



Testimony of  
Walter M. Olihovik  
National Association of Postmasters of the US

Before

The House of Representatives Ways and Means  
Subcommittee  
On Social Security

July 20, 2004

Thank you, Chairman Shaw and Members of the Subcommittee. I appreciate the opportunity to share the views of the more than 40,000 members of the National Association of Postmasters of the United States (NAPUS) with you regarding legislation to modify the Windfall Elimination Provision (WEP). Moreover, NAPUS is pleased about the legislative efforts of Representative Kevin Brady and other members of this Subcommittee to alleviate the impact of the WEP on public employees. H.R. 4391, "the Public Servant Retirement Protect Act," is a positive first step in addressing the legitimate needs of retired postmasters and other retired government employees.

As members of this panel know, the WEP unfairly slashes the earned Social Security benefits of retired and disabled workers receiving annuities from employment not covered by Social Security. This large group includes many retired and soon-to-be retired postmasters. Postmasters who have Social Security covered employment contribute into Social Security just like private-sector employees. They should not be treated differently.

I would like to note for the record that NAPUS continues to urge this panel to report favorably legislation to lessen the punitive affect that the Government Pension Offset (GPO) has on the surviving spouses of many Social Security recipients. Last year, NAPUS submitted testimony to this Subcommittee requesting that Congress enact legislation to correct both the WEP and the GPO problem.

Under the WEP, postmasters who retire under the Civil Service Retirement System (CSRS) can lose almost two-thirds of their earned Social Security benefit. This is simply not fair. In 1983, Congress enacted the WEP during a legislative frenzy to "save" Social Security. The intent was to eliminate a "windfall" for public employees not covered by Social Security, yet who also worked in positions under which they earned enough credits to qualify for Social Security. The offset amount is arbitrary and regressive. The WEP victimizes many retired postmasters who managed small post offices for which their salary history renders them ripe for financial distress without their full-earned benefits under both CSRS and Social Security.

Obviously, repeal of the WEP is the desirable alternative. Nonetheless, the legislation under consideration today, H.R. 4391, is a positive step forward. The measure would require that the Social Security Administration to compute Social Security benefits based upon a person's entire work history, using the standard benefit formula. The Social Security benefit would be adjusted to reflect the portion of the employee's earnings that were subject to Social Security taxes. This legislation would aid low and middle-income government retirees, while also guaranteeing that no employees subject to the WEP would receive less than currently entitled. Furthermore, Representative Brady's bill would apply to current

and future Social Security beneficiaries. In sum, the measure would replace the current arbitrary WEP offset with a better, more appropriate, mechanism to narrow the impact that the WEP has on former public employees.

While H.R. 4391 does not remedy completely how the Social Security law discriminates against public-employed retirees, the legislation strives to lessen the financial distress they suffer. Therefore, NAPUS urges the Subcommittee to report favorably the Public Servant Retirement Protection Act.

Thank you.