

**STATEMENT OF SENATOR SUSAN M. COLLINS
HEARING BEFORE THE SOCIAL SECURITY, PENSIONS, AND
FAMILY POLICY SUBCOMMITTEE
GPO-WEP: POLICIES AFFECTING PENSIONS FROM WORK
NOT COVERED BY
SOCIAL SECURITY
NOVEMBER 6, 2007**

MR. CHAIRMAN, thank you and the Ranking Member for the opportunity to appear before the Subcommittee this morning to discuss the Social Security Fairness Act, which I have introduced with my colleague from California, Senator Feinstein.

The Social Security Fairness Act repeals both the windfall elimination provision (WEP) and the government pension offset (GPO). We believe that these two provisions unfairly penalize individuals for holding jobs in public service when the time comes for them to retire.

These two provisions have enormous financial implications for many of our teachers, police officers, firefighters, postal workers

and other public employees. Given their important responsibilities, it is simply unfair to penalize them when it comes to their Social Security benefits. These public servants – or their spouses – have all paid taxes into the Social Security system. So have their employers. They have worked long enough to earn their Social Security benefits. Yet, because of the GPO and WEP, they are unable to receive all of the Social Security benefits to which they otherwise would be entitled.

The impact of these two provisions is most acute in 15 states, including Maine, which have state retirement plans that lack a Social Security component. However, it is important to point out that the GPO and WEP affect public employees and retirees in every state, and in particular our emergency responders, our postal workers and our other federal employees. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of other public employees, are affected by the GPO and/or the

WEP.

Almost one million retired public employees across the country have already been harmed by these provisions. Many more stand to be harmed in the future. Moreover, at a time when we should be doing all that we can to attract qualified people to public service, this reduction in retirement benefits makes it even more difficult for our federal, state and local governments to recruit and retain the public servants who are so critical to the safety and well-being of our families.

What is most troubling is that this offset is most harsh for those who can least afford the loss: lower-income women. In fact, of those affected by the GPO, over 70 percent are women.

According to the Congressional Budget Office, the GPO reduces benefits for more than 200,000 individuals by more than \$3,600 a year – an amount that can make the difference between a

comfortable retirement and poverty.

Many Maine teachers, in particular, have talked with me about the impact of these provisions on their retirement security. They love their jobs and the children they teach, but they worry about the future and about their financial security.

In September of 2003, I chaired an oversight hearing to examine the effect that the GPO and the WEP have had on public employees and retirees. We heard compelling testimony from Julia Worcester of Columbia, Maine, who was then 73. Mrs. Worcester told the Committee about her work in both Social Security-covered employment and as a Maine teacher, and about the effect that the GPO and WEP have had on her income in retirement.

Mrs. Worcester had worked for more than 20 years as a waitress and in factory jobs before deciding, at the age of 49, to go

back to school to pursue her life-long dream of becoming a teacher. She began teaching at the age of 52 and taught full-time for 15 years before retiring at the age of 68. Since she was only in the Maine State Retirement System for 15 years, Mrs. Worcester does not receive a full State pension. Yet she is still subject to the full penalties under the GPO and WEP.

As a consequence, she receives just \$156 a month in Social Security benefits, even though she worked hard and paid into the Social Security system for more than 20 years. As a consequence, she receives less than \$800 a month in total pension income.

After a lifetime of hard work, Mrs. Worcester is still substitute teaching just to make ends meet. At age 77, she cannot afford to stop working. This simply is not right.

Mr. Chairman and Ranking Member Ensign, I appreciate

your holding this hearing, and I urge you to take action to eliminate or, at the very least, take incremental steps toward full repeal to modify the effect of these two unfair provisions.