



**SUPPORTING YOUR FREEDOM TO TEACH<sup>SM</sup>**

**Testimony to the U.S. House Ways and Means Committee  
Subcommittee on Social Security**

**“Social Security Benefits for Economically Vulnerable Beneficiaries”  
Sue Melton – ATPE State President  
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The Association of Texas Professional Educators (ATPE) is the largest professional educators’ association in Texas. With more than 111,000 members, ATPE is also the largest non-union educators’ association in the nation. ATPE is committed to providing the best education possible for children, advocating for improved benefits for all educators, promoting a collaborative work environment, and protecting educators’ right to choose membership in the association they feel best represents their interests. We thank you for the opportunity to provide input to the Subcommittee on Social Security.

**RECOMMENDATIONS**

- ATPE recommends passage of HR 82, the Social Security Fairness Act, which would repeal both the WEP and the GPO.
- ATPE recommends passage of HR 2772, the Public Servant Retirement Protection Act (PSRPA), which would reduce the negative effects of the Windfall Elimination Provision (WEP) on Texas public school employees.

**ATPE SUPPORTS REPEALING THE WEP AND GPO**

**Government Pension Offset**

By reducing the spousal or widow Social Security benefits of persons eligible for government pensions by two-thirds of the amount of the pension earned at the state level, the GPO eliminates spousal or widow benefits for most retired Texas public educators. The GPO has caused an enormous strain on the morale of public educators in Texas. The Teacher Retirement System of Texas (TRS) reports that attempts to avoid the GPO resulted in a doubling of the teacher retirement rate in 2004. Many experienced educators retired to meet the July 1, 2004, deadline in HR 743 from the 108th Congress. HR 743

ended the provision that allowed Texas educators to avoid the GPO by working the last day before retirement in a position covered by both TRS and Social Security. By retiring by that date and working their last days in districts that pay into both TRS and Social Security, they avoided the GPO. Many educators have reported that they are even considering leaving the profession early and cashing in their TRS accounts to avoid the GPO. ATPE counsels our members against this type of rash action without first consulting a financial professional because of the long-term negative individual consequences of giving up a TRS lifetime defined-benefit pension. Unfortunately, misinformation in the field and widespread beliefs that educators are losing benefits they have earned or being treated unfairly have caused many to leave education or make potentially unwise retirement decisions.

### **Windfall Elimination Provision**

The WEP was meant to account for a windfall in the formula used to figure Social Security benefits that is designed to provide low-income workers with a larger percentage of their pre-retirement earnings than the percentage provided to high-income workers. The WEP modifies the formula to prevent providing employees (such as Texas educators) who have paid into Social Security for only a portion of their careers with higher percentages of their pre-retirement earnings than the percentage given to employees who have paid into Social Security for their entire careers. However, the WEP imposes an arbitrary formula on these individuals that is based on the number of years they paid into Social Security rather than the amount they actually earned. This means that a person who worked in a Social Security-covered job for 20 years but who is also eligible for a government pension benefit of \$500 per month will have his Social Security benefit reduced by the same amount as a person who paid into Social Security for 20 years but receives a government pension benefit of \$1,200 per month.

ATPE believes the WEP in its current form acts as a deterrent to talented private-sector employees who are vested in Social Security and are interested in teaching as a second career, as well as to professional educators who are considering moving to Texas from states that pay into Social Security. Texas is facing a shortage of almost 60,000 certified teachers, primarily in the specialized fields of math, science, foreign language and special education. ATPE believes we must take steps to recruit and retain the brightest individuals in the teaching profession in order to increase teacher morale and ensure that every student receives an exemplary education. Particularly when filling math and science positions, school districts recruit from second-career individuals in industry and science who want to give back to their communities. This group is hit the hardest by the reductions and modifications in Social Security, and these reductions often make the difference in their decision to teach in the public schools. The reductions are often also the reason these individuals leave once they understand the consequences to their long-term retirement plans.

## **RECOMMENDED ACTIONS**

HR 82, the Social Security Fairness Act, would repeal both the WEP and the GPO. Although the bill now has 336 bipartisan cosponsors, it has yet to be marked up by this Committee and debated on the House floor. ATPE is hopeful that legislation to address the GPO and WEP will pass the 110th Congress and become law. This will bolster teacher morale and encourage qualified public educators to remain in the classroom. Passage of this act would also be a boon for educators and potential second-career educators who want to enter the profession but cannot afford to give up a portion of their Social Security. ATPE believes that educator shortages are directly related to salaries and benefits, and also retirement planning. We believe that eliminating these Social Security penalties would be a strong recruitment tool for public schools and thus beneficial to students across the nation.

