALASKA opted out of Social Security to save some

money. All of my quarters were paid into Social Security before I became a Anchorage Firefighter. Along comes WEP, & now because of WEP I only receive

40% of my Social Security .That is a big hit, when you are on a fixed pension! It is like being penalized for working for the city. But a bigger travesty is when I die, My wife will then only receive 40% of her Social Security. How is that fair, or just, or legal! She had NOTHING to do with working for the City of Anchorage. Yet she will be penalized, because I worked there.

Please just think for a moment if one of your retirement benefits that you worked for was cut, you did not receive what Social Security told you were to receive how would you feel. Or how would your family feel when you are gone.

Thank you, & please help, we worked hard for these benefits that we were promised.

D K Bohac



April 5, 2016

The California Retired Teachers Association (CalRTA) has approximately 44,000 members and represents the 260,000 retirees in the California State Teachers' Retirement System (CalSTRS). Both current and future CalSTRS retirees are penalized by the Social Security benefit reductions caused by the spousal offset and the Windfall Elimination Provision (WEP).

California has a significant teacher shortage; we will need more than 120,000 new teachers in the next decade. Recruiting and retaining these new educators, however, will be difficult because the WEP penalizes individuals who have changed, or will change, careers to enter teaching.

Approximately 39% of California's teachers enter CalSTRS on or after age 35. These individuals lose Social Security retirement benefits because of the WEP. The WEP hurts California's ability recruit new teachers for mathematics, science, technology, and engineering classes. These new teachers, who may have been in Social Security prior to teaching, will lose their earned Social Security retirement benefits if they transfer to California public schools. The WEP significantly reduces the ability to encourage individuals who are in private industry to leave and bring their skills and knowledge to California's classrooms.

The WEP also hurts veterans who have paid into Social Security and are recruited into teaching as a second profession. In California, the WEP can have the effect of harming veterans.

One justification for the WEP is that there is no harm because the affected individuals will have their other, non-Social Security pension. That is not accurate; there is harm. The California teacher retirement pension primarily is based on length of service and average salary. Second-career teachers do not earn a significant number service years; second-career teachers start at the bottom of the salary schedule and in 10 to 15 years they are only at the middle of the salary schedule. Fewer years of service, lower salaries, and smaller pensions is not a justification for the WEP.

H.R. 711 recognizes the current WEP is discriminatory and hurts California's ability to attract qualified teachers and some public employees in every state; H.R. 711 repeals the WEP. The legislation creates a more equitable calculation of earnings to recognize that every affected person has a different Social Security and non-Social Security earnings history. The current WEP is a one-size fits all penalty. The H.R. 711 new program is more nuanced and ensures equitable treatment based on the earnings history. H.R. 711 also includes current retirees to provide them the same equity provisions as future retirees.

For all of these reasons, CalRTA supports H.R. 711's repeal of the WEP and establishment of a more equitable earnings history-based calculation.

Thank you for your consideration of this written testimony.

California Retired Teachers Association

800 Howe Ave., Ste. 370 • Sacramento, CA 95825 • 916-923-2200 • www.calrta.org



**HARRY KEILEY
CHAIR OF THE TEACHERS' RETIREMENT BOARD
OF THE
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**

**HEARING ON
SOCIAL SECURITY AND PUBLIC SERVANTS:
ENSURING EQUAL TREATMENT**

**BEFORE
THE SUBCOMMITTEE ON SOCIAL SECURITY OF
THE COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES**

March 22, 2016

SUBMITTED FOR THE HEARING RECORD

Introduction

Thank you for providing this opportunity to express the views of the California State Teachers' Retirement System regarding the assurance of equal treatment of public servants as it relates to Social Security. Because CalSTRS members do not participate in Social Security for their public education service, but often have earned Social Security benefits from other employment, existing federal policies have a significant impact on the educators of California's children.

CalSTRS provides retirement, disability and survivor benefits to almost 900,000 active and retired public school teachers and their beneficiaries. California public school teachers are the largest single group of state and local government employees in the country who do not participate in the Social Security system.

Established by state law in 1913, CalSTRS began operation 22 years before Social Security was created. At the time Social Security was established, California's teachers and all other state and local government workers were barred by Federal law from participating in Social Security. Through sound management over more than a century, CalSTRS has developed into the largest educator-only pension fund in the world, and second largest public pension system in the United States with over \$184 billion in assets. CalSTRS pays more than \$12 billion a year in benefits to more than 280,000 retired and disabled public school teachers and their beneficiaries. The State of California has prefunded its future retirement liabilities.

Harsh Impact of Current Federal Law on Retired Teachers with Modest Incomes

CalSTRS members do not pay the Social Security payroll tax on their earnings from CalSTRS-covered service, and therefore are not entitled to Social Security benefits for such service. Nonetheless, many CalSTRS members have earned and become eligible for Social Security benefits from other employment. When they receive their CalSTRS pensions, these teachers' Social Security benefits are reduced by the Windfall Elimination Provision (WEP) formula.

The Teachers' Retirement Board, which governs CalSTRS, has previously expressed its strong concerns about the significant adverse impact the WEP has on public education in California. Many California educators have complained that the WEP unfairly reduces the Social Security benefits that they have earned from other employment. In addition, the WEP adversely affects California's ability to recruit teachers into second careers from other professions as well as teachers from other states. Accordingly, the board has consistently supported California legislative resolutions requesting the President and U.S. Congress enact legislation that removes the burdensome effects of the WEP, and submitted statements to the U.S. Senate and the U.S. House of Representatives in 2007 and 2008, respectively, with our analysis of the issue and alternatives to the current offset.

Absent full repeal of the WEP, the board supports efforts to eliminate the inequities, arbitrary effects, and particularly the harsh impact on lower and moderate income retirees that result from its application. The WEP formula is arbitrary because there is little or no correlation between the offset formula and the public pension that triggers application of the offset.

WEP Hinders Efforts to Attract Qualified Teachers

The WEP creates an impediment to people who might otherwise want to become public school teachers in California, and hinder efforts by school districts to attract new talent to the California classroom. California is experiencing a significant teacher shortage, and the existence of the WEP hinders efforts to address that shortage. Although many enter the teaching profession at the beginning of their career, many others choose to become teachers as a second career, often after lengthy work in the private sector covered by Social Security. Still others may move to California after beginning their careers as educators in a state in which their earnings are covered by Social Security. In fact, 25 percent of those teachers receiving their initial California teacher credential in 2013–14 completed their teacher preparation program in another state. CalSTRS is very concerned that the WEP may cause people to decide not to become public school teachers in California because their Social Security benefits will be substantially adversely affected by their public school service. California would be better able to recruit and retain educators if these professionals did not face reductions in their future Social Security benefits.

Impact of WEP in Detail

While the intent of the WEP was to eliminate “windfall” benefits, often the actual effect is to reduce even modest Social Security benefits, which threatens the financial security of many state and local retirees. For example, many teachers earn Social Security coverage because of part-time jobs they had during their high school and college years or by working in private employment during the summer months after they became teachers. Such jobs will result in modest Social Security benefits, but these workers will be subject to the same WEP reduction as workers who receive much higher Social Security benefits. The reverse is also true. Workers who receive relatively modest public pensions see their Social Security benefits reduced under the WEP at the same rate as workers who receive more substantial public pensions.

Following are examples showing the benefits that are payable under two scenarios, including before and after the application of the WEP. The two workers’ benefits change based on the years they worked in covered and non-covered employment, rather than their total number of years worked or their salaries. To ensure that it is the impact of the covered and non-covered employment pattern that is being gauged, not years of service or salary, we assume each of the two individuals retires at age 62 with a total of 30 years of employment, some in the private sector and some in the public sector, and annual wage increases equal to Social Security’s national Average Wage Index over the course of their careers.

Impact of WEP Depending on Employment Pattern

	John	Diane
Years of Employment Covered Under Public System	20	10
Monthly Public Pension	\$ 1,942	\$ 971
Years of Employment Covered Under Social Security	10	20
Monthly Social Security Benefit Prior to WEP	\$ 718	\$ 1,053
Monthly Social Security Benefit after WEP Applied	\$ 387	\$ 722
Monthly Combined Benefits	\$ 2,329	\$ 1,693
WEP Impact	\$ 331	\$ 331

When the WEP is applied, the worker's Social Security benefit is reduced by the same maximum dollar amount regardless of the number of years of covered employment unless the worker has 21 or more years that were covered. (With covered years between 21 and 29, benefits are reduced on a sliding scale when the WEP is applied.) Each educator's monthly Social Security benefits are reduced by \$331 (adjusted from the full retirement age offset of \$428) with the application of the WEP.

Even though John and Diane have the same combined years of service and the same earnings patterns, Diane's combined benefits are \$636 lower than John's combined benefits. This occurs because under the WEP, no allowance is made for additional years of covered employment until the worker has 21 or more years that are covered under Social Security.

In the example, both educators had the same earnings patterns throughout their careers. However, the same maximum WEP offset would apply to any individual of the same retirement age, including one with relatively low lifetime earnings who earns a much smaller combined benefit.

H.R. 711

Absent full repeal of the WEP, the board supports efforts to eliminate the inequities, arbitrary effects, and particularly harsh impact on lower income retirees. Accordingly, the board appreciates the bipartisan efforts of Ways and Means Chairman Brady and Rep. Richard Neal (D-MA) to address the inequitable impacts of the WEP.

H.R. 711, the Equal Treatment of Public Servants Act of 2015, provides an alternative calculation of the WEP with a formula based on actual work history for individuals turning age 62 after 2016. Under this bill, Social Security benefits would be calculated as if all the worker's earnings were subject to Social Security taxes (using the standard benefit formula). This amount would then be multiplied by the percent of earnings covered by Social Security. This ensures Social Security benefits are based only on Social Security wages. As a result, a person with 10 years of Social Security-covered employment would be less affected by the offset than would a person with 20 years of covered employment, and the Social Security benefit of a person with lower average monthly earnings would be reduced less than a similarly situated individual with higher lifetime earnings. Each of these measures is a positive step toward addressing the inequities of the current formula. In the earlier example, John's combined benefit under the H.R.

711 calculation would be \$2,404, a reduction of \$256, and Diane's combined benefit would be \$1,895, a reduction of \$129. The lower reduction in Diane's benefit reflects the fact that she had a shorter career not covered by Social Security than did John.

H.R. 711 is a significant improvement over the current WEP, and calculates the Social Security benefits for those who receive a CalSTRS benefit on a more equitable basis. There is one aspect of the proposal that concerns the Teachers' Retirement Board. Currently, the WEP applies only to those people who are eligible to receive a pension from noncovered employment, such as from CalSTRS. Under H.R. 711, a person's Social Security benefit would be reduced if the person had noncovered employment, even if the person never received a pension from noncovered employment. This could occur if the person worked a few years as a California public school teacher, and then left the profession. If the person worked for less than the five full years necessary for vesting, that former educator would never be eligible for a CalSTRS benefit, but her Social Security benefit would be reduced. As of June 30, 2015, there were almost 150,000 CalSTRS members no longer working in CalSTRS-covered service who did not work long enough to qualify for a future CalSTRS retirement benefit and their Social Security benefit would be reduced by some amount. (This compares to the 250,000 members currently receiving benefits from CalSTRS.) We recognize that applying this formula to individuals who will never receive a pension helps offset the cost of increased Social Security benefits that would be paid concurrently to those subject to the current WEP, but wanted to alert the Committee to the impact on this population.

Conclusion

If full repeal of the WEP offset proves too costly, CalSTRS believes that modifications would be appropriate steps to ameliorate the harsh adverse effects on retirees with relatively modest benefits that arise from the current arbitrary formula. Accordingly, CalSTRS appreciates the leadership that Chairman Brady, Rep. Neal, Rep. Becerra, and members of California's delegation have provided to address the issues associated with the WEP. CalSTRS looks forward to working with the Ways and Means Committee as the Committee continues its important work to address the current inequities of the WEP.

Dear Representatives,

I would like to take this opportunity to thank you for looking into this matter as it is very important to the American people. I receive Social Security and with the penalty I lose approximately \$200 per month. To some, \$200 may not seem like much, but to many it can help to pay a few bills. Please help and thank you for your time and effort in this matter.

Sincerely yours,

Carmine L. Rumo

March 23, 2016

TO: The House Ways and Means Committee

SUBJECT: H.R. 711 – Equal Treatment of Public Servants Act of 2015

Amends title II (Old Age, Survivors and Disability Insurance) (OASDI) of the Social Security Act to replace the current windfall elimination provision (WEP) (that reduces the Social Security benefits of workers who also have pension benefits from employment not covered by Social Security) for individuals who: (1) become eligible to old-age insurance benefits after 2016 or would attain age 62 after 2016 and become eligible for disability insurance benefits after 2016, (2) subsequently become entitled to such benefits, and (3) have earnings derived from non-covered service performed after 1977.

To Whom It May Concern:

I am writing in support of H.R. 711, a bipartisan bill which seeks to repeal or reform the Windfall Elimination Provision (WEP). The WEP reduces the amount of Social Security a person receives based on their own Social Security employment record. A.A.R.P. also supports this bill as “a fair solution to a longstanding problem for workers who have both private sector and state and local government service.”

As a classified school employee with 21 years invested under SERS, as well as 17 years in the private sector under social security, I urge you to support H.R. 711.

Thank you for your consideration.

Carol S. Tyler

Carol S. Tyler

tylerc@parmacityschools.org

April 2, 2016

Representative Sam Johnson, Chairman

House Ways and Means

Social Security Sub-Committee

U.S. House of Representatives

Washington, D.C.

RE: Comment on March 22, 2016, Hearing on H.R. 711,

“Social Security and Public Servants: Ensuring Equal Treatment”

Dear Members of the Committee:

I am writing on behalf of the Committee for Social Security Fairness, a nation-wide group of public servants, mostly retired, who have been or will be affected by the Social Security Offsets, the Windfall Elimination Provision and the Government Pension Offset.

We believe that the current Windfall Elimination Provision formula is arbitrary, punitive, and that it results in unequal treatment of retired Americans. Our public pensions have been contributed to and are taxed differently than are Social Security earnings. We believe that only a complete repeal of this offset would provide a sufficient remedy. A great many of us, however, are pleased that you are considering a formula that would result in a greater return in investment for the contributions that we have made to Social Security over the years.

Your own Congressional Research Service report—Social Security: The Windfall Elimination Provision (WEP), dated April 16, 2014 (the most current)—illuminates two of the issues that we find most egregious:

1) The current WEP causes a higher reduction of benefits for low-income retirees. *We have members who are school bus drivers in Louisiana. Why are we cutting the paid Social Security benefits for these workers? One of our members, a California teacher, earned \$600 a month in Social Security benefits working for a city childcare center, later, after transferring to the local school district, she earned \$900 a month in a teacher*

retirement pension. Because of the WEP, her Social Security benefits were cut in half. Instead of receiving a total of \$1,500 a month, she is getting only \$1,200.

