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November 17, 2023

The Honorable Drew Ferguson, Chairman
Ways and Means Subcommittee on Social Security
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Ferguson:

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), I want to thank you for holding a hearing on November 20, 2023, on “How the Windfall Elimination Provision and Government Pension Offset Mistreat Government Workers.” I request that this letter be included in the hearing record.

AFSCME supports the Social Security Fairness Act (H.R. 82) because it fully repeals the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) cuts to Social Security benefits that deprive more than 2.7 million public employees of Social Security benefits they have earned.

The GPO-WEP provisions unfairly penalize approximately 25% of public workers and impacts even larger percentages of public school teachers and personnel, and still larger percentages of public safety workers. As of December 2022, more than 2 million Social Security beneficiaries were affected by the WEP and 734,601 Social Security beneficiaries and about 1% of all beneficiaries had spousal or widow(er)’s benefits reduced by the GPO.

The number affected by GPO does not include those who were potentially eligible for spousal or widow(er)’s benefits but were deterred from filing for them because of their expectation that the GPO would cut the spousal or widow(er)’s benefit. Due to the new data exchanges, the Social Security Administration (SSA) will soon have 35 years of W-2 earnings data for all covered workers on file. With this data, SSA will be able to more accurately identify individuals who are receiving pensions from non-covered employment but whose benefits are not yet being reduced. As SSA begins to use this data, it is likely that more individuals will have their Social Security benefits reduced from these unfair laws.

The Government Pension Offset (GPO) Harms Public Pensioners – Social Security pays benefits to the spouses of retired and disabled workers and to widow(er)s of deceased workers. The GPO offset requires a reduction in the Social Security spousal

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and widow(er)'s benefit received by public employees who earn a pension from non-covered employment. The GPO offset amounts to a two-thirds reduction in one's public pension. If two-thirds of one's government pension is more than their Social Security benefit, their benefit could be reduced to zero. The GPO especially hurts low-wage public sector workers, particularly women, who find the Social Security benefits they expected substantially diminished, if not eliminated entirely. This happens even if their public pension is very modest. As of December 2022, more than half a million Social Security beneficiaries saw GPO take away all of their spousal or widow(er)'s benefits. About 96% of all individuals hurt by GPO were women.

The Windfall Elimination Provision (WEP) Harms Public Pensioners – When the public pensioner has 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. Under the WEP, because part of a retiree's public pension (from non-covered employment) is considered equivalent to a Social Security benefit, the earned Social Security benefits of retirees are calculated with a modified formula, and this leads to cuts in benefits. The WEP formula can cut a worker's earned Social Security benefit by more than half, up to \$557.50 in 2023.

WEP also creates an indiscriminate penalty that is especially unfair because these workers pay the same percentage in payroll contributions on their Social Security-covered earnings as all others. Their Social Security benefits are completely earned.

We note that the WEP was enacted as part of the 1983 Social Security Refinancing Act (P.L. 98-21) that was designed to shore up the financing of the Social Security Trust Fund. It was the result of legislative ideas proposed at that time by a fiscal commission. WEP is a prime example of one of the reasons why AFSCME opposes fiscal commission proposals. They tend to focus exclusively on cutting Social Security, Medicare and Medicaid among other bedrock programs to reduce the deficit. Any commission examining federal fiscal health should examine the adequacy of current federal investments and entitlements, as well as needed revenues. We are concerned that a debt commission with fast-track approval would again make these key programs more vulnerable, as was the case with WEP.

There are ways to strengthen the solvency of programs like Medicare and Social Security, which give millions of Americans dignity and peace of mind. For example, AFSCME supports the Medicare and Social Security Fair Share Act (H.R. 4535), which would extend Social Security solvency indefinitely and extend Medicare solvency by roughly 20 years. This legislation would require people earning more than \$400,000 to pay more in taxes to preserve these bedrock programs that seniors rely on.

The GPO and WEP cuts truly harm public pensioners and their spouses who paid thousands of dollars into Social Security over decades. Simply because they contributed to and are also receiving a public pension, the SSA denies them the full Social Security benefits they would otherwise be entitled to because of the current unfair GPO and WEP statutory provisions.

We ask you to end this injustice permanently and urge Congress to enact the Social Security Fairness Act (H.R. 82) and ensure that monthly benefits are paid in full for this and future generations.

Sincerely,

A handwritten signature in black ink that reads "Edwin S. Jayne". The signature is written in a cursive style with a large, stylized initial 'E'.

Edwin S. Jayne
Director of Federal Government Affairs

ESJ:LB:ei