HR 2772, the Public Servant Retirement Protection Act, would repeal the WEP's arbitrary formula and replace it with a formula that uses the complete earnings history of a worker in both Social Security-covered employment and non-covered employment when determining average monthly earnings over a worker's lifetime. This would eliminate the windfall in the current formula used to figure Social Security benefits and would mean greater benefits for most public educators who qualify for Social Security benefits.

The new formula under the PSRPA is a fair compromise between the arbitrary WEP and total repeal and would help the state of Texas recruit and retain qualified public educators from other professions and from other states. HR 2772 would be a positive step toward ending the inequities of the WEP. This effort could also be used as a stepping stone toward elimination of the GPO by applying the modified version of the individual's social security pension under the PSRPA to dual entitlement rules instead of the two-thirds formula now in place under the GPO, which virtually guarantees no spousal benefit for the large majority of educators.

## **LETTERS FROM ATPE MEMBERS**

There are countless stories of educators who retire after a lifetime of work in our schools only to find out that the Social Security benefits they were counting on will not be there for them as they had planned. Here are two e-mails that ATPE just received last week as notice of this hearing went out into the field in Texas. They represent the thousands of letters and e-mails we have received since 1987, when the first legislation was filed.

*To Whom It May Concern:*

*I am one of those educators that the existing law affects. My husband passed away four years ago. I am currently 57 and have two more years to go before I am eligible for*

*retirement. Currently, I am also eligible to collect a portion of my husband's Social Security at 59 1/2. However, because I am under the Teacher Retirement System my benefit would be reduced. According to the formula, the benefit would not exist.*

*My argument with the current law is that I am a widow with the same bills and household expenses as when my husband passed away with 1/2 the income. I feel that his Social Security should not be in question because that was his hard work for over 35 years of our marriage. He left it to me as part of his security that I would have the help needed in the event of his death. The current law does not acknowledge his wishes or his hard work. I find it unfair and prejudiced.*

*Many other retirement systems are not penalized by the government. My father is an Air Force and business retiree. He is able to receive his Social Security and so is my mother. His benefits would pass on to her. I have friends that retired from Mead Corporation, and he and his wife both receive Social Security benefits. I realize that many school districts do not participate in Social Security, and I understand the reluctance of the government to allow people to participate who did not contribute. But in the case of death, I feel that the law is unfair to both the deceased and their spouse. I truly feel that I am being singled out and denied benefits because I am a widow and a teacher.*

*Thank you for your time and efforts in trying to right a wrong.*

*To Whom It May Concern:*

*I received information regarding our ATPE president testifying in Washington on January 16th regarding GPO and WEP. I wanted to relate to you my situation, and why I hope your efforts are successful.*

*I paid into Social Security my entire life as I raised two children alone. In 1999, I was laid off from the job I had held for 13 years. I decided it was time to pursue my lifelong dream of becoming a teacher, so I started attending college in the Fall of 1999, and graduated cum laude from Texas A&M in December 2002. It was not until I had already completed my first year of teaching that I became aware of the WEP and how it would affect me. I spent the next two years getting conflicting information from a variety of sources, and then spent much time during the summer of 2007 at the TRS office in Austin and my local Social Security office. I think I now understand what I am up against. I am 57 years old and will complete 5 years of teaching at the end of this school year. I have been divorced 22 years and have no other source of income. Because everything I ever had was invested in raising my children, I do not own a home, nor do I have any stocks, bonds, IRAs, or any other sources of retirement income. I am paying off a large student loan incurred to get my teaching degree. My health is not good, and I am hoping to be able to continue teaching until my retirement age of 66. Starting to teach at my age will not allow me to put in enough years to build a retirement through TRS that I could live on. I need my Social Security benefit in addition to TRS to survive.*

*Although I am happy at my present job, I must now try to change employment to one of a few districts in the state of Texas that pays into Social Security. This will probably require me to relocate away from my family if I am lucky enough to get hired by one of them. Since I doubt that I am the only one in this situation, I would imagine the competition for a position in one of these districts could be great.*

*Had I known in 1999 what I know now, I would have had to consider other degree plans when I went to college. The stress this has caused me is overwhelming. It has taken some of the joy out of finally realizing a dream I had in high school when I was President of Future Teachers of America.*

*I just wanted to share my story with you. As a dues-paying member of ATPE, I want to thank you for your efforts on behalf of those in my situation. I wish you luck in Washington on Jan. 16.*

ATPE thanks the members of this Subcommittee for the opportunity to participate in this hearing and for your willingness to receive our input on this critical issue that affects so many public educators. Educators are the most important resource in providing children with the knowledge they will need to succeed in life, and your efforts to protect their retirement benefits will have a lasting impact on the quality of the education received by students in the public school system.

Sue Melton  
President, Association of Texas Professional Educators