How would H.R. 711 mitigate this problem? How does H.R. 711 protect low-income workers?

2) Because of the often temporary, low-pay, or part-time nature of the employment of women in this society, **women have been less likely to be affected by the provision of the WEP that eliminates the penalty for people with 30 years of “substantial” earnings.** As part of this provision, the WEP penalty is reduced for people with more than 20 years of “substantial” earnings and is reduced by 5% every additional year until it is eliminated at 30 years of substantial earnings.

In a Social Security Fairness survey we conducted last year, out of the more than 2,200 persons affected by the WEP who answered our question, 80% of them stated that they were NOT aware of this provision. Because of this failure, they had no opportunity to reduce the effect of the WEP by working longer in a Social Security-paying job before they retired.

How does H.R. 711 affect people who have both a short non-covered public employment and a short Social Security covered work history?

The lack of clear and accessible communication about both of the Social Security penalties has been one of the most outrageous aspects of the Social Security offsets. The Social Security Administration has failed to adequately warn recipients ahead of time that they would not be getting the amount in retirement benefits that their statements said they would. Public employers were required by Congress only at the beginning of 2005 to notify their newly-hired employees that they would be affected by the offsets. Not knowing about the offsets has caused harsh financial problems for retirees.

The Committee for Social Security Fairness, in our 2015 survey mentioned above, obtained survey responses from more than 3,250 persons affected by one or both the Government Pension Offset and the Windfall Elimination Provision. Responses came from every state and

from a few foreign countries. Only 5% of these retirees had known about the offsets when they began work for their public agency. Nearly 30% only learned that their Social Security retirement benefits would be cut from the amount that their statements said they would be earning when they walked into the Social Security office to claim their benefits.

This failure to notify public servants that they would not be getting the retirement benefits that the Social Security Administration said they would has distorted many retirement plans. Of those affected by the WEP, 35% reported themselves to be 65 years old or older and still working. Eighteen percent said they had not been able to afford necessary health or dental services. Nearly 3% had taken public assistance.

More than half of those affected by the WEP said they would have planned differently for retirement, including planning to work longer. Twenty percent said they would never have worked for a government agency. More than 500 teachers said they would have forgone those summer jobs they took in order to make up their Social Security quarters. Since, apparently, lawyers don't have any idea about these offsets, and public workers haven't known, 7% reported having gotten a bad legal settlement. An example: one woman said that she had had to give her husband 40% of her teacher pension in a divorce settlement, but when she retired, because of the Government Pension Offset, she could not get any of her expected Social Security spousal benefit. The GPO usually eliminates ALL Social Security retirement benefits for those affected.

How will H.R. 711 compensate these retired public workers for the failure of the Social Security Administration to give them accurate information about their earned benefits? A slight improvement in their monthly Social Security benefits because of H.R. 711 would be welcome, but it would make a only a small dent in the tens of thousands of dollars that have been unfairly withheld from these deserving, mostly low and middle income, public servants.

We thank you for considering these issues and realizing that the WEP and GPO result in a process of means-testing middle and low-income Americans in a way that no other persons with different forms of income are affected. Our public employees are punished first by not

earning Social Security benefits while they are working for public agencies, and then they are punished again by having the Social Security benefits they have already earned in other work cut back when they retire.

Sincerely,

Bonnie Cediel

The Committee for Social Security Fairness

P.O. Box 7486

Berkeley CA 94707

Tel: 510 524 7412

Fax: Please call ahead

The WEP and the GOP do not effect only high income earners, Teachers and Public Safety officials. There are clerical, laborers, librarians, secretaries and many other lower paying positions that will be unfairly effected by this unfair reduction in Social Security pensions.

Please support HR 711 and pass this bill

Elaine Jamieson, CMMAT
Assistant Treasurer
Town of North Attleboro, MA
508-699-0114
Fax: 508-699-0133



Please be advised that the Massachusetts Secretary of State considers e-mail to be a public record, and therefore subject to the Massachusetts Public Records Law, M.G.L. c. 66 § 10.

March 28, 2016

Dear Committee Members:

I am writing on behalf of myself and my husband Gary, a retired Denver Public Schools teacher. Gary retired in July 2014 after 25 years of service. Prior to his teaching career, he spent 20 years in the private sector. He receives a monthly pension from the school district, with approximately 27% of the gross amount withheld for health insurance for him and myself. This includes a subsidy from his former employer. Unfortunately the health-exchange program is not a viable option for us, as we make "too much money" for a subsidy.

After federal income taxes are deducted, we receive approximately 57% of the gross amount of Gary's monthly pension payment.

He is 66 years old and began collecting Social Security in late 2015. With the "windfall" deduction, his status as a teacher, and the Medicare Part B deduction, our bottom line is less than 50% of the full Social Security payment quoted by a representative from SSA.

I am still working and, like my husband, I spent about half my career in the private sector and the other half in the public sector (though I am not a teacher). I expect and understand why there is a deduction for people who didn't work all their lives in jobs that paid into the Social Security system. However, I do object to the further financially punitive measures imposed on certain public servants.

If the committee intends to create a bill that would remove these measures so as to foster equal treatment for public servants, I would submit my family as a prime example of why this should be done. This is the actual reality of retired teachers, rather than the well-perpetuated myth that they are lazy bureaucrats taking up oxygen until they can draw on a cushy retirement.

Thank you for bringing this matter to the forefront. I look forward to the passage of a bill that would address this inequity.

Sincerely,

Faith B. Gregor
Denver, Colorado

I am submitting my comments for myself and as a member of Retired State Employees Association at 9412 Common Street, Suite 7 in Baton Rouge, LA 70809. The phone number is 225-930-0961 and Fax is 225-930-0964.

Both the Windfall Elimination Provision and the Government Pension Offset affect myself and many people that I know. My Social Security benefit is cut in half because I receive a state retirement benefit. I have worked in the private sector fulfilling all requirements in paying into Social Security. When I chose to serve in local and state government because of my desire to serve my community, I have been penalized. This is definitely unjust treatment for those who want to be of service to the public. I am, therefore, in support of HR 711 which will help to correct a law which hurts those of modest means.

I sincerely hope that The Government Pension Offset be eliminated or corrected since it unfairly harms unjustifiably spouses who receive little to none of their deceased spouse's Social Security survivors benefits. I do not understand how a law could have been passed in the United States Congress that harms so many public servants in this country.

I am very grateful that the Ways and Means Committee is addressing these laws and hopefully will result in a just outcome.

Sincerely,
Gayle Joseph
gaylejoseph@att.net

Dear Representatives of The American People:

PLEASE URGENTLY consider **REPEALING** the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) by passing H.R. 973 the Social Security Fairness Act of 2015, sponsored by Republican Representative Rodney Davis.

<https://www.congress.gov/bill/114th-congress/house-bill/973/text>

H.R. 973 has been STUCK in the HOUSE COMMITTEE OF WAYS and MEANS for too many months as Retirees, whom have been counting on receiving their F U L L SOCIAL SECURITY benefits for their **retirement planning**, suffer with **short** financing from month to month, and going into debt.

Please **UNDO** the INJUSTICE and WRONG ACTIONS that has been committed towards those who have built and protected OUR AMERICA. They should NOT take second place to our Veterans.

Many of America's Retired FIRST RESPONDERS, TEACHERS, FEDERAL EMPLOYEES, and other Government Employees, whom have contributed towards the SECURITY of our great United States **with their lives**, to keep America SAFE and FREE, has been SHORT-CHANGED and ROBBED of receiving their FULLY PAID RETIREMENT BENEFITS in Social Security Retirement Benefits.

I do NOT support H.R. 711, sponsored by Texas Representative Kevin Brady, which is just an ADJUSTMENT to the formula, from what I understand, and which will take way too long for America's retired First Responder, Educators, and other Government Employees to receive their **rightly earned FULL** retirement benefits.

The 100% REPEAL of WEP and GPO has been promised for DECADES, and has been a bi-partisan issue, in agreement, for repeal.

WHAT HAPPENED?

For myself, I am SERIOUSLY CONSIDERING the CANCELATION of my LONG-TERM-CARE INSURANCE POLICY, which I have \$40,000 of my money tied up into, money I will NEVER see if I do cancel that policy.

I do NOT wish to use Government Assistance Programs.

Sincerely,

Hazel Higa
toratoo@aol.com

cc: Hillary Clinton for America

April 4, 2016

To Members of the Ways & Means Committee:

I am writing to express my concerns about the abject unfairness of the Windfall Elimination Provision(WEP) of the Social Security Law. I am 64 years of age and retired this past year due to heart problems that interfered with my job performance as a speech/language pathologist in the Boston Public Schools. I began working in 1967 at the age of 16 and have paid into Social Security every year up until I became employed as a public school speech therapist in 1995. After working in that field for twenty years, I now receive a modest pension that will not increase substantially for the remainder of my life.

It was my misfortune to earn very little during my younger years, when I worked low skilled jobs. Given the current formula for the WEP, I had "substantial earnings" for only eight years, thus making my social security payout subject to the WEP reduction. My expected social security benefit, if taken at age 66, will be cut in half(\$434 per month as opposed to \$842 without the WEP penalty). How can this be considered fair? I had worked and paid into SS for all of my working life before I took a public sector job. I made very little money during that time but I did follow the laws and paid my share into the system. Now I am told that, because I did not have "substantial earnings," I will be penalized financially for the rest of my days because I now have a WINDFALL: a public sector pension. I would hardly call my pension a windfall, though don't misunderstand: I am tremendously grateful for my retirement package. Yet, to be penalized by the substantial reduction in SS benefits that I paid into over the years seems draconian and grossly unfair. This insult is made worse by the fact that my SS fact sheet fails to mention the impact of WEP on my SS benefit, giving me the impression that I will receive twice as much as I actually will when collecting at age 66.

Please change the formula or, better yet, abolish the WEP provision. The current formula punishes me for not making enough money when I was younger. This is not how the United States of America should be treating the citizens who have worked here all their lives and contributed in good faith.

Sincerely,

March 23, 2016

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, DC 20510-3505

Dear Senator Brown:

RE: Support H.R. 711 and Repeal the WEP

As you know, the Windfall Elimination Provision (WEP) reduces Social Security benefits earned by Ohio's public employees who worked in private sector jobs.

As a public employee who has dedicated my life to public service, I urge you to support H.R. 711 introduced on Feb. 4, 2015, by Reps. Kevin Brady (R-TX) and Richard Neal (D-MA).

This important bipartisan bill:

- Repeals the WEP and replaces it with a proportional formula based on each worker's real-life Social Security contributions and work history
- Guarantees that Ohio's public servants will be treated like the rest of American workers, receiving the benefits they earned while they paid into Social Security
- Does not shorten the solvency of the Social Security trust fund

I hope I can count on you to step up for Ohio's public employee retirees and co-sponsor this legislation.

Thank you.

Sincerely,

Jan Rozboril

House Ways and Means Committee

April 5, 2016

To whom it may concern,

I write in support of the Equal Treatment of Public Servants Act of 2015, H.R. 711, which has been proposed by Reps. Brady and Neal.

I am in a group of people hit the hardest by the carelessly written Windfall Elimination Provision. I went into teaching at the age of 40, have worked in a combination of public and private schools, and needed to be quite resourceful during the recession of '08. My state pension will not be large (certainly not enough to live on) and I am concerned about income in retirement. Additionally, I know people already over 70 who cannot afford to retire.

I am grateful for your consideration of this bill. Please recommend it to the full House and if possible, extend even more protection to those of us already over 60 and with the lowest incomes.

Once again I thank you for drafting and considering this bill.

Sincerely,

June Melchior

Oakland, California

jamelchior@yahoo.com

My wife worked enough quarters on low wages to qualify for Social Security. When we first started a family, we decided it was more cost effective for her to leave her job and be a stay at home mother for a few years. Day care costs were almost as much as she was making. When she re-entered the job force it was as a secretary in the state school system (MA). She just retired with 12 years of service. Her retirement income is under \$10,000 a year. Her Social Security at 62 years of age before W.E.P., will only be around \$10,000/yr. After W.E.P., her Social Security will be around \$6,000/yr. How would anyone be able to survive on this income? The W.E.P. Is totally unfair to individuals in this situation. She would either have to work until she died, or go on welfare. She put in to the system and should not be punished.

Keith Buckhout

413-527-1089

Sent from my iPad

April 4, 2016

Representative Sam Johnson, Chair
Social Security Subcommittee
Ways and Means Committee
House of Representatives
Washington, D.C.

RE: Hearing on HB 711, Equal Treatment of Public Servants Act of 2015

Dear Representative Johnson:

I am writing on behalf of myself and my immediate family. I retired about two years ago from state government employment where I worked in transportation. I worked for the state of Alaska for less than half of my total working years. I worked within the Social Security system in the 1970's, 1980's and early 1990's. I joined state government for the most recent 18 years of work. I am glad that HB711 reduces the unfair deduction in social security benefits for people like me, but it doesn't go far enough. I ask that you revise HB 711 so that it repeals entirely the Windfall Elimination Provision (WEP). It is unfair to reduce my social security benefit that was fairly earned in the years that I worked outside of government. I should receive 100% of the benefit, just as my annual social security statements show I would. It was very frustrating to learn, as I approached retirement age, that I would not receive my social security benefit in its entirety. Please revise HB711 to completely eliminate the WEP.

Sincerely,

Kristine Benson
Juneau, Alaska

cc: Representative Young
Senator Murkowski
Senator Sullivan



MEMORANDUM

Leadership, Service, and Support for School Boards

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St. Tammany

GEORGE NASSAR
St. James

PATRICIA RUSSO
Ascension

VERETA LEE
East Baton Rouge

DONALD DEES
Jefferson Davis

DOUGLAS LACOMBE
Acadia

JERRY HICKS
Ouachita

DOROTHY BROWN
Franklin

GLENWOOD BULLARD
Bossier

FRANKIE MITCHELL
Webster

JAMES KELLY
Tensas

MELVIN LODGE
Iberville

ROSE DOMINGUEZ
Tangipahoa

MEMORANDUM

TO: UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
HONORABLE CHAIRMAN KEVIN BRADY
HOUSE WAYS AND MEANS SOCIAL SECURITY SUBCOMMITTEE
HONORABLE CHAIRMAN SAM JOHNSON

FR: LOUISIANA SCHOOL BOARDS ASSOCIATION
Scott M. Richard, LSBA Executive Director

DATE: March 18, 2016

RE: HEARING –TUESDAY, MARCH 22, 2016
“Social Security and Public Servants: Ensuring Equal Treatment”
LSBA Submission of Written Comments

The purpose of this correspondence is to provide you with written comments for the abovementioned hearing of the House Ways and Means Social Security Subcommittee scheduled for Tuesday, March 26, 2016.

