

**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
317 S. Patrick Street, Alexandria, Virginia 22314**

***"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.