

December 7, 2021

Subcommittee on Social Security
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Larson, Ranking Member Reed and members of the Subcommittee on Social Security:

On behalf of the National Active and Retired Federal Employees Association (NARFE), I commend the committee for tackling the crucial issue of Social Security reform. Millions of Americans paid into and rely on this important program for their financial security in retirement. As the committee considers Social Security 2100: A Sacred Trust, H.R. 5723, I wish to provide NARFE's views on the legislation and discuss areas where Congress can strengthen the retirement security of our nation's retired federal employees based on the principles of this bill.

NARFE applauds the inclusion of a provision to repeal the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) in this legislation. The WEP and GPO burden nearly 2 million Social Security beneficiaries and spouses by reducing the Social Security benefits of local, state and federal retirees who worked in employment covered by Social Security and who also receive an annuity from their government employment not covered by Social Security. Repeal of these provisions that unduly target civil servants is long overdue, and I thank Chairman Larson for seizing this opportunity to fix this injustice. Ensuring a permanent end to these unfair provisions is next, and we are glad their repeal has been included in this meaningful legislation. To the extent there is insufficient support in Congress for full repeal of WEP, NARFE also supports reform efforts such as the Public Servants Protection and Fairness Act of 2021, H.R. 2337.¹

NARFE has also been a vocal supporter of calculating more accurate cost-of-living adjustments (COLA) for retirees by switching to the consumer price index for the elderly (CPI-E). CPI-E better accounts for seniors' spending habits, notably that of health care. Simply, seniors spend more on health care – while health care accounts for about 8 percent of spending for the general population, it accounts for 12 percent of spending for those age 62 and older.² Meanwhile, health care costs have risen faster than the cost of

¹ NARFE also supports additional alternatives to address the WEP issue, including the Social Security Fairness Act, H.R. 82/S.1302, the Equal Treatment of Public Servants Act, H.R. 5834, and the Wellbeing for Every Public Servant Act, H.R. 4788.

² Government Accountability Office, "RETIREMENT SECURITY: Alternate Price Indexes for Cost-of-Living Adjustments Present Tradeoffs," www.gao.gov/assets/700/696617.pdf, p. 13.

other goods. In the past 20 years, medical care prices have increased by 99.6 percent, while overall prices have increased by just 49 percent.³

We urge members of this committee to follow this same line of thinking and extend this switch to CPI-E to COLAs for federal and military retirees. I recognize this is beyond the committee's jurisdiction, so I ask that you work with your colleagues on the House Oversight and Reform and Armed Services Committees to move CPI-E legislation, such as the Fair COLA for Seniors Act, H.R. 4315 in conjunction with Social Security 2100: A Sacred Trust. Retirees under the Civil Service Retirement System (CSRS) do not receive Social Security benefits for their government work, and only a portion of the Federal Employees Retirement System (FERS) income is derived from this important program. They still however face the same medical inflation as all other seniors and deserve equitable relief.

NARFE has long held that Social Security needs to be a benefit that people can depend on and understands that changes must occur for this to happen. This legislation extends the solvency of the trust fund while simultaneously increasing benefits and providing financial security to those who need it most. It's a necessary step in the right direction.

For these reasons, I urge you to support Social Security 2100: A Sacred Trust and work further to apply its thoughtful changes to retired civil servants. Thank you for your consideration of our views. If you have any questions or comments, please contact NARFE's Staff Vice President of Policy and Programs, John Hatton, at 571-483-1267 or jhatton@narfe.org.

Sincerely,



Ken Thomas
National President

³ These percentage increases reflect the change in the CPI-W index for medical care and the CPI-W index for all items, respectively, in the U.S. city average from December 2000 to December 2020.