

Statement for the Record
of the
American Federation of State, County and Municipal Employees (AFSCME)
Before the
United States Senate
Subcommittee on Social Security, Pensions and Family Policy
Committee on Finance
Hearing on the Social Security Fairness Act (S. 597)
June 7, 2024

On behalf of the 1.4 million members of the American Federation of State, County and Municipal Employees (AFSCME), including 200,000 AFSCME retiree members across the nation, we strongly support the Social Security Fairness Act (S. 597). This bill, championed by Chairman Sherrod Brown, would fully repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP), two provisions that deprive more than 2.8 million public employee retirees of Social Security benefits they have earned.

The GPO and WEP provisions unfairly penalize approximately 25% of public workers and impact even larger percentages of public-school teachers and personnel, and still larger percentages of public safety workers. As of December 2023, about 2.1 million Social Security beneficiaries were affected by the WEP and 745,679 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 prevented from filing for them because of their expectation that the GPO would cut or eliminate 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, adding to the unfair burden this provision already imposes.

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 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 2023, 68% of all Social Security beneficiaries harmed by GPO saw GPO take away all their spousal or widow(er)'s benefits. Most individuals hurt by GPO were women.

Take, for example, Sheila Dawkins-Flinn who has worked 46 years as a library technician at Akron City Schools. She makes about \$27,500 annually to help Akron students learn to read and develop a life-long love of books. Because her husband is deceased, Sheila receives a Social Security survivor benefit of about \$1,300 per month. She would like to retire and collect her School Employees Retirement System of Ohio (SERS) pension, but when she does, her Social Security survivor benefit will be cut by two-thirds of her public pension amount, or \$1,571. That means Sheila will receive NO Social Security survivor benefit. The minute she retires she loses \$1,300 per month, so Sheila keeps working.

AFSCME urges Congress to stand with Shelia and hundreds of thousands of others – mostly widowed women – who are still on the job well into their seventies because they cannot afford to retire with dignity.

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 \$587 in 2024. 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.

Take, for example, Louella Day-Jeter, President of AFSCME Retiree Subchapter 108, who paid into Social Security for more than a decade. She then worked several decades with the State of Ohio Highway Patrol and other state agencies, paying into the Ohio Public Employees Retirement System (OPERS). But because of WEP, she sees nothing of her Social Security benefit because all of it goes to pay her Medicare Part B premium and she must pay an additional \$600 annually out of her pocket to cover the full Medicare Part B premium.

For 20 years Troy Raccuia strapped on a gun and a bulletproof vest to protect and serve the citizens of East Haven, Conn. with courage and commitment as a police officer and proud AFSCME member. As a Connecticut municipal police officer, he was covered under the Connecticut Municipal Employees Retirement System (CMERS), a retirement system that prohibited him from participating in the Social Security system. Now at 60 years of age he is looking forward to retirement but calculated that WEP will cost him more than \$500 a month in earned Social Security benefits. For Troy, WEP is unfair and harmful.

AFSCME retirees can be harmed by both GPO and WEP. Barbara Mann is one of those retirees. Ironically, she worked for the Social Security Administration when WEP was enacted and worried that state and local government workers would not really understand what it would mean to them. After retiring from decades of service to the city of Lynn, Mass., and because of her husband passing away she now has her Social Security benefits cut because of GPO and WEP. Every cost-of-living increase she receives in her pension means an additional reduction in her Social Security benefits.

AFSCME urges Congress to stand with Louella, Troy and Barbara and more than 2 million individuals who are robbed of earned benefits because of WEP.

Congress can repeal WEP and GPO and strengthen Social Security. There are ways to strengthen the solvency of programs like Medicare and Social Security, which give millions of Americans dignity and peace of mind. Currently, middle-class and lower-income Americans pay Social Security taxes on all their earnings, but higher-income Americans do not. That is not fair. President Biden has proposed protecting and strengthening Social Security by asking the highest-income Americans to pay their fair share.

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 immediately enact the Social Security Fairness Act (S. 597), restoring equity by fully repealing both GPO and WEP, and ensuring that earned monthly benefits are paid in full for this and future generations.