



Great Public Schools for Every Child

January 2005

PUBLIC EMPLOYEES AND SOCIAL SECURITY: ISSUES FOR THE 109TH CONGRESS

REPEAL SOCIAL SECURITY OFFSETS

Background: The Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) reduce retirement benefits of public employees who have dedicated their lives to serving their communities and country. The resulting income loss jeopardizes the retirement security of those who have chosen public service, and even forces some into poverty.

The GPO affects the Social Security survivor benefits (if their spouse dies or becomes disabled) of people who work as federal, state, or local government employees, including **educators, police officers, and firefighters**, if the job is not covered by Social Security. The WEP affects people whose careers include jobs not covered by Social Security and jobs in which they earned Social Security benefits. Nine out of ten public employees affected by the GPO lose their entire spousal benefit, even though their spouse paid Social Security taxes for many years. The WEP causes hard-working people to lose a significant portion of the benefits they earned themselves. The offsets also discourage talented individuals from entering/staying in public service.

Legislative History: In the 108th Congress, Representatives McKeon (R-CA) and Berman (D-CA) and Senators Collins (R-ME) and Feinstein (D-CA) introduced the Social Security Fairness, which would have completely repealed both the GPO and the WEP. Despite bipartisan support (301 cosponsors in the House; 31 in the Senate), the bill did not move beyond committee. Also in the 108th Congress, Representatives Brady (R-TX), Shaw (R-FL), McKeon (R-CA), Berman (D-CA), Michaud (D-ME), and Sam Johnson (R-TX) and Senator Hutchison (R-TX) introduced the Public Servant Retirement Protection Act (H.R. 4391/S.2455), which would have eliminated the current WEP and, instead, would have provided impacted public employees a Social Security benefit based on the percentage of total earnings from work covered by Social Security. This legislation also did not move beyond committee.

NEA Recommends: Encourage respect for teachers and education support professionals by reintroducing/co-sponsoring legislation to repeal the GPO and the WEP and including provisions to address the offsets in any Social Security reform package.

OPPOSE MANDATORY COVERAGE

Background: Educators in twelve states (AK, CA, CO, CT, IL, KY, LA, MA, ME, MO, NV, OH) as well as selected districts in three additional states (GA, RI, TX) do not pay into Social Security. Instead, these states maintain separate retirement systems for educators. Some Social Security reform proponents have suggested requiring Social Security participation for all public employees as a means of strengthening the system.

A federal mandate for public employee participation in the social security system would be detrimental to teachers and other public employees and would create financial burdens for states and city governments. Mandatory coverage would weaken existing state and local retirement plans that often offer benefits superior to Social Security. Mandatory coverage would also increase the tax burden on public-sector employers, eventually leading to reductions in the number of new hires, limits on employee wage increases, reduced cost-of-living increases for retirees, and reductions in other benefits such as health care. Mandating coverage of public employees will not solve the social security system's financial difficulties. In fact, the amount of money gained by mandating coverage would be relatively small and would not solve the long-term Social Security crisis.

Legislative History: In recent years, a growing number of Members of Congress on both sides of the aisle have indicated opposition to mandatory coverage. As a result, no serious mandatory coverage proposal was moved in the 108th Congress. It is unclear how the issue will play out in the context of overall system reform.

NEA Recommends: Oppose any efforts to mandate public employee participation in Social Security.