



Ohio Public Employees Retirement System

March 12, 2021

The Honorable Richard E. Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Neal:

I am writing on behalf of the Ohio Public Employees Retirement System (OPERS) to offer our support for the Public Servants Protection and Fairness Act of 2021. We are hopeful that this initiative, and others like it, will shine a light on the Social Security Windfall Elimination Provision (WEP) and the harmful and inequitable impact it has had on the retirement security of Ohio's public employees.

While other states may have larger populations of public employees who do not contribute to Social Security, Ohio has the highest percentage of non-Social Security-covered public employees in the nation. According to the Congressional Research Service, more than 140,000 retired Ohioans are currently subject to the WEP offset.¹

In many cases, these retirees are surprised to learn that a significant part of their Social Security benefits will be taken away simply because they chose to pursue careers of public service in a non-Social Security-covered state. They worked diligently toward their retirements, made plans based on income they thought they would receive, and are ultimately dismayed when confronted with the reality that the Social Security benefits they believed they were entitled to are no longer there. Whatever its intended purpose, in this light, it is difficult to see the WEP as anything other than an arbitrary, one-size-fits-all penalty that impacts our public servants at a time in their lives when they are least able to adapt.

Unsurprisingly, this is an important and pressing issue for our members and their families. We receive hundreds of inquiries and requests each year urging us to advocate on behalf of those who have been impacted by the WEP and to work with you and your colleagues on a fair and practicable solution to this decades-old problem.

To that end, we believe that any effort to reform the WEP should 1) repeal and/or replace the existing WEP formula with a more equitable method of calculating Social Security benefits, and 2) provide some relief for the tens of thousands of Ohioans who have already been harmed by the WEP. The Public Servants Protection and Fairness Act of 2021 addresses both of these goals.

First, the bill establishes a new proportional formula that replaces the indiscriminate WEP offset with a more tailored reduction based on the proportion of a worker's covered to non-covered earnings. We acknowledge that although the proportional formula is generally seen as a fairer way of calculating Social Security benefits, it can produce certain inequitable results if it is applied without care or foresight. Among these are the fact that individuals who are not currently subject to the WEP (i.e., those who have

¹ Congressional Research Service, "Social Security: The Windfall Elimination Provision (WEP)," <https://fas.org/sgp/crs/misc/98-35.pdf>, February 4, 2021.

some non-covered earnings but have not yet vested in the right to receive a pension based on those earnings, or those who have 30 or more years of substantial covered earnings) could still experience a reduction in their benefits under a proportional formula.

The Public Servants Protection and Fairness Act of 2021 addresses these concerns by offering workers an assurance that they will not receive a lower benefit as a result of the enactment of a proportional formula. Uniquely, the bill extends this grandfathering into perpetuity so that future retirees will never have to wonder if they would have been better off under the current WEP offset.

Second, the bill does not ignore the many retirees who have already suffered a reduction in their Social Security benefits as a result of the WEP. On the contrary, current retirees who have been impacted by the WEP would be eligible to receive up to \$150 in monthly relief payments, which will be indexed for inflation. We note that this grant is perhaps the greatest differentiator between the proportional formula-based bills you and Ranking Member Brady have offered and those that seek only to repeal the WEP in its entirety. Based on feedback from our members, this relief would be welcomed and warmly received.

The Public Servants Protection and Fairness Act of 2021 represents a good and well-thought-out solution to a complex problem. Ohioans who are or would be subject to the WEP would be better off as a result of this legislation and not at the expense of the Social Security Trust Fund.

Unfortunately, we cannot say the same for some of the other WEP 'solutions' that have been proposed. Most recently, it has been suggested that the WEP could be easily addressed by mandating universal Social Security coverage. We cannot stress highly enough the negative impact this ill-considered and troublesome 'solution' would have on public retirement systems in non-covered states which would likely suffer a loss of contribution revenue and be forced to implement drastic benefit cuts as a result. The WEP is a complicated issue and requires an intricate solution. Suggesting that this problem could be solved simply by mandating universal Social Security coverage is misleading and could be dangerous.

Both you and Ranking Member Brady should both be commended for your commitment to and leadership on this issue. We appreciate your on-going support and willingness to partner with us to help the many Ohioans who face retirement insecurity as a result of the WEP. As we have in the past, we encourage all sides to work toward bipartisan consensus on this matter. While we are hopeful that the Public Servants Protection and Fairness Act of 2021 can serve as a starting point for productive discussions in that direction, we would stress that the need for action is great and growing. We urge you and your colleagues to continue to work toward a unified solution that can be enacted into law.

Sincerely,

A handwritten signature in blue ink that reads "Karen Carraher".

Karen Carraher
Executive Director