On behalf of the six hundred forty-three locally elected school board members that comprise our membership from the sixty-nine school boards in the state of Louisiana, the Louisiana School Boards Association respectfully requests favorable action in regards to H.R. 711, the “Social Security and Public Servants: Ensuring Equal Treatment” legislation.

Many public employees, current and retired, associated with local school system employment in Louisiana are negatively impacted by the current provisions in place. It is our hope that a fairer formula that treats teachers and other school system public employees/retirees is established as a result of this legislation. The current impact of the Social Security Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) is detrimental to current and former school system employees.

Please find enclosed in this correspondence House Concurrent Resolution Number 12 filed in the current 2016 Regular Session of the Louisiana Legislature requesting that the United States Congress consider eliminating WEP and GPO provisions for Louisiana’s citizens. This resolution has been approved and communicated to the United States Congress repeatedly over the past several years.

We appreciate your most serious consideration regarding this request. Please include this correspondence as an official submission of written comments relative to this matter. Please do not hesitate to contact me directly for additional information.

SR

2016 Regular Session

**HOUSE CONCURRENT RESOLUTION NO. 12 BY
REPRESENTATIVE FRANKLIN**

1 A CONCURRENT RESOLUTION

2 To memorialize the United States Congress to take such actions as are necessary to review
3 and consider eliminating provisions of federal law which reduce Social Security
4 benefits for those receiving pension benefits from federal, state, or local government
5 retirement or pension systems, plans, or funds.

6 WHEREAS, the Congress of the United States of America has enacted both the
7 Government Pension Offset (GPO), reducing the spousal and survivor Social Security
8 benefit, and the Windfall Elimination Provision (WEP), reducing the earned Social Security
9 benefits payable to any person who also receives a public pension benefit; and

10 WHEREAS, the GPO negatively affects a spouse or survivor receiving a federal,
11 state, or local government retirement or pension benefit who would also be entitled to a
12 Social Security benefit earned by a spouse; and

13 WHEREAS, the GPO formula reduces the spousal or survivor Social Security benefit
14 by two-thirds of the amount of the federal, state, or local government retirement or pension
15 benefit received by the spouse or survivor, in many cases completely eliminating the Social
16 Security benefit even though their spouses paid Social Security taxes for many years; and

17 WHEREAS, the GPO has a harsh effect on hundreds of thousands of citizens and
18 undermines the original purpose of the Social Security dependent/survivor benefit; and

19 WHEREAS, according to recent Social Security Administration figures, more than
20 half a million individuals nationally are affected by the GPO; and

1 WHEREAS, the WEP applies to those persons who have earned federal, state, or
2 local government retirement or pension benefits, in addition to working in employment
3 covered under Social Security and paying into the Social Security system; and

4 WHEREAS, the WEP reduces the earned Social Security benefit using an averaged
5 indexed monthly earnings formula and may reduce Social Security benefits for affected
6 persons by as much as one-half of the retirement benefit earned as a public servant in
7 employment not covered under Social Security; and

8 WHEREAS, the WEP causes hardworking individuals to lose a significant portion
9 of the Social Security benefits that they earn themselves; and

10 WHEREAS, according to recent Social Security Administration figures, more than
11 one and a half million individuals nationally are affected by the WEP; and

12 WHEREAS, in certain circumstances both the WEP and GPO can be applied to a
13 qualifying survivor's benefit, each independently reducing the available benefit and in
14 combination eliminating a large portion of the total Social Security benefit available to the
15 survivor; and

16 WHEREAS, because of the calculation characteristics of the GPO and the WEP, they
17 have a disproportionately negative effect on employees working in lower-wage government
18 jobs, like policemen, firefighters, teachers, and state employees; and

19 WHEREAS, Louisiana is making every effort to improve the quality of life of its
20 citizens and to encourage them to live here lifelong, yet the current GPO and WEP
21 provisions compromise their quality of life; and

22 WHEREAS, the number of people affected by GPO and WEP is growing every day
23 as more and more people reach retirement age; and

24 WHEREAS, individuals drastically affected by the GPO or WEP may have no
choice
25 but to return to work after retirement in order to make ends meet, but the earnings
26 accumulated during this return to work can further reduce the Social Security benefits the
27 individual is entitled to; and

28 WHEREAS, the GPO and WEP are established in federal law, and repeal of the GPO
29 and the WEP can only be enacted by congress.

1 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana does hereby
2 memorialize the United States Congress to take such actions as are necessary to review the
3 Government Pension Offset and the Windfall Elimination Provision Social Security benefit
4 reductions and to consider eliminating or reducing them.

5 BE IT FURTHER RESOLVED that a copy of this Resolution be transmitted to the
6 presiding officers of the Senate and the House of Representatives of the Congress of the
7 United States of America and to each member of the Louisiana congressional delegation.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HCR 12 Original

2016 Regular Session

Franklin

Memorializes congress to review and eliminate the provisions of federal law which reduce Social Security benefits for persons receiving pensions from federal, state, or local governmental retirement systems.

HCR12 by Representative A.B. Franklin

SOCIAL SECURITY SYS: Memorializes congress to consider eliminating the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) Social Security benefit reductions

Current Status: Pending House Retirement

Text ▸ Digests ▸ Authors ▸

HCR12 Original

Digest of HCR12 Original

A.B. Franklin (primary)

Journal				
Date	Chamber	Page	Action	<i>sort history by <u>ascending dates</u></i>
03/15	H	3	Read by title, under the rules, referred to the Committee on Retirement.	
03/14	H	102	Read by title. Lies over under the rules.	

2016 Regular Legislative Session Hyperlink:

<http://www.legis.la.gov/legis/BillInfo.aspx?i=229970&sbi=y>

To Whom It May Concern:

I would greatly appreciate your consideration of H.R. 711. I currently am an employee for a public school, but I previously worked in the private sector where I paid into social security. I feel it only fair that I am entitled to my full social security benefits - just like everyone else. The Windfall Elimination Provision (WEP) needs to be eliminated.

I ask you to please support H.R. 711. This is the only fair solution for people who have both private sector and state and local government service.

Lynn S. Goughnour
Department of Teaching & Learning
PARMA CITY SCHOOL DISTRICT
PH: 440-885-8316
FAX: 440-885-8755

MAINE ASSOCIATION OF RETIREES

April 5, 2016

Dear Representative Kevin Brady, Chairman House Ways
& Means Committee

Representative Sam Johnson, Chairman, Sub-Committee on
Social Security

Members of the House Ways and Means Committee and the
Social Security Sub-Committee:

**Re: ³H.R. 711, Social Security and Public Servants, Ensuring Equal
Treatment²**

On behalf of the Maine Association of Retirees and our over 14,000 public
service retirees¹ membership, I am submitting for your consideration the
following comments:

The State of Maine has thousands of public service retirees who are affected
by the Social Security Administration's Offset and Windfall provisions.

MAR and our membership greatly appreciate the hearings which you
recently held on H.R. 711. Too many retirees have been adversely affected
by the Social Security provisions even though they contributed to Social
Security and have attained the necessary quarters to receive S.S. benefits.
This is unfair and has greatly impacted the quality of life of too many senior
citizens here in Maine and elsewhere across the nation.

Just last week, I delivered nearly 100 written comments from Members of
the Maine Association of Retirees to United States Senator Susan Collin's
office describing how the Social Security Off-set and Windfall provisions
have forced some retirees to abandon their homes and to make daily
decisions between purchasing food or medicines. It is unfair and unjust that

these retirees are being denied Social Security benefits which they have earned.

Among the greatest injustices is when a spouse, who is covered by Social Security dies, and the normal survivor benefits are denied to the widow.

In Maine, public service employers including the State of Maine and the Maine Public Employees Retirement System have done little to inform employees during the hiring process and during their working years about the possible effects of the Off-set and Windfall provisions. While the Maine Association of Retirees has limited access to working employees, we have tried to educate public service employees so as to help them prepare for their retirement years.

Thank you Congressman Brady, Congressman Johnson, Members of the House Ways and Means Subcommittee on Social Security, and the many sponsors of H.R. 711 including Maine's Congresswoman Chellie Pingree and Congressman Bruce Poliquin for bringing this most important issue forward and for the Public Hearing on March 22, 2016.

Sincerely,

Joe Pietroski
Legislative & Financial Manager
Maine Association of Retirees

280 Maine Avenue
Farmingdale, Maine 04344
Phone: 207-582-1960
Toll-free: 1-800-535-6555
Cell: 207-240-3652
FAX: 1-207-582-4764
Web: www.maineretirees.org

jpietroski@maineretirees.org

cc: Congresswoman Chellie Pingree
Congressman Bruce Poliquin
Senator Susan Collins
Senator Angus King

AARP Friends,

I was in total disbelief upon learning of this. Thank you for reading it. Your assistance is greatly appreciated.

Repeal WEP / GPO

I am a current 33-year Texas schoolteacher looking to retire in a few years. Eighteen (18) of my years were served in districts where I **paid fully** into social security. The government/WEP says I can only receive 40% per year (\$4,008 at age 62) of the monies I've paid in and am eligible for (\$10,020 at age 62). ***I recently read a national newspaper article revealing that a Cuban immigrant, who has never lived or worked in our great country, can come to the United States, live with a child, and is thus eligible to receive \$700 per month from social security. NOW THAT'S RIDICULOUS!*** This article went on to state that two (2) of these cases involved immigrants living in households with yearly earnings of \$100,000-plus. And ***I'm merely asking for the money---my money---that I paid into the system...no more, no less.*** This is not only absurd but un-American! That \$6,000 per year that the government/WEP is stealing from me will amount to big money over the course of my retirement. Plus, it would certainly help to add to my piddly teacher retirement.

Also, why are some states affected (15-18 I believe) while others are not? I have next-door neighbors who are retired Oklahoma schoolteachers that receive ALL of their social security monies in addition to their teacher pensions. Shouldn't all workers who paid into social security receive those monies they simply are eligible for? Keeping money from me that I paid into the system---money meant to supplement my retirement income---makes absolutely no sense. It's flat out wrong!

Can you help me and the other 1.5 million affected by this? Will you help me? If not, please direct me to someone who can. Thank you very much.

Marty G. Nichols
Sherman, Texas

**STATEMENT FOR THE RECORD
U.S. HOUSE OF REPRESENTATIVES**

Committee On Ways And Means
Subcommittee On Social Security

Statement of Frank Valeri, President
Shawn Duhamel, Legislative Director
Retired State County and Municipal Employees
Association of Massachusetts

"Social Security and Public Servants: Ensuring Equal Treatment"

March 22, 2016

On behalf of our 62,000 members, all of whom are retired Massachusetts public employees, the Retired State County and Municipal Employees Association of Massachusetts (Mass Retirees) thanks Chairman Johnson and the members of the Social Security Subcommittee for the opportunity to offer our testimony on H.R. 711: Equal Treatment of Public Servants Act of 2015.

We offer our full support for H.R 711 with the goal of restoring fairness and equity to Social Security for those retirees currently impacted by the Windfall Elimination Provision (WEP), as well as all future public retirees working outside of the Social Security system. In addition, we would like our testimony to also draw attention to those current and future public retirees who fall victim to the Government Pension Offset (GPO) – many of whom are lower income retirees and predominately women.

For the past several years, Mass Retirees has worked closely with Chairman Kevin Brady and Ways and Means Senior Member Richard Neal in the bi-partisan development of what is now known as H.R. 711. We owe our full thanks and gratitude to both Chairman Brady and Mr. Neal for their commitment to resolving this inequity in the law.

We are also proud to join with our colleagues in Texas and Ohio as part of a growing national coalition of retired public employee organizations and active employee unions committed to resolving the issues of WEP and GPO. Together we have arrived at what we believe to be a fair and equitable compromise to address the WEP, while we continue to search for a solution to the GPO.

Having one of the oldest public pension systems in the nation, Massachusetts was originally excluded from participation in Social Security at its creation in 1935. Decades later, when public employees were allowed to participate in Social Security, the Commonwealth and its political subdivisions had well established contributory retirement systems and entrance into Social Security would have created a substantial hardship for both taxpayers and plan participants alike.

Since 1968, Mass Retirees has been the lead advocate for Massachusetts Public Retirees. Our involvement with the issues of WEP and GPO began in 1983, when Congress enacted WEP and amended GPO (first enacted in 1977) in an attempt to equalize Social Security benefits for covered vs. non-covered service. At that time, Social Security did not possess the data or the technology necessary to accurately compute benefits.

Over the past thirty-three years the severity of the WEP has been increasingly felt by a growing number of our members. At present, approximately 40% of our membership is impacted by the WEP. Many have lost a sizeable portion of their anticipated Social Security benefit.

For a lower income retiree, the loss of hundreds of dollars per month in vital retirement income brings about a severe financial hardship for the retiree and their family. In many instances, such a loss in unrecoverable income forces increasingly tough life choices.

We also believe that the inherent arbitrary nature of the WEP is unfair. This unfairness serves to undermine faith in not only Social Security, but also in the federal government to make good on promises made to American workers who paid into Social Security. The vast majority our members also worked in jobs outside of the public pension system, which were covered by Social Security.

While the nature of how our members achieve their Social Security quarters varies, we know that many work a second job paying into Social Security in order to receive a retirement benefit. A good number of retirees have consistently paid at or beyond substantial earnings and made contributions into the system through their covered service.

The accurate accounting of a worker's lifetime contribution to Social Security will achieve an equitable outcome, whereby all American workers receive Social Security benefits that are based on their actual service rather than arbitrary estimates.

Further, H.R. 711 places the same standards on all public as well as private sector retirees. Everyone is treated equally under the law.

Beyond the obvious impact of the WEP on retiree income, we continue to witness a subtle but growing impact on the ability of public employers to recruit and retain a qualified workforce. For instance, in Massachusetts it has become increasingly difficult to recruit new employees for technical or management level positions that have traditionally drawn upon experienced private sector employees. The impact of the WEP and subsequent loss of retirement income is a detriment to entering a public sector career.

In addition, we are losing an increasing number of government employees as they near their pension vesting date of 10-years. While somewhat anecdotal, the WEP is known as a main underlying reason for severing public service prior to vesting. The passage of H.R. 711 will remove the prospect of an arbitrary loss of Social Security benefits from any consideration of whether to accept or remain in a public sector job.

While the number of organizations in support of H.R. 711 continues to grow, there are some who argue the bill does not go far enough in adjusting the Social Security benefits of current retirees. Others express concerns of the changes proposed in the bill, in its current form, make to the so-called “thirty-year” rule.

