

## **BILL ANALYSIS**

Senate Research Center

S.C.R. 28  
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Finance  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Government Pension Offset (GPO) provision and the Windfall Elimination Provision (WEP) enacted by the U.S. Congress in 1977 and 1983, respectively, penalize recipients of public pensions. The GPO eliminates or reduces the Social Security benefit for spouses, widows, or widowers who also receive a government pension based on their own work. The WEP reduces the Social Security benefit for public employees who at some time in their careers were employed in jobs where they paid into Social Security for the period required to qualify for retirement benefits.

The GPO and WEP impact government employees and retirees across the country, but their effect on Texas is more acute because many of our state's public employees participate in state or municipal retirement systems that do not include Social Security. The GPO and WEP penalties apply only to recipients of public pensions, not recipients of private-sector pension benefits. As a result, these two provisions continue to unfairly penalize careers in public service by preventing retirees from collecting all the benefits they have earned. S.C.R. 28 seeks to eliminate those negative effects and penalties associated with the GPO and WEP by asking Congress and the president to repeal both provisions of the Social Security Act.

Social Security is the foundation for retirement for tens of millions of American workers and their families, with many reporting that they rely on the program as their sole source of income. Two Social Security provisions, however, the GPO, enacted in 1977, and the WEP, enacted in 1983, severely and unfairly penalize recipients of public pensions.

The GPO effectively prohibits some government retirees from collecting both their own pension and full Social Security benefits as a surviving spouse; nearly three-quarters of beneficiaries affected by the GPO lose their entire spousal benefit, even though their spouses paid Social Security taxes for many years.

The WEP reduces the Social Security benefit for public employees who did not participate in Social Security while working for the government, but who at some time in their careers were in jobs where they paid Social Security taxes for the period required to qualify for retirement benefits; the WEP can deprive a retiree of more than \$500 a month in Social Security benefits duly earned by that individual.

Although these provisions were intended to curtail the payment of windfall benefits to highly paid government employees, in practice they have had and continue to have devastating consequences for low-income employees who worked for many years as public servants; as of December 2018, more than two million government employees and retirees had been affected by either the GPO or the WEP or both, and the repercussions have been felt most acutely in Texas and 14 other states where a high proportion of public employees participate in state or municipal retirement systems that do not include Social Security.

These punitive and discriminatory provisions target hundreds of thousands of teachers, police officers, firefighters, and other public servants; although the vast majority of Texas school employees participate in the state's teacher retirement system, and therefore are not required to and do not participate in the Social Security system, many Texas teachers and other public school employees nonetheless have earned Social Security benefits on their own behalf through other employment, the WEP notwithstanding, or would be entitled to spousal Social Security benefits based on their spouses' lifetime earnings were it not for the GPO penalty; these

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provisions cause veteran teachers to retire prematurely and discourage qualified individuals from entering the teaching profession at precisely the time that Texas and the nation face a severe shortage of highly qualified educators.

The GPO and WEP as applied to public employees are unreasonable and unjust and will cause tens of thousands of government retirees to experience a diminished quality of life or be forced to return to work to make up for the effects of these provisions.

**RESOLVED**

That the 88th Legislature of the State of Texas hereby respectfully urge the Congress of the United States to repeal the GPO and the WEP of the Social Security Act.

That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the president of the Senate and the speaker of the House of Representatives of the United States Congress, and to all the members of the Texas delegation to Congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.