



June 5, 2014

United States Senate  
Committee on Finance  
Subcommittee on Social Security, Pensions, and Family Policy  
Washington, DC 20010

Dear Senator:

On behalf of the three million members of the National Education Association and the students they serve, we would like to submit for the record our views on the Government Pension Offset, the Windfall Elimination Provision, and mandatory Social Security in connection with the May 21 hearing, “Strengthening Social Security to Meet the Needs of Tomorrow’s Retirees.”

NEA strongly supports repeal of the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP), and strongly opposes requiring public employees to participate in Social Security for the reasons discussed below.

**GPO: devastating loss of benefits for widows and widowers**

The Government Pension Offset reduces public employees’ Social Security spousal or survivor benefits by two-thirds of their public pension. It affects 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. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of 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. They have less money to spend in their local economy, and sometimes have to turn to expensive government programs like food stamps to make ends meet.

NEA receives hundreds of phone calls and letters from educators impacted by the GPO. Many are struggling to survive on incomes close to poverty, fearing they will be unable to cover their housing, medical, and food expenses on their meager incomes. For example:

*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*

### **WEP: shocking loss of earned benefits**

The Windfall Elimination Provision reduces the earned Social Security benefits of an individual who also receives a public pension from a job not covered by Social Security. It affects people who worked in jobs not covered by Social Security and in jobs in which they earned Social Security benefits—such as educators who do not earn Social Security in the public schools, but who work part-time or during the summer in jobs covered by Social Security.

The WEP penalizes individuals who move into teaching from private sector employment, or who seek to supplement their often insufficient public wages by working part-time or in the summer months in jobs covered by Social Security. Educators enter the profession, often at considerable financial sacrifice, because of their commitment to our nation's children and their belief in the importance of ensuring every child the opportunity to excel. Yet, many of these dedicated individuals are unaware that their choice to educate America's children comes at a price—the loss of benefits they earned in other jobs. For example:

*After graduating from college, I went to work in corporate America. I worked my way into management and was making three times what I do now as a school teacher. For twelve years I was in a rewarding position, doing the “right” thing in life, making a good salary, and was very proud of what I did for a living. Due to company management downsizing, I was forced to make a decision to move or demote. I chose to leave the company and go back to school to get a teaching credential. To this day, I believe that it was one of the best decisions I've ever made. I believed (and still do) that I could make a difference in students' lives. Now, I find out that my financial reward for all these hard years of honest work is to have my Social Security benefits significantly cut each year that I teach. This is a true example of the government making it “easier and better” not to go into public service. There is something wrong when our country needs good, qualified, devoted teachers, and then takes away the money they earned before they decided to become good, qualified, devoted teachers. Some of the best teachers we have are those who have brought all their prior experience, travels, knowledge, training, and skills to the classroom. Why are we penalizing these great teachers?—Carrie in California*

### **Double penalty: educators impacted by both GPO and WEP**

Many NEA members report that they are subject to a double penalty: losing both their own benefits and spousal benefits due to the combined impact of the GPO and WEP. For example:

*When I started my teaching career, I had already earned my 40 quarters of Social Security and over the years depended on these benefits as part of my retirement. I should be entitled to \$415 a month at the age of 62. However, because of the Windfall Elimination Provision, I will now be entitled to \$206 a month, and this reduction in my earned retirement is a big loss. [In addition], according to the Social Security Administration, I should be entitled to approximately \$970 a month for widow's benefits. However, because of the Government Pension Offset, I can only receive \$21 a month. Both the Government Pension Offset and Windfall Elimination Provision are devastating to retired teachers like me —Martha in Texas*

**Mandatory Social Security: unwise and unnecessary**

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. Existing state and local retirement plans that often offer benefits superior to Social Security would be weakened. At the same time, the tax burden on public-sector employers would be increased, 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.

The Segal Company has estimated that mandatory coverage would cost states, localities and public workers \$53.5 billion in the first five years. And that short-term extension of solvency would come at the price of increased long-term liabilities to the Social Security system. In short, mandating coverage of public employees could exacerbate rather than solve the Social Security's financial problems.

Thank you for the opportunity to submit these comments.

Sincerely,



Mary Kusler  
Director, Government Relations