First, let’s look at the adjustment of Social Security benefits of those retirees currently impacted by the WEP. While our Association has a long history of advocating for a full repeal of both WEP and GPO, we now believe that doing so is not only unachievable, but also would create a situation of new inequality. Chiefly, a full repeal of WEP would provide public retirees with non-covered service outside of Social Security with an artificial increase in Social Security benefits beyond what they earned. While our members do not deserve less than they earned, none are advocating for more than they deserve. We now understand that a full repeal of the WEP would create an unfair system, whereby some would receive more than they earned.

A principal aspect of the bipartisan approach to achieving WEP relief is the accepted requirement that any proposal must be cost neutral in terms of its impact on Social Security. When the rationale behind H.R. 711 and the adjustment of the current WEP’d benefit was first devised, it was based on savings analysis available at that time, which allowed for adjustments up to 33%.

As the Social Security Administration and the Committee continue to evaluate the financial ramifications of H.R. 711, we respectfully ask that every consideration be given to increasing the maximum adjustable rate for current retirees to a higher level, if additional savings are realized.

As to the second criticism, it is also our hope that an equitable solution be reached to accommodate those who might be negatively impacted if the “thirty-year” rule were to be eliminated. We believe it to be unfair to abruptly change the rules on those active employees or retirees not yet eligible for Social Security benefits. As stated above, many non-covered public employees simultaneously work a second job, making substantial contributions to Social Security with the full intention of achieving 30+ years of service under Social Security with substantial earnings.

This practice is especially true amongst our nation’s fire fighters. Many of our members, who are retired fire fighters, worked a second job under Social Security with the full knowledge that by making substantial earnings for such thirty plus years of covered service they would be exempt from the provisions of the WEP.

Again, we believe it inherently unfair and unintended for current workers to be negatively impacted by a loss of the “thirty-year” WEP exclusion.

While not addressed within H.R. 711, we commend the Committee, as well as Chairman Brady and Mr. Neal, for the continued efforts to achieve relief from the GPO. As is the case with the current WEP law, GPO provides an arbitrary reduction in Social Security benefits through the use of an outdated methodology. We believe that a better fair way is achievable.

Public retirees, most harmed by the GPO, tend to be career public servants whose purchasing power significantly dwindles as they age. The current 2/3 formula used by the GPO eliminated most, if not all of one’s potential spousal benefit.

Retired teachers are a prime example. Due to the school calendar and teaching schedule, most teachers have little to no opportunity for outside employment and Social Security participation. Thus, many do not qualify for a Social Security benefit of their own. This proves especially difficult when dealing with the loss of a spouse and the financial implications that accompany that loss.

Further, the current GPO law also continually offsets pension COLAs by 2/3. In practice this results in nearly a dollar-for-dollar reduction in Social Security benefits for each dollar in a COLA. This especially affects the lower paid public retiree, who is significantly harmed by the existing GPO reduction. Understandably this practice not only adds further frustration to the impact of the GPO, but also places SSA with an unfortunate administrative burden.

We ask that the Committee consider eliminating the GPO’s COLA offset as part of H.R. 711. It is our understanding that given the arbitrary nature of the COLA for many public retirees, there is no cost to SSA in eliminating further COLA offsets. This small change would go along way toward bringing about fairness and equity for those impacted by the GPO.

Another point to consider when examining the impact of the GPO is the fact that many of the retirees hardest hit by the loss of Social Security benefits do in fact qualify for Medicare A & B. Since 1986, all public employees have contributed to Medicare – regardless of their eligibility for Social Security. Medicare Part B premiums are billed quarterly and directly to those retirees enrolled in Medicare, but not receiving a Social Security benefit. As direct payers, they face the possibility of a substantial premium change, which they in fact did this year. For our members who were hit with this increase, it added insult to injury.

In closing, we again commend Chairman Johnson and the Subcommittee for providing a public forum to spotlight this critical issue for so many public retirees and the balanced approach toward addressing it, as offered by H.R. 711. As always, we remain available to answer any questions by the Committee and its staff.

I retired in January 2009, with 29 years and 4 months total Federal service, and am receiving a CSRS annuity. I paid the required deposits for both my active duty military (Army) service and a temporary GS position, in order to receive my full annuity. Since I spent the bulk of my career as a GS-07 and GS-11, my annuity is less than \$40K per year.

My concern is that I worked in the 'public sector' before and after my military and civilian service, as well as during my 26-year career tenure with the Department of Defense. The Social Security Administration (SSA) statement that I received indicated that I had earned enough credits to receive a full SSA pension. However, it also notified me that I will not get my full pension because my CSRS pension causes me to fall under the mandates of the Windfall Elimination Provision (WEP).

Because I was a divorced single parent, I was unable to begin contributing to the Thrift Savings Plan (TSP) until my youngest child was in high school. I cut back my expenditures to increase my contributions for the last few years, trying to catch up, but the 2008 stock market slide wiped out quite a bit. After retiring, I rolled over what was left of my TSP funds into a self-directed traditional IRA with a brokerage firm.

After retiring, I started a small service business, but suspended it because of medical problems. Although my health had been a factor in deciding to retire at 60, I did not anticipate needing surgery that limited my ability to work. After I recovered, I was able to work part time for a while, but again medical issues intervened.

I have contacted my elected officials in the past, and will continue to do so, in the hopes that the WEP and the Government Pension Offset (GPO) are repealed. I only want to receive the entire pension that I earned and am rightfully entitled to. When I turned 65, Medicare premiums were deducted from the little SS I was receiving. I am currently receiving only \$140 per month net from SS. I am also unable to draw against my ex-husband's SS because of the Government Pension Offset.

Representative Sam Johnson, Chairman
House Ways and Means
Social Security Sub-Committee
U.S. House of Representatives
Washington, D.C.

RE: Comment on March 22, 2016, Hearing on H.R. 711,
³Social Security and Public Servants: Ensuring Equal Treatment²

Dear Members of the Committee:

Please Repeal WEP/GPO
HR 711 REPEAL WEP/GPO

Also see S 1651 and HR 973

I started working at age 16 after my father died of a heart attack. I worked 30 years in factory jobs in Ohio (now considered the rust belt). I paid into SS out of every pay check. Toward the end of that 30 years, company cut-backs and closings became very common and that kind of work was NOT STABLE (even if you could get it as an older worker). I took a very low paying county position; working in a school for special needs children. I worked for another ten years. If I had known that work in a public position, would have eliminated All of my Social Security disability and 70% of my Social Security retirement, I would have taken ANY other type of work.

My disability earnings from the school position is less than \$600.00 a month. This tiny amount eliminates \$1055.00 monthly income I should be getting from SSD, and will reduce my SS retirement to about \$350.00 a month. When I took this position I wasn't told about WEP/GPO or its consequences. I wasn't given a choice to continue paying into SS. Even if I found work that I could do now, this same scenario would prevail. I can never work long enough to overcome that 10 years of public service.

I worked all my life so I could support myself and family. Now me and millions of other public servants (including military personnel) may have to depend on the charity of our children. It is degrading to us and our kids don't deserve that burden.

Repeal of WEP/GPO IS NEVER brought up for discussion by our candidates, congress or media.

Is that because it is a provision that only affects people in 15 states? This is a law that eliminates benefits paid into a FEDERAL program SS, but only eliminates these benefits in 15 states. WHY IS THAT ALLOWED TO CONTINUE? It is wrong and our President, and Congress need to completely repeal it now.

Now I hear that a non inclusive plan, non retroactive repeal is being considered. That is ridiculous we have been suffering long enough in the absence and earned our benefits. End it and pay all of us going forward. Don't cut us out. Billions of dollars have been saved/withheld since Ronald Reagan signed this into law. AGAIN WE PAID OUR REQUIRED TAXES AND EARNED THE BENEFITS. You have do this correctly, and completely because it will be considered fixed and impossible to improve further in the future.

This was a sneaky attack on seniors. We were not informed how it would affect our financial security that we worked for, all of our lives. Please know the "Substantial Earnings" clause is a blatantly under-handed tactic and unequal standard to further delete deserving worker's their just benefits.

This law eliminated 30 yrs. of Social Security benefits I earned. I worked 30 yrs. in private industry then 10 yrs. in a low paying public job where I earned a minimal retirement benefit. This caused my SSD to be reduced to \$0. And my SSR will be cut to the bone. I worked paid for and earned both retirements public and private I should be able to collect both.

This letter is to urge our congress to repeal WEP/GPO (windfall elimination provision) and (government pension offset) and protect Social Security. Both of these laws are unfair to workers and place an undue burden on them and their families.

The congress adopted two provisions in the Regan era WEP and GPO. Congress enacted the WEP in the belief that one should not receive a Social Security benefit as a low-wage earner plus receive a government pension from non-SS-covered employment. They considered this a windfall or double-dipping.

SSA uses a formula for computing SS benefits that provide individuals with low average lifetime wages a proportionally higher rate of return on their contributions to SS than individuals with relatively high average lifetime wages. Those who have spent most of their careers in non-SS-covered employment with a state or local government and a minimal amount of time in SS-covered employment will appear to SSA as lower-paid workers. Thus the erroneous notion of a windfall or double-dipping for all.

The problem is it doesn't account for the reverse, a worker that worked mostly in SS-covered employment. In that instance the worker is adversely and unfairly hurt by losing all or most of the SS benefit they paid taxes for and earned. It doesn't matter how small the public retirement is or how low the wages were, the earned public retirement causes WEP/GPO to apply. Both positions required certain payments into their systems to earn the benefits provided, therefore neither was a windfall or double-dipping. BOTH retirements were earned and paid for with the required payroll taxes or payments.

GPO is a provision that penalizes individuals who apply for Social Security spousal or survivor benefits, if they themselves worked for a state or local government in non-SS-covered employment and are entitled to a government pension from that employment. Once they receive that pension, their earned Social Security spousal or survivor benefits will be reduced by two thirds of their non-SS-covered pension.

GPO is unfair because it undermines the original intent of the dependent/survivor benefit which was to provide additional income to help financially dependent spouses once the breadwinner retires, is disabled or dies. GPO greatly reduces the dependent/survivor benefit and hurts those very people. Of those penalized 80% are women that have spent most of their lifetime raising their families.

The WEP penalizes workers that have had two jobs; one job paid the required SS taxes and entitled them to SS benefits, and a second job that paid into a separate retirement system and entitled them to a pension separate from SS. This pension was earned separately and differently from Social Security yet it is used to reduce the amount of the earned Social Security benefit. It doesn't differentiate for workers that worked most of their careers in private companies as opposed to those that worked most of their careers in public work. If you get a pension no matter how small you

lose SS benefits. All who pay full Social Security taxes should receive full Social Security benefits.

In fact when Social Security began, the Federal Government published an informational pamphlet that stated the following: Social Security is the largest source of income for most elderly Americans today, but SS was never intended to be your only source of income when you retire. You will also need other savings, investments, PENSIONS, or retirement accounts.

Why then are workers being penalized because they have earned another pension? This is exactly what we are supposed to do! It is blatantly unfair! If the pension was earned in private industry as opposed to public work there is no penalty. Also unfair!

The WEP affects workers that apply for their own Social Security benefits. If you do not have 30 yrs. Of ³SUBSTANTIAL² income per year in Social Security covered work you can lose all of your earned SS benefit. If you do have 30 years a complex formula can reduce your benefit significantly. In my case only 21 yrs. of my 30 yrs. SS covered work counted and it reduced my benefit for Social Security disability from \$1055.monthly to \$0.

In fact in 2014 a worker affected by WEP had to earn \$21,750. annually for that year to be counted as ³SUBSTANTIAL² and count as a credit year toward the SS benefit payout. A worker not affected by WEP needs to earn only \$4,880. annually to get a year of credit toward Social Security. That is a huge difference and discriminatory standard.

The "Substantial Earnings" requirement allows the higher paid worker to qualify for SS benefits and excludes the lower wage earner. The exact opposite of the laws intent.

I was also never given the opportunity to choose between systems. I would have chosen to continue to pay into SS since I had already paid into that system for 30 years. If I had known that my Social Security would be in jeopardy because the low paying Teachers Aide position for special needs students I took could cause WEP to apply and eliminate my SS benefit, I would have never taken that job. I and millions of other people were not notified about how extremely detrimental this would be.

This type of policy will keep good people from choosing public service as a

second career. Our communities and families will suffer for it. Seniors will lose the dignity of being able to support themselves as they intended to do. Families already stressed to the limit will have to take on the extra burden. Not all seniors have family available to take care of them. What will happen to them?

These provisions are currently affecting 1.4 million Americans. The provisions are not applied uniformly in all 50 states. It takes congress to repeal these provisions.

These provisions need to be repealed for the many reasons sited in this letter and for others to many to mention. They have not served their intended purpose and have only undermined public servants ie (teachers, firefighters, mail carriers etc.)and seniors, disabled persons, widows/widowers, dependent children, and low wage workers. They hurt communities and families.

Please Congress completely repeal WEP/GPO immediately. You have had long enough to know the harm it causes and that it is based on erroneous pretenses.

Sincerely,
Maxine Entingh. in Ohio
937.773.9513

Dear Rep. Brady,

I wish to add my support to the Equal Treatment of Public Servants Act of 2015. I began working at the age of 16 and until the age of 47 I continued to work in the private sector and contributing to Social Security. While working full time I completed a teaching degree and in 1995 secured a position teaching at a state supported community college.

As my options for retirement approach, I feel it only fair that my 31 years contributing to the Social Security system be recognized and that I am will be able to collect a fair benefit for my years in the system. I support your initiative of H.R. 711.

Sincerely,

Michele G. Miller, PhD, CMA (AAMA)

I have worked for 14 years in a job contributing to Social Security before I began working for the Parma City School District as a cleaner. I feel the Windfall Elimination Provision (WEP) is unfair and I fully support a proportional calculation of Social Security benefits, like the one proposed in H.R. 711, the Equal Treatment of Public Servants Act.

The already low wages I earn is barely enough. Upon my retirement, looming near, I cannot afford to forfeit my Social Security benefits I have earned because of my SERS pension.

Thank you for holding this hearing and for considering a proportional calculation that will help me receive the much needed Social Security benefits I have earned while work in the private sector.

Regards,

Nada Kubat
Parma City School District
(216) 447-0923



National Association of Letter Carriers

100 Indiana Ave. NW
Washington, DC 20001-2144
202.393.4695
www.nalc.org

Fredric V. Rolando, President

April 5, 2016

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sandy Levin
Ranking Member
House Committee on Ways and Means
1106 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sam Johnson
Chairman
House Committee on Ways and Means,
Subcommittee on Social Security
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Xavier Becerra
Ranking Member
House Committee on Ways and Means,
Subcommittee on Social Security
1106 Longworth House Office Building
Washington, D.C. 20515

Dear Chairmen Brady and Johnson and Ranking Members Levin and Becerra:

Letter carriers serve in every community throughout the United States, often with long histories of other public service, including fighting for our country. Every day we make sure the Constitutionally-mandated Postal Service continues to remain an innovative, affordable service for the millions of Americans and small businesses who rely on it. On behalf of over 277,000 of these letter carriers, who are active and retired members of the National Association of Letter Carriers (NALC), I write to express my appreciation for the Committee's recent hearing on "Social Security and Public Servants: Ensuring Equal Treatment."

NALC is pleased that the Committee is exploring potential action with regards to the Windfall Elimination Provision (WEP) and hopes that the Committee will give equal consideration to addressing the Government Pension Offset (GPO) as well. NALC supports full repeal of both provisions of the Social Security law in order to protect dedicated postal and federal employees from the unfair financial impacts of both provisions.

Tens of thousands of retired letter carriers are already being harmed by these provisions. Indeed, approximately 85 percent of the NALC's 75,000 retired letter carriers are covered by Civil Service Retirement System (CSRS), and 90% of them have been adversely affected by reductions in their Social Security benefits as a result of these provisions.

And the number of adversely affected letter carriers will only continue to grow. Currently, nearly 36,000 active letter carriers remain are covered by CSRS and will be subject to the Social Security benefit reductions mandated by the WEP and GPO provisions.

Windfall Elimination Provision

Federal and postal employees covered under CSRS are subject to a 7.0 percent contribution toward their CSRS retirement annuities, and because they do not pay the 6.2 percent Social Security payroll tax, they do not earn Social Security benefits based on their time as an employee of the federal government. However, the Social Security benefits they earn during their time in non-government jobs are subject to reductions from the WEP provision, which can reduce their retirement incomes by as much as \$413 a month.

But the WEP does not just affect employees covered by CSRS. It can also harm employees covered by the Federal Employees' Retirement System (FERS) because many of them also receive a public pension from a job not covered by Social Security.

Government Pension Offset

The Government Pension Offset (GPO) reduces or eliminates the Social Security spousal and survivor benefits of CSRS annuitants. These benefits were earned by their spouses in jobs covered by Social Security for which the spouses paid full OASDI payroll taxes. Under the GPO rule, for example, if a person worked for the federal government and was not covered by Social Security (as is the case with CSRS-covered service) any Social Security benefit for which the person is eligible as a spouse, widow, or widower would be limited to the amount that exceeds two-thirds of his or her government pension. This unfair provision frequently eliminates Social Security spousal and survivor benefits altogether.

Conclusion

Although we strongly believe the WEP provision should be repealed altogether, the NALC supports passage of the "Equal Treatment of Public Servants Act of 2015" (H.R. 711) as a first step. However, we do not believe it alone adequately addresses the devastating impacts of the unfair Social Security benefits formula, as applied to federal employees. Rather than simply altering the WEP formula, the NALC urges the committee to repeal both the WEP and GPO provisions entirely to prevent the Social Security benefits of annuitants – who have paid their fair share through their years of public service – from being dramatically reduced or eliminated.

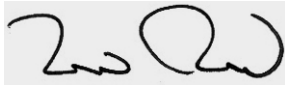
NALC fully supports the Social Security Fairness Act (H.R. 973), introduced by Reps. Rodney Davis (IL-13) and Adam Schiff (CA-28), as the mechanism to best addresses the devastating financial impacts many federal employees currently face. Rather than altering the formula that unfairly reduces the Social Security benefits of annuitants, H.R. 973 would repeal both provisions and ensure that all federal employees have their Social Security benefits calculated in the same way as other American workers.

June 7, 2016

Page 3

We must ensure that those who have given so much to our country have a sound retirement by repealing the WEP and GPO provisions of the Social Security law. Thank you for your work on this matter. We hope that in the future you will strive to help ensure all those who have dedicated their lives to public service receive the same retirement security as all other Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Fredric V. Rolando", is displayed on a light gray rectangular background.

Fredric V. Rolando
President

**U. S. HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS
*Subcommittee on Social Security***

**Statement of
William J. Johnson on behalf of the
National Association of Police Organizations**

***"Social Security and Public Servants: Ensuring Equal Treatment"*
March 22, 2016**

Chairman Johnson, Ranking Member Becerra and distinguished members of the Subcommittee, my name is William Johnson and I am the Executive Director of the National Association of Police Organizations (NAPO). I am submitting this statement today on behalf of NAPO, representing over 241,000 active and retired law enforcement officers throughout the United States. NAPO is a coalition of police unions and associations from across the nation, which was organized for the purpose of advancing the interests of America's law enforcement officers through legislative advocacy, political action and education.

I would like to take this opportunity to make you aware of the adverse affect the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) have on public safety officers and their families who are outside of the Social Security system because of professional need.

Since 1935, state and local government employees have been deliberately excluded by Congress from mandatory participation in Social Security for two reasons: a Constitutional concern over whether the federal government could impose a tax on state governments; and because many state and local employees were already protected by public pension plans. Today, there are about 6.5 million such employees in the state and local workforce – including 76 percent of public safety officers.

As public safety officers often retire under job related disability, many state and local governments have opted to keep their employees in adequate pre-existing pension systems. While intended to be a "leveling" response, the GPO and WEP disproportionately harm our nation's public safety officers, who due to their profession, are not covered by Social Security.

The GPO reduces public employees' Social Security spousal or survivor benefit by two-thirds of their public pension. This has a detrimental effect on a law enforcement officer's retirement. If a spouse who paid into Social Security dies, the surviving public safety officer would normally be eligible for half of the deceased's benefit. However, if the surviving law enforcement officer had not been paying into Social Security while working, the GPO requires that this amount be offset by two-thirds of the survivor's pension, eliminating most or all of the payment. If these officers had not chosen to serve their communities, they would receive the full allotment of the spouse's benefit.

In addition to the GPO, public safety employees are also adversely affected by the WEP. Although most law enforcement officers retire after a specific length of service, usually while in their early to mid fifties, many look for new opportunities. Many take jobs in Social Security covered positions in the private sector that allow them to put their skills and experience to good use. Yet, when they retire from a non-Social Security paying job and move to one that does pay into Social Security, they are penalized by WEP. Instead of receiving their rightfully earned Social Security retirement benefit, their pension heavily offsets it, thus vastly reducing the amount they receive.

The WEP causes hard-working public safety officers to lose the benefits they earned themselves, thus punishing those who selflessly serve and protect our communities. The GPO and WEP unfairly penalize officers for choosing a public service profession that mandates early retirement by taking away hard-earned, and much needed benefits.

This issue is more than a retirement issue; it is a public safety issue. Not only do the GPO and WEP impact individual public safety officers and their families, they impact the public safety profession. The GPO and WEP discourage talented people from entering or staying in the public safety profession. Individuals who worked in other careers are less likely to want to become police officers or firefighters if doing so will mean a loss of earned Social Security benefits. Additionally, non-Social Security states are finding it difficult to attract quality law enforcement officers as more people learn about the GPO and WEP.

While NAPO continues to advocate for full repeal of the GPO and WEP, we understand there are significant fiscal challenges associated with this effort. We have therefore worked closely with other public sector organizations to find common ground on a meaningful WEP reform proposal. This collaboration, together with the leadership of both Chairman Kevin Brady and Congressman Richard Neal, has resulted in H.R. 711, the Equal Treatment of Public Servants Act of 2015.

H.R. 711 would repeal the WEP, replacing it with a new Social Security benefit formula designed to more accurately account for years a public employee paid into Social Security versus the years paid into a public pension system in a non-Social Security covered position. As a result of this change, the Social Security actuary has projected that the majority of current retirees impacted by WEP would see roughly one-third of their benefit restored. Those becoming eligible for Social Security after January 1, 2017 would have their benefit calculated under the new formula, thus receiving a benefit that more accurately reflects their actual participation in Social Security.

The approach taken in H.R. 711 is not only fair, but also provides a workable solution to a problem the public sector has been struggling with for over thirty years.

I would like to make one further point on this issue. NAPO believes that in solving the problems with the GPO and WEP, mandatory Social Security for the public sector should in no way be on the table for discussion. Mandating Social Security coverage for state and local employees will have a devastating effect on state and local retirement systems. State and local pension plans are uniquely suited to meet the needs of the public sector workforce. It is especially worth noting,

for instance, that mandatory Social Security coverage for state and local employees will disproportionately harm our uniformed public safety officers. 79 percent of police and firefighter disabilities are partial disabilities that do not prohibit the individual from taking a less physically demanding job. Public pensions typically award partial benefits to the partially disabled, while Social Security provides benefits only when the individual becomes totally unemployable. Additionally, as I have mentioned before, public pension plans allow public safety officers to retire prior to 62, the earliest possible retirement age under Social Security.

Mandatory Social Security coverage for government employees will also have a devastating effect on state and local budgets. Even if limited to new hires, the estimated cost to public employers for the first 5 years of mandatory coverage is \$25 billion. This unfunded federal mandate would primarily be borne by state and local taxpayers in a number of major states in which NAPO has large constituencies – California, Texas, Massachusetts, Ohio, Illinois, Louisiana, Connecticut, Alaska, Nevada, and Missouri – as well as local governments in all 50 states.

Simply stated, mandatory coverage would negatively affect the financing of many state and local government pension plans and would adversely affect the retirement security of hundreds of thousands of public safety officers. NAPO believes that repealing or reforming the GPO and WEP makes much more sense.

The loss of income caused by the GPO and WEP is a financial strain on law enforcement officers and their families; a strain that those who spent their careers on the front lines protecting our nation's communities do not need. By significantly scaling back and reducing retirement pensions for law enforcement officers – as GPO and WEP do – officers and their families are provided much less protection against financial difficulties. This is no way to honor those who chose to serve our nation and its communities

We look forward to working with the Committee to remedy the arbitrary and unwarranted penalties faced by retired law enforcement officers and their families.

Thank you for your time and consideration of this important issue.

Thank you Chairman Johnson and members of the subcommittee. I am Clara McCullar, retired Postmaster of Michie, Tennessee, and current president of the National Association of Postmasters-Retired. I appreciate the opportunity to share the views of my parent organization, the National Association of Postmasters of the United States (NAPUS), as well as its retiree affiliate regarding legislation to modify the Windfall Elimination Provision (WEP). NAPUS is comprised of more than 23,000 active and retired Postmasters.

NAPUS commends Chairman Brady on introducing H.R. 711, the "Equal Treatment of Public Servants Act." We also applaud the bill's 64 current cosponsors. H.R. 711 is a positive step in addressing the genuine needs of retired Postmasters and other retired public employees. As members of this subcommittee knows, the WEP unfairly and arbitrarily reduces the earned Social Security benefits of retired and disabled workers who receive annuities from employment not covered by Social Security. This cohort group includes many retired and some soon-to-be retired Postmasters. Postmasters who have Social Security-covered employment contribute into Social Security just like private-sector employees; therefore, they should not be treated differently and financially penalized for their public service.

I would like to note for the record that NAPUS continues to advocate for the passage of legislation to lessen the punitive affect that the Government Pension Offset (GPO) has on the surviving spouses of many Social Security recipients. For this reason, NAPUS also supports H.R. 973, legislation to repeal the GPO and the WEP. This bill was introduced by Rep. Rodney Davis.

Under the WEP, Postmasters who have retired under the Civil Service Retirement System (CSRS) lose almost two-thirds of their earned Social Security benefit. This is simply not fair. In 1983, Congress enacted the WEP during a legislative frenzy to "save" Social Security. The misguided intent of the provision was to eliminate an illusionary windfall for public employees not covered by Social Security, yet who also worked in positions under which they earned enough credits to qualify for Social Security. The offset is

arbitrary, regressive and financially debilitating. The WEP victimizes many retired Postmasters who managed small post offices for which their salary history renders them ripe for financial distress without their full-earned benefits though the combination of CSRS and Social Security annuities.

Obviously, repeal of the WEP is the ideal alternative. Nonetheless, H.R. 711 is a positive and meaningful step forward. The measure divides WEP-impacted retirees into two distinct groups: those who have turned or will turn 62 prior to 2017, and future retirees who will turn 62 after 2017. For those in the former group, under the bill, the WEP penalty would be reduced by an unspecified percentage, not to exceed 50 percent. (Of course, NAPUS would have preferred the application to be retroactive for those who have already financially suffered from the WEP.) For future retirees in the latter group, the WEP formula would be revised to make it more equitable. NAPUS believes that this legislation would aid low and middle-income government retirees. In sum, the measure would replace the current arbitrary WEP offset with a better, more rational, mechanism to alleviate the impact that the WEP has on former public employees.

While H.R. 711 does not remedy completely how the Social Security law discriminates against public-employed retirees, the legislation strives to lessen the financial distress they suffer. Therefore, NAPUS urges the Subcommittee to report favorably the Equal Treatment of Public Servants Act, and for those House of Representatives to pass it.

Thank you.



**STATEMENT FOR THE RECORD
BY
RICHARD G. THISSEN**

NATIONAL PRESIDENT

**NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES
ASSOCIATION (NARFE)**

**BEFORE THE
HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY**

**HEARING TITLED: "SOCIAL SECURITY AND PUBLIC SERVANTS:
ENSURING EQUAL TREATMENT"**

MARCH 22, 2016

Chairman Johnson, Ranking Member Becerra, and Subcommittee members:

On behalf of the five million federal workers and annuitants represented by the National Active and Retired Federal Employees Association (NARFE), I appreciate the opportunity to express NARFE's views regarding two provisions – the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) – that apply arbitrary reductions to the Social Security benefits paid to many public servants, including federal retirees who also receive a government pension.

These unfair provisions cost more than two million retirees thousands of dollars each year in Social Security benefits, solely as a result of their government employment. They serve as a thankless reminder that our nation continues to undervalue public service. They should both be repealed.

While NARFE supports full repeal of the two provisions through passage of H.R. 973 and S. 1651 (identical bills titled the Social Security Fairness Act of 2015), introduced by Rep. Rodney Davis, R-IL, and Sen. Sherrod Brown, D-OH, respectively, NARFE also supports incremental improvements through reform legislation. Notably, NARFE supports H.R. 711, the Equal Treatment of Public Servants Act of 2015, introduced by Rep. Kevin Brady, R-TX.

The Windfall Elimination Provision (WEP)

The WEP unfairly deprives dedicated public servants of the full Social Security benefits earned through the contributions they paid into the system. They are denied these benefits solely because they also worked outside of Social Security-covered employment in government service. The WEP penalty often comes as a rude awakening, as the actual benefits received fail to meet the expectations created by the estimates provided by Social Security. All told, it has cost public servants hundreds of millions of dollars of Social Security benefits that they rightfully earned.

NARFE supports full repeal of WEP, but also supports the reform effort represented by H.R. 711.

Whom It Affects

The WEP applies to federal retirees who began their federal employment prior to 1983 and were covered by the Civil Service Retirement System (CSRS). Under CSRS, federal employees pay a 7 percent payroll contribution toward their CSRS retirement annuities. They do not pay the 6.2 percent payroll tax toward Social Security and, therefore, do not earn any Social Security benefits based on their federal work. The WEP does not apply to federal employees covered by the Federal Employees Retirement System (FERS), as these federal employees pay the 6.2 percent payroll tax in addition to their FERS retirement contributions and, therefore, earn Social Security benefits based on their pay.

The WEP also applies to state and local government retirees who did not pay Social Security payroll taxes in connection with their government employment, similar to CSRS. It does not apply to those who paid Social Security payroll taxes in connection with their government employment, similar to FERS.

As of December 2014, the WEP affected 1,623,795 beneficiaries, including 1,506,792 retired workers, 16,613 disabled workers, and 100,390 spouses and children.¹

How It Operates

Normally, Social Security benefits are calculated using a progressive formula in which an individual's average indexed monthly earnings (AIME) are multiplied by three progressive factors – 90 percent, 32 percent and 15 percent – at different levels of AIME, resulting in a primary insurance amount (PIA) – the basic monthly benefit. In 2015, the first \$826 of AIME is multiplied by 90 percent, then added to AIME over \$826 and through \$4,980, multiplied by 32 percent, then added to AIME over \$4,980, multiplied by 15 percent.

Under WEP, the 90 percent factor is reduced to as low as 40 percent. For 2015, this would result in a monthly benefit that is \$413 lower than under the regular benefit formula. This is an unfair reduction that causes a proportionally larger reduction in benefits for workers with lower AIMEs and monthly benefit amounts than those with higher benefit amounts. Simply, the WEP disadvantages those who have lower earnings.

H.R. 711, the Equal Treatment of Public Servants Act of 2015

H.R. 711 would alter Social Security benefit calculations for WEP-affected beneficiaries as follows:

- **For individuals who turn(ed) 62 prior to 2017:** The bill would reduce the current WEP penalty on their Social Security benefits by a certain percentage, not to exceed 50 percent. The exact amount will be determined by the Social Security Administration (SSA) actuary, but has been estimated at 32 percent. This penalty reduction would not be retroactive, but would be applied only to Social Security payments going forward, starting in 2017.
- **For individuals turning 62 in or after 2017:** The formula used to determine an individual's WEP penalty would be replaced with a new, fairer formula designed to more accurately account for the years a public employee paid into Social Security versus the years paid into a public pension system in a non-Social Security-covered position. Specifically, a beneficiary's AIME and PIA first would be calculated using both covered and non-covered earnings. The new PIA (monthly benefit) would then be multiplied by the share of the AIME that came from covered earnings to determine the actual PIA or monthly benefit amount. The new formula is expected to increase benefits for most, but especially those with lower lifetime earnings.

The bill also would direct the Social Security Administration (SSA) to use available data to improve enforcement of the WEP penalty for individuals who have underreported their public employment earnings to SSA. The amount of money saved through this improved enforcement of WEP will determine the amount of the reduction in the WEP penalty for individuals who turn(ed) 62 prior to 2017. The SSA actuary will make the final determination of how much

¹ See "Social Security: The Windfall Elimination Provision (WEP)," Congressional Research Service, p. 4, available at: <https://www.fas.org/sgp/crs/misc/98-35.pdf>.

money is estimated to be saved, and how much of a reduction in the WEP penalty will occur, but its current estimate is for the savings to result in a 32 percent reduction.²

Practically, H.R. 711 is cost-neutral in a 10-year budget window, and it will actually increase Social Security trust fund reserves over the long term. Unsurprisingly, the bill also has broad bipartisan support, as it represents a fair, measured way to provide relief from this unfair provision.

Absent full repeal, NARFE supports H.R. 711 and urges members of this subcommittee and members of Congress to advance the legislation this year.

H.R. 973 & S. 1651, the Social Security Fairness Act of 2015

H.R. 973 and S. 1651 are identical bills that repeal both the WEP and the Government Pension Offset (GPO), which reduces the Social Security spousal benefit of a beneficiary by two-thirds of his or her public pension that is based on non-covered public employment. NARFE supports both bills and urges Congress to advance this legislation.

The President's Budget for Fiscal Year (FY) 2017

The President's budget for FY17 proposes instituting a formula similar to the one proposed by H.R. 711 for future beneficiaries, but starting in 2027, rather than 2017. It also would use a similar method to recalculate the GPO. However, it does not include any rebates for current beneficiaries. Finally, instead of directing SSA to improve enforcement through use of available data, it would provide \$70 million to state and local governments to facilitate development of systems to provide SSA with more complete employment records.

NARFE does not support the President's proposal, as it does not include any WEP relief for current beneficiaries.

The Government Pension Offset (GPO)

The GPO unfairly deprives dedicated public servants of their full Social Security spousal and survivor benefits. They are denied these benefits because they also worked outside of Social Security-covered employment in government service. The pension they earned through that government service reduces their spousal or survivor Social Security benefits by two-thirds of the government pension.

NARFE supports repeal of the GPO and is open to reform efforts. NARFE has not yet taken a position on the President's GPO reform proposal, as additional data is needed to determine its merits.

² Estimates of the Financial Effects on Social Security of H.R. 5697, the "Equal Treatment of Public Servants Act of 2014," legislation introduced on November 13, 2014 by Representative Kevin Brady, available at: https://ssa.gov/oact/solvency/KBrady_20141113.pdf. (For purposes of this analysis, H.R. 5697 (113th Congress) is identical to H.R. 711 (114th Congress)).

Whom It Affects

The GPO applies to federal retirees who began their federal employment prior to 1983 and were covered by the Civil Service Retirement System (CSRS). Under CSRS, federal employees pay a 7 percent payroll contribution toward their CSRS retirement annuities. They do not pay the 6.2 percent payroll tax toward Social Security and, therefore, do not earn any Social Security benefits based on their federal work. The GPO does not apply to federal employees covered by the Federal Employees Retirement System (FERS), as these federal employees pay the 6.2 percent payroll tax, in addition to their FERS retirement contributions and, therefore, earn Social Security benefits based on their pay.

The GPO also applies to state and local government retirees who did not pay Social Security payroll taxes in connection with their government employment, instead receiving a government pension, similar to CSRS. It does not apply to those who paid Social Security payroll taxes in connection with their government employment, similar to FERS.

As of December 2013, 614,644 beneficiaries had spousal or widow(er)'s benefits reduced or eliminated by the GPO.³ This number does not count those who were potentially eligible for spousal or widow(er)'s benefits but did not file for them because of their expectation that the GPO would eliminate their benefit completely. Of those affected, 451,785 had their benefit fully offset, while another 162,859 had their benefit partially offset.

Of those subject to the GPO, more than 341,000 were spouses, while more than 273,000 were widow(er)s. About 81 percent of all affected persons were women.

How It Operates

The GPO reduces the spousal or widow(er)'s benefit of someone who also receives a pension from government employment (whether federal, state or local) based on work that was not covered by Social Security. The GPO reduction is equal to two-thirds of the pension received from the non-covered government employment. In many cases, the reduction will eliminate the spousal or widow(er)'s benefit entirely.

While the GPO is intended to operate similarly to (and with a similar policy rationale for) the dual entitlement rule, the two-thirds reduction is excessive and based on a misguided rationale. The dual entitlement rule prevents a worker from receiving benefits based on their own work record and a full spousal or widow(er)'s benefit. Instead, they receive the larger of the two. The GPO essentially equates two-thirds of a public pension with an earned Social Security benefit, and assumes the remaining one-third is the equivalent of a private pension (and not subject to the dual entitlement rule).

But these assumptions are faulty and unfair for government retirees. First, Social Security benefits are not designed as full pensions. Instead, they are a safety net for those without

³ See "Social Security: The Government Pension Offset (GPO)," Congressional Research Service, p. 8, available at: <https://www.fas.org/sgp/crs/misc/RL32453.pdf>.

adequate pensions and as a supplement for those with full (private or public) pensions and/or significant retirement savings. Two-thirds of a public pension is often more substantial than a small, earned Social Security benefit. Second, part of what allows public pensions to provide adequate retirement income is that employees often make significant contributions to their pension funds. For example, federal employees under CSRS contribute 7 percent of salary to the Civil Service Retirement and Disability Fund, and that 7 percent is matched by their agencies. Third, public pension benefits are subject to full federal taxation, while Social Security benefits are not.

NARFE opposes the GPO, and supports full repeal.

H.R. 973 & S. 1651, the Social Security Fairness Act of 2015

H.R. 973 and S. 1651 are identical bills that repeal both the WEP and the GPO. NARFE supports both bills.

The President's Budget for Fiscal Year 2017

The President's budget for FY17 proposes a new formula for determining Social Security spousal and widow(er)'s benefits for those currently subject to the GPO. Specifically, a beneficiary's AIME and PIA would be calculated using both covered and non-covered earnings. Any spousal or widow(er)'s benefit then would be reduced by the difference between the new PIA and the covered PIA – this is essentially the new GPO.⁴ For individuals who have earned Social Security benefits through their own covered work history, any new GPO would be deducted from the excess benefit payable as a spouse or survivor. The President's proposal would not apply to benefit determinations until 2027.

NARFE has not yet taken a position on this proposal, as more data is needed to determine its effects. However, NARFE is pleased that the Administration has made efforts toward GPO reform.

Conclusion

The GPO and WEP penalize individuals who have dedicated their lives to public service, and their spouses, by taking away the Social Security benefits they earned. This results in thousands of dollars in lost benefits every year, drastically impacting retirees living on fixed incomes.

They are unfair provisions that devalue the public service of federal, state and local law enforcement and firefighters, nurses and doctors caring for veterans, prison guards, letter carriers, engineers, mechanics and technicians supporting our military and ensuring safe air travel, teachers and many more. Until they can be repealed, we should take this current opportunity for reform.

NARFE is encouraged by the ongoing various reform efforts, particularly with regard to H.R. 711. This bill would help mitigate the WEP penalty by providing some relief for both current

⁴ This would also be multiplied by an age-reduction factor, which is not well-defined in any publicly available proposal.

beneficiaries through a rebate and future Social Security recipients by improving the formula going forward. This relief is long past due but would be very much appreciated by individuals who are being penalized for their public service.

NARFE applauds the continued and creative efforts of Chairman Brady to reform the WEP. He has not given up on a problem that many seem to have forgotten. We look forward to working with Chairman Brady and the members of the Ways and Means Committee to move this bill through the legislative process.

Thank you again for the opportunity to share our views with you.



1201 16th St., N.W. | Washington, DC 20036 | Phone: (202) 833-4000

Lily Eskelsen García
President

Rebecca S. Pringle
Vice President

Princess R. Moss
Secretary-Treasurer

John C. Stocks
Executive Director

March 21, 2016

The Honorable Kevin Brady
Chairman
House Committee on Ways and Means
301 Cannon House Office Building
Washington, DC 20515-4308

The Honorable Sam Johnson
Chairman
House Committee on Ways and Means,
Subcommittee on Social Security
2304 Rayburn House Office Building
Washington, DC 20515-4303

The Honorable Sander Levin
Ranking Member
House Committee on Ways and Means
1236 Longworth House Office Building
Washington, DC 20515-2209

The Honorable Xavier Becerra
Ranking Member
House Committee on Ways and Means,
Subcommittee on Social Security
1226 Longworth House Office Building
Washington, DC 20515-0534

Re: Social Security and Public Servants: Ensuring Equal Treatment

Dear Chairman Brady, Chairman Johnson, Ranking Member Levin, and Ranking Member Becerra:

On behalf of the three million members of the National Education Association and the students they serve, we would like to offer our views on the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) in connection with the March 22 hearing, “Social Security and Public Servants: Ensuring Equal Treatment.” NEA strongly supports the Social Security Fairness Act (H.R.973/S.1651), which would fully repeal both the GPO and WEP. We appreciate that the Equal Treatment of Public Servants Act (H.R.711) addresses inequities perpetuated by the WEP, but are concerned that it leaves the GPO intact and could actually broaden its application and enforcement.

Currently, the WEP reduces the Social Security benefits of 1.3 million people who also receive public pensions from work not covered by Social Security—for example, educators and other dedicated public servants who must take part-time or summer jobs to make ends meet. H.R.711 would replace the WEP with a new “public service fairness formula” for people who turn 62 during or after 2017. Under this formula, the Social Security Administration would take into account the years a public sector employee paid into Social Security versus the years that employee paid into a public pension system while working in a position not covered by Social Security. Under H.R. 711, Social Security benefits would be calculated as if all the worker’s earnings were subject to Social Security taxes. This amount would then be multiplied by the percent of earnings covered by Social Security, thus taking into account that Social Security benefits are based on Social Security wages.

We recognize that H.R. 711 attempts to address existing inequities fairly. However, we have concerns regarding the:

- Potential impact on public employees who do not vest in a public pension plan and receive Social Security benefits subject to reduced benefits under the bill
- Fiscal challenges associated with the enforcement of the offset provisions for existing Social Security beneficiaries who are identified as having received overpayments
- Universe of beneficiaries who will no longer be exempt from the offsets because they have 30 years of Social Security-covered earnings

In addition, while we commend efforts seeking to address the harmful benefit reductions associated with the WEP, H.R. 711 fails to address the GPO, which reduces Social Security spousal and survivor benefits and affects a far larger number of people. Nationwide, more than one-third of educators and more than one-fifth of police officers, firefighters, and other public employees are not covered by Social Security and are, therefore, subject to the GPO. An estimated 9 out of 10 public employees affected by the GPO lose their **entire** spousal benefit, even though their deceased spouse paid Social Security taxes for many years. The impact is harshest for those who can least afford the loss: lower-income women. Once the GPO kicks in, some have so little money they must turn to food stamps.

The following excerpt from a letter to NEA is but one example of the devastating impact the GPO and WEP can have:

My husband was diagnosed with glioblastoma, the most aggressive type of brain cancer. After surgery, radiation and chemotherapy, his sight was affected so he could no longer drive or read. Therefore, he could no longer work as a real estate appraiser. We lived on my teacher retirement pension, my small Social Security benefit (\$250 a month before Medicare), and his Social Security check of \$1,600. It was an adjustment having one income totally lost, but with careful management and no unforeseen unexpected expenses we could do it. My husband lost his battle in April. Within two weeks of his death his Social Security benefit no longer was coming. After a phone interview with a Social Security representative, I found out that I would see none of it. Now my income was almost cut in half again. Trying to deal with his death was compounded immeasurably by this huge loss financially. I still wonder how I am going to make it. My husband worked all his life and paid into Social Security. He was in the Marines and the Army and was a Vietnam vet. I worked as a teacher of young children most of my life as well as other jobs to earn my Social Security benefit. The GPO and the WEP are devastating to me. What can I do to help get these repealed?—Heidi from Maine

As noted above, NEA supports full repeal of both the GPO and the WEP. We are, however, open to incremental steps towards full repeal. We are neutral on H.R.711 pending the receipt of additional information on how H.R.711 would affect our members—specifically, who would gain and who would lose if it were to be enacted.

We thank the committee for calling attention to the vitally important issues associated with Social Security offsets—their resolution remains a priority for us and our members. We look forward to working with the committee to address these issues and thank you for the opportunity to offer these comments.

Sincerely,



Mary Kusler
Director, Government Relations

SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

300 E. BROAD ST., SUITE 100 • COLUMBUS, OHIO 43215-3746

614-222-5853 • Toll-Free 800-878-5853 • www.ohsers.org

LISA J. MORRIS
Executive Director

HELEN M. NINOS
Deputy Executive Director

March 22, 2016

The Honorable Sam Johnson
Chairman, House Ways and Means Social Security Subcommittee
2304 Rayburn HOB
Washington, D.C. 20515

Re: Hearing on Social Security and Public Servants: Ensuring Equal Treatment

Dear Chairman Johnson:

On behalf of the more than 197,000 active and retired members of the School Employees Retirement System of Ohio (SERS) who will be unfairly disadvantaged by the Windfall Elimination Provision (WEP) when they retire, the SERS Retirement Board wholeheartedly supports a proportional calculation of Social Security benefits, like the one proposed in H.R. 711, the Equal Treatment for Public Servants Act.

In a non-Social Security state like Ohio, all public employees who qualify for a pension are subject to WEP reductions. In a recent SERS membership survey, 54% of our members said they paid into Social Security for 11-20 years, which means they will lose the maximum \$428 per month (in 2016) in Social Security benefits they earned. Because the majority of our membership works in low-paying school support positions, the reduction of the modest Social Security benefit they earned is enough to cause financial hardships in retirement.

A recent SERS retiree, Catherine, is a perfect example of the inequity the WEP causes. Catherine worked for 15 years in a Social Security job before she began working in the office of a Wayne County school district. She qualified for \$675 in Social Security benefits at the time of retirement, but had to forfeit the maximum (\$413 in 2015) because of her SERS pension. Despite properly reporting her pension amount to Social Security, she received the full \$675 benefit for months before the correct amount was delivered. This created a situation where she had to repay the amount overpaid, which caused an additional hardship.

Even though SERS educates members about the WEP penalty long before they retire, most members do not realize the financial impact until they are ready to retire. The complaint we hear the most is that members believe that they should receive the Social Security benefits they earned.

RETIREMENT BOARD

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Appointed Member

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Appointed Member

BEVERLY A. WOOLRIDGE
Retiree-Member

Page 2

Thank you for holding this hearing and for considering a proportional calculation that will help our members receive the Social Security benefits they earned while working in private sector jobs.

Regards,

Lisa J. Morris
Executive Director
School Employees Retirement System of Ohio (SERS)
Ph: 614-222-5918
Fax: 614-340-1295

Representative Sam Johnson, Chairman
House Ways and Means
Social Security Sub-Committee
U.S. House of Representatives
Washington, D.C.

April 4, 2016

RE: Comment on March 22, 2016, Hearing on H.R. 711,
“Social Security and Public Servants: Ensuring Equal Treatment”

Dear Members of the Committee:

I am pleased that once again Congress had taken up the unfairness of the WEP. Another letter has been submitted by the *Committee for Social Security Fairness* which mentions, among other issues, the unfamiliarity of the legal system with this offset (or the GPO) resulting in bad legal settlements. I am particularly familiar with this outcome.

My husband filed for divorce after 24 years of marriage. I had worked 10 years in the public sector and part-time for 10 years in the “mom and pop” business we owned. During the latter period, our accountant suggested I not collect wages because I would be eligible for Social Security through my husband’s participation. The business failed during the economic turmoil of the Carter years but fortunately my husband found a decent job and I began substitute teaching.

A few years later, during the divorce process, I earned my credential and began teaching. I was awarded 3 years of spousal support which I needed because I still had two children (legally adults) who still needed financial assistance which their father refused to provide. I was earning beginning wages and working night school and we were doing okay. However, after three years, I found myself in court again where I lost my spousal support because I had “saved” \$15,000!

Despite my efforts to explain the money in my pension fund was in lieu of Social Security and included employer contributions, even my own lawyer did not seem to understand the situation. A few weeks later I received the judge’s final decision that mentioned California teacher pensions were among the best in the country. What he did not take into consideration was that I began teaching in my late 40s and would not be getting very much of an already small SS benefit. Also, my pension increases are not tied to a COLA. I get 2% per year of only the original benefit when I retired. It is not compounded. Furthermore, I had to retire at 63, because of lengthy Cancer treatment, after only 19.5 years of teaching.

I don’t quite understand how your proposal affects already retired public employees, but any increase would diminish my fears of an “inflated” future. Also, I believe that the additional money we would receive would be pumped back into the economy as many senior citizens would be less reluctant to spend and less likely to need additional assistance.

Thank you for reviewing this issue,
Pamela Chance

Thank you for this opportunity. Since moving to Colorado, my partner has worked for the school system. Because of this, she only qualifies for a portion of her social security, WEP. It is difficult to understand why working for a nonprofit, as our education, would cause a person to lose a portion of benefit for which they worked many years. Some states do not do

this. It seems only fair that someone who has done a variety of work would still qualify for this benefit in full. Many people have different aspects of their career or even take years off from the workforce. However these people do not have their social security docked for this reason. So for this reason, why would someone who decides to do public service after a different career have their social security reduced?? They have still worked for many years within the social security system and contributed as anyone else. So because of the WEP policy, it as though these people only

worked and contributed a fraction of these years.

Please reconsider this social security rule, WEP. It is unfair for those who have contributed, yet decided to provide other service as in the school system. Schools cannot support a better salary. I would hope that social security would not penalize a person for contributing to our children's education.

Thank you for this consideration.

Pamela Chipman

Dear Sirs:

Between My deceased husband and I, we have paid into Social Security for SEVENTY FIVE (75) years. I receive only, after deductions \$106.00 a month. We both planned for our retirement with the expectations that the full benefit funds would support us in our old age. Upon retirement I found out that not to be the case.

This law has proven to be unfair and unjust to the people who worked all their life paying into this system. Not only has this law penalized me but has penalized my husband's benefits as well. I would be entitled to full benefits if it were not for WEP/GPO. This also amounts to double jeopardy

People from other countries, can come into this country and pay into SS and get the full benefit. This burden should be put upon them instead of hurting the people that were born in the United States of America and made this country great. PLEASE REPEAL THIS LAWŠŠ.

Patricia J Lopez

Sent from [Mail](#) for Windows 10

Good Morning Mr. Chairman:

I am writing this email on behalf of myself and any other persons who might be in the same position as myself.

I am a member of SERS in Ohio and I also have 17 years in Social Security. I turned 60 years old last June (2015) and decided it was nearing time to plan for retirement, even more so due to the changes that are being made in SERS effective July 2017.

In my meeting with SERS, they informed me that I would be losing approximately \$400 per month in Social Security benefits due to the WEP. And, if I were to take my ex-husbands social security benefit, it could be significantly higher.

I was a stay at home Mom when my kids were young. I went to work part time in Social Security jobs when they went to school to supplement our income. Eighteen years ago, I took this full time job at a local school district which had great medical benefits and a retirement plan (SERS) for my kids, myself and my spouse. Unfortunately, after 34 years, we divorced.

With SERS changing their retirement plans, I technically should retire June 30, 2017. If I would retire then to get the highest monthly benefit, I would be short one year of receiving medical benefits at 50%. Therefore, my single monthly medical premiums would be \$1200.00 for a single person. Along with that, I would be losing nearly \$400.00 of my Social Security benefit.

Because I am divorced and "self-supporting", this reduction in my Social Security benefits (WEP), and the new retirement laws at SERS, are causing me to have to work at least until I am 67. Please do not get me wrong, I do not mind working and thank Goodness my health will allow that. It just does NOT seem fair, especially since I am a divorced woman, that I am not entitled to all of the Social Security I would receive if I were not receiving my SERS benefit. I paid into both of these plans, therefore, I should be entitled to collect BOTH of them, and it would surely HELP me financially, especially, since my healthcare will be a significant portion of the dollar benefit I will be receiving.

I appreciate your time listening to my situation, and hope you take this into consideration along with other hardships, etc. that have been submitted to you and your committee.

Sincerely,

Patti Gardner

--

Patti D. Gardner
Treasury Associate
Sycamore Community Schools
5959 Hagewa Drive
Cincinnati, OH 45242
513-686-1700 x 5012

To Chairman Kevin Brady, Representative Richard Neal and the Ways and Means Committee,

Thank you for your introduction of the Equal Treatment of Public Servants Act of 2015. Thank you as well for this opportunity to comment.

Since moving to Colorado thirteen years ago I have been working in the Mancos and Cortez Colorado school systems through the SanJuan Board of Cooperative Education Services. I am now approaching retirement and only qualify for a portion of my Social Security as a result of WEP. It is difficult to understand why working for a nonprofit service organization would cause a person to lose a portion of their Social Security benefit for which they have worked and contributed for so many years. Many states do not penalize in this way. It seems only fair that someone who has worked and paid into the Social Security system should still qualify for their total number of service years insurance benefit. This is especially true when, in most cases these public employees are providing highly necessary services in our communities. In my case I have worked for the past 13 years providing therapy services for students with special needs like Cerebral Palsy, brain and birth injuries, Autism and other physical and mentally disabling conditions. Most people have been free to follow different aspects of their careers and accept a variety of positions but do not have their Social Security docked as a result. So for this reason, why would someone who decides to do public service as part of a varied career have their Social Security reduced? We are not asking to have additional years added to the SS Insurance benefit we have earned, but rather simply be paid in full for those years worked and contributed within that system. Some of us have worked for many years within the Social Security system and contributed like everyone else; but because of the WEP policy, it is as though we only worked and contributed a fraction of the actual years. OUCH!

Please reconsider this Social Security WEP policy and make it equitable throughout all states. WEP is unfair to those who have been teachers, police officers, firefighters, and providers of other essential public services in the state of Colorado for example. Colorado schools already have a very difficult time recruiting talent to the profession in large part because they cannot provide a competitive salary. It is next to impossible to interest mid career therapists, teachers and other providers in switching from their private sector employment to accept a position in the schools when they find out about the heavy impact of WEP. As a result we experience long periods of time (18 months to secure a physical therapist, as an example) with empty positions, poorly met student needs and burn out of existing staff. We would hope that Social Security would not penalize us for our community service and contributions to our children's safety and education.

To those of you on the Ways and Means Committee, we too are serving our country just as you are. Please consider that many of us work for substantially lower pay and will be relying on the FULL number of years we contributed to the Social Security Insurance system to sustain us after we retire.

Please recommend revision and a formula that treats teachers, first responders, and other public service providers with fairness and respect.

With the highest regard for your service and consideration,

Respectfully submitted by:
Rebecca Siefer



School Employee Retirees of Ohio, Inc.

(614) 431-0387
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Columbus, OH 43229
www.ohio-sero.com



March 23, 2016

The Honorable Sam Johnson
Chairman, House Ways and Means Social Security Subcommittee
2304 Rayburn HOB
Washington, D.C. 20515

Dear Chairman Johnson,

School Employee Retirees of Ohio, Inc. advocates for 197,000 active employees and retired members through the School Employees Retirement System of Ohio. We fully approve and support HR711 – “The Equal Treatment of Public Servants Act.”

Retirees have continued to communicate to us that they feel they have been unfairly targeted by the reductions in the WEP. Many retirees claim that the contributions they have made during their work history are all diminished by the reductions under the current WEP calculations. It has been a constant complaint from the members “Why can’t we just get the contributions that we made, like everyone else?” It appears to us that this bill will revise the calculation now used for public workers to be in line with what is used for private worker’s. We appreciate and anticipate this fair calculation for public workers.

Unfortunately, retirees learn the full effects of the reductions when they are unable to make changes, so at a time when these retirees expected to be fully retired many have taken on additional jobs to supplement this loss to their retirement incomes.

We know our retirees will be grateful that this new legislation will give them the benefits they have earned and that they are no longer penalized for being a public servant. We look forward to working with you on this important legislation for our retirees for 2017.

Sincerely,

Valerie Rodgers

Valerie Rodgers
Executive Director
School Employee Retirees of Ohio, Inc.
Phone: 614-431-0387
Fax: 614-431-0391

1001 N. Fairfax Street • Suite 101 • Alexandria, VA 22314 • (703) 548-5568
e-mail: info@tsclhq.org • website: www.SeniorsLeague.org



March 22, 2016

The Honorable Kevin Brady
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Brady,

On behalf of the approximately one million members and supporters of The Senior Citizens League (TSCL), 4,441 of whom are your constituents, I would like to commend you for introducing the *Equal Treatment of Public Servants Act*, H.R. 711.

TSCL's members and supporters tend to be older, less affluent seniors. Many of them worked as devoted public employees for decades and are now unfairly affected by the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). As you know, these two provisions have not worked as intended since they were enacted in 1983. As a result, the earned Social Security benefits of many teachers, firefighters, police officers, and other public servants are reduced arbitrarily, often by one-half or more.

According to a recent study completed by TSCL, Social Security beneficiaries have lost over 20 percent of their purchasing power since 2000. Those who are subject to the WEP and the GPO have undoubtedly fallen even further behind. It is now more important than ever for Congress to address the inequities that have been created by the WEP and the GPO, and TSCL believes the *Equal Treatment of Public Servants Act* is a fair and responsible solution that would provide vital financial relief to those currently affected.

Your legislation, if enacted, would give America's public servants the Social Security benefits they have earned and deserve. The Senior Citizens League salutes you for introducing legislation that would make the Social Security program more equitable, and we are pleased to lend our enthusiastic support, and the support of our membership, to H.R. 711.

Again, thank you for being a positive voice for America's public servants in the U.S. House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Cates", is located below the "Sincerely," text.

Edward Cates
Chairman, The Senior Citizens League

HR 711

I am writing on behalf of the Committee for Social Security Fairness, a nation-wide group of public servants. I have been affected by 40% reduction of my Social Security Benefit. The worst part, is not knowing how this would be revealed when I retire. Employees are told by the Social Security benefit person what you had earned and an approximate factor used to reduce Social Security during your application process. For me that is about \$400 + per month. The factor used causes a higher reduction of benefits for low-income retirees.

I worked in private industry and Federal Government working range levels GS 4 to GS9, these positions are all FICA/Social Security jobs. The time period covers just less than 20 years of Social Security paid benefits. My Social Security Benefit would be about \$1,300 to \$1,400 per month. Social Security has applied a factor which reduces my monthly benefit to \$823.

I worked 9.5 years for the State of Alaska, a non FICA employer. I receive a small pension and after expenses I receive less than \$400 per month.

As you can see those of us Civil Servants thinking while taking care of the family and working little jobs it could provide \$25K or so in retirement.

So if you add up my State of Alaska pension and the WEP social security, I receive about \$1,223 per month

or \$14, 676 per year. Know anybody who is living on this? What will happen to me if my spouse dies?

³The lack of clear and accessible communication about both of Social Security penalties has been one of the most outrageous aspects of the Social Security offsets² my spouse and I would have planned to differently if we had had all the information about this despicable injustice to civil servants.

With almost 20 years of Social Security earnings, I believed that these were two different pots of money are for my future not for WEP deductions.
Thank you

Sharon L. Keenan
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[561-877-4548](tel:561-877-4548) home

April 4, 2016

The Honorable Sam Johnson
U. S. House of Representatives
Washington, D. C.

Dear Sir;

I am writing to ask that the windfall provision of Social Security be eliminated.

In support of my proposal, I make the following points:

1. I served nearly six years on active duty with the U. S. Army during the Vietnam era. Later I completed a total of twenty-one years of combined active duty and Colorado Army National Guard service.
2. Ten of those National Guard years were with the Fifth Battalion of the 19th Special Forces Group (Green Berets). I rose to the position of company sergeant major.
3. I concluded my National Guard service as the State Operations Sergeant Major in State headquarters.
4. During all of that twenty-one years of service I paid into Social Security.

During my National Guard service my full-time job was as a Trooper in the Colorado State Patrol. During my thirty years with the State Patrol I was promoted to the position of Captain. My last duty assignment was serving as the Colorado State Patrol action officer for the 2008 Democratic National Convention. I retired soon after the convention.

Because I receive a State pension, under current law, when I file for my Social Security benefit, my benefit will be reduced. All this because I served my State in an occupation that didn't withhold social security tax.

In my opinion this is patently unfair.

I paid into the system for over twenty-one years, and now, I will not receive the full benefit of my payments.

I urge your committee to change the windfall provisions of the Social Security law.



Texas Classroom
Teachers Association

PO Box 1489 | Austin, Texas 78767 | tcta.org
888-879-8282 | 512-477-9415 | Fax: 512-469-9527

**Statement on Social Security and Public Servants:
Ensuring Equal Treatment
Before the House Ways and Means Committee
Subcommittee on Social Security
March 22, 2016**

The Texas Classroom Teachers Association strongly supports revision of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO), two federal laws that negatively impact our members. TCTA is a non-partisan, independent professional association representing 50,000 teachers and related non-administrative professional personnel in Texas public schools across the state who have a keen interest in this matter, and we appreciate the attention of this subcommittee and other members of Congress who are working toward solutions.

Texas teachers are among the millions of current and retired public employees who are affected by the WEP and GPO. For many years, TCTA has advocated on their behalf for full repeal of these provisions. Educators are all too often taken by surprise when they learn that the Social Security benefits to which they believed they were entitled will be significantly reduced or eliminated entirely. For some, this discovery has led to an early exit from the classroom (which in many cases does not alleviate the problem), and some potential educators have been deterred from entering the profession upon learning of the laws' impact on their Social Security benefits.

H.R. 711 by Congressmen Brady and Neal represents a logical effort to address the harmful impact of the WEP while acknowledging the policy reasons for its implementation. By using actual salary history rather than applying a single, somewhat arbitrary calculation as under the WEP, H.R. 711 introduces an element of fairness that is lacking in the current law, and many of our members would benefit from the revised calculation.

TCTA has concerns about certain details of the proposed legislation, primarily with regard to those retirees who have not been penalized under current law but would be under H.R. 711. Although the "winners and losers" approach ensures that the change in law is affordable, we fear that in a group that includes many relatively low-paid retirees, recovery of amounts deemed to be "overpaid" could have a significant and negative affect on their financial well-being. We would support grandfathering and/or phasing in of the law in order to minimize the impact on low-benefit retirees.

Having noted that concern, though, TCTA is in support of H.R. 711. We believe that short of full repeal, this legislation provides the best current opportunity for improving how Social Security benefits are calculated for our members who have both covered and non-covered employment.

It is our hope that in the near future we will have the opportunity to work with Congressional leaders on legislation to revise or repeal the Government Pension Offset to provide relief to employees negatively affected by that provision. In the meantime, thank you for your efforts on these issues, and we look forward to working with you in support of H.R. 711.

**Statement for the Record
by Texas AFT
before the
Subcommittee on Social Security
of the Committee on Ways and Means
U.S. House of Representatives
on
Social Security and Public Servants: Ensuring Equal Treatment
March 22, 2016**

Texas AFT (the Texas branch of the American Federation of Teachers) submits this statement on behalf of our 65,000 members, both active and retired, who have a vital stake in the hearing held on March 22, 2016, regarding Social Security offsets that adversely affect their retirement security.

The vast majority of Texas teachers and other school employees work in school districts that long ago elected not to participate in the Social Security system. A shock awaits many of these teachers and other education employees when they retire. These education employees may think that they have qualified for full Social Security benefits, based on their own work for other employers who did take part in Social Security, or based on their spouse's work at a job covered by Social Security. However, when they retire these educators find out that their Social Security benefits are cut—in some cases even eliminated because federal law deems their Texas Teacher Retirement System pension a "windfall" that justifies cutting their Social Security benefits.

Government Pension Offset

Consider the case of a widow eligible to receive a survivor's benefit of \$600 a month from Social Security. Suppose she retires from a school district that does not take part in the Social Security system and in her own right has earned a TRS pension of \$900 a month. Federal law imposes a so-called Government Pension Offset that reduces her Social Security survivor's benefit by two-thirds of the amount she receives from Texas TRS. That happens in this case to be a \$600 offset—which means her survivor's benefit is reduced to zero.

Windfall Elimination Provision

Consider another case. This time, suppose the teacher qualified for Social Security benefits by working for another employer for 20 years before she went to work for the school district. Or suppose she worked at another job evenings and weekends and summers to qualify for Social Security. What happens when she retires from her job with a school district that doesn't take part in Social Security? She faces a severe cut in her Social Security benefits, because federal law contains the so-called Windfall Elimination Provision. Under this law, instead of receiving 90 percent of the first \$856 of average monthly pre-retirement earnings, she receives only 40 percent. That's a \$428 cut in her expected monthly Social Security benefit.

Social Security Fairness Act

With these offsets, Congress may have been aiming at well-to-do individuals who had earned high incomes while paying no Social Security taxes and would nonetheless qualify for substantial Social Security benefits based on a very limited history of employment in another job where they did pay Social Security taxes. Unfortunately, Congress misfired, hitting a lot of innocent people while aiming at a few individuals who tried to game the system.

These offsets severely and unfairly penalize recipients of public pensions, including Texas teachers and other school employees as well as police officers, firefighters, and other public servants. The offsets especially harm lower-income employees. And they discourage qualified individuals from entering the teaching profession in Texas lest they lose their earned Social Security benefits. More than a million public servants are adversely affected by these Social Security benefit offsets. The victims are concentrated in Texas and a dozen other so-called "non-Social-Security" states.

Texas AFT strongly supports the comprehensive repeal of both these unfair offsets that would be accomplished by the bipartisan Social Security Fairness Act, embodied in H.R. 973 by Reps. Rodney Davis of Illinois and Adam Schiff of California and S. 1651 by Sen. Sherrod Brown of Ohio and Sen. Susan Collins of Maine (cosponsored by 138 House members and 23 members of the Senate).

Under H.R. 973/S. 1651, the GPO and WEP would be eliminated from the calculation of Social Security benefits. Those already retired who have suffered the harsh impact of these offsets would see their future monthly benefits adjusted upward. Future retirees would be spared the unfair loss of earned Social Security benefits due to the GPO and WEP.

Congress should be helping retired public servants, not authorizing the Social Security Administration to penalize them for their dedicated service. These unjust offsets put a decent standard of living in retirement out of reach for many public employees. The offsets also hinder recruitment and retention of qualified teachers and other essential education personnel.

The price tag of implementing the Fairness Act is not small but could be covered several times over if Congress simply enforced current tax laws to capture taxes owed but lost annually due to under-reporting of income by corporations. Elimination of just the most egregious loopholes allowing abuse of overseas tax havens would more than suffice to cover the cost.

The Equal Treatment of Public Servants Act

Texas AFT measures alternative approaches such as H.R. 711, the Equal Treatment of Public Servants Act by Rep. Kevin Brady of Texas (with 65 cosponsors), against the benchmark established by the Social Security Fairness Act. H.R. 711 modifies the WEP offset but does not eliminate it. The bill does not address the GPO at all. For Texas AFT, the assessment of H.R. 711 depends on the answers to some important questions about the impact of the bill for good or ill. Ultimately, our assessment depends on whether this bill would serve as: (a) a stopgap, interim measure on the way to full repeal of both the WEP and the similarly unfair GPO; or (b) a

stopper, serving to block and preempt action on the Social Security Fairness Act, which would fully repeal both the WEP and GPO.

Though it has been described by some of its backers simply as a bill to repeal the WEP, H.R. 711 would keep the existing WEP in place for anyone who has reached age 62 before 2017. It tightens enforcement of the WEP provision, too, and provides for recoupment of benefits from anyone who should have been covered by the WEP but for some reason wasn't. The bill also ends one decent feature of the current law—an exemption from the offset for those with 30 years of employment covered by Social Security (and a partial exemption for those with 21 to 29 years).

H.R. 711 also for the first time would cut benefits for those who paid into a state or local pension plan but did not vest and hence never received a state or local pension. For those who reach age 62 from 2017 on, the existing WEP would be replaced by what has been called a “fairness formula” that would scale back a recipient's benefits to match the fraction of an individual's lifetime average earnings covered by Social Security.

The “savings” to the Social Security system achieved by these various changes would be plowed back into a rebate to those still covered by the existing WEP. The amount of the rebate is not specified in the bill, but some preliminary estimates suggest that more than \$100 a month on average could be restored to many.

A number of outstanding issues and questions concerning the effects of H.R. 711 must be addressed. For example:

--A careful reckoning of exactly who the winners and losers would be is needed.

--The extension of the WEP's impact to employees not now affected, such as those who have never vested in a state or local pension system, could inflict new hardships on retirees, particularly on lower-paid public employees.

--Ending the exemption from the WEP for those with 30 years of employment covered by Social Security and the partial exemption for those with 21 to 29 years of covered employment is a particularly troubling step backward, in our view.

--For those who would be newly subjected to the WEP under this bill and who may be long retired and unable to make up for a benefit reduction by returning to work, what relief from the full impact of the WEP would be provided, if any?

--Another concern is the narrow focus of the bill on the WEP offset, leaving unaddressed the harsh burden of the GPO, which can be even more harmful than the WEP and affects still more public employees, plunging some of them into outright poverty.

Texas AFT welcomes this subcommittee hearing as an opportunity to draw renewed attention to the issue of Social Security fairness for the public servants affected adversely by the GPO and WEP. Taking a small, partial step toward greater fairness for these public servants could be

justified as an interim measure. The question still to be answered about H.R. 711 is whether it does indeed enhance fairness—both in the short run and by setting the stage for a comprehensive repeal of the GPO and WEP, as under H.R. 973/S. 1651, which Texas AFT maintains should be the ultimate goal.

Sirs and Madams,

I am writing to express my long simmering anger with the WEP (windfall elimination provision) of the Social Security Benefits Program. I am a retired municipal police officer from New Jersey. I retired in 2006 after twenty-seven years of service. I receive a pension from the NJ PFRS and I still work because I want to stay active.

I started contributing to Social Security in 1971 and continued doing so until 1980. From then until 2007 I was employed by the Moorestown Twp. Police Department in New Jersey and was enrolled in the NJ PFRS. I again started contributing in 2008 thru 2010. I have earned enough credits to qualify for benefits but because of the WEP, my benefits will be diminished. How collecting benefits that I earned through contributions can be seen as a "windfall" defies logic.

I could rant on about how unfair the WEP is in my case but it's not my nature to complain. I only ask that reasonable lawmakers look at the WEP and the GPO and how they affect real, working and retired public employees.

Sincerely,

Timothy R. Henry
Moorestown Twp. NJ PD (Retired)
Jupiter, Florida

Statement regarding the Windfall Elimination Provision (WEP)

I worked for more than 30 years under social security. Some of those years were for large corporations as an employee and some were as a self-employed information technology consultant. Some years were good and some not so good. I worked my way through college, working days and attending classes at night and working nights and attended classes days for many years in order to earn a BA and MBA. But I always worked and supported myself and my family with no outside assistance. Each year I received a statement from social security telling providing me with an expectation of approximately how much in social security benefits I could anticipate when I retired. A few of those years were in the service of our country and included a tour in Vietnam as a Marine.

In the late nineties, I joined the faculty at Cape Cod Community College. Technology had been reasonably good to me and I wanted to give back. I played a primary role in launching a networking technology program at the College. It was a significant reduction in pay in terms of my earning potential, but I felt compensated knowing I was helping younger people to enter a good profession and that I could count on social security.

At hire, there was no disclosure about the WEP. After several years at the College, I discovered it. During and after that time, I continued to receive the annual statements from social security that had no mention of WEP. Now they do.

I left the College early, taking an early retirement after only ten years of service there in order to return to the private sector in hopes of earning a better retirement. A primary reason I left the College was the WEP. I had concluded that I had lost a significant portion of my anticipated benefits and that if I continued there, I would start to fall behind in my retirement planning.

I am now turning 70 years old and must continue to work to earn a living. If WEP did not exist, I would have that option. I am fortunate in that I enjoy what I do. However, I have developed health issues over time and am not sure how long I will be able to work productively. People over 70 should not "have" to work – it should be an option.

I believe at a very minimum, WEP needs to be modified. The schedule for years of "credible earnings" to determine one's offset should be revised. Others are able to work only 40 quarters with a schedule of lesser earnings and qualify for benefits. This is not equitable. In addition, there are others who work in government and earn retirement benefits from their respective agency and from social security. One example is members of Congress. This lack of equity should not be left to stand.

Respectfully submitted,

Victor E. Smith

Sandwich, Massachusetts

April 4, 2016