

# Social Security Fairness Act Update

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On January 5, 2025, President Biden signed into law the Social Security Fairness Act of 2023 (H.R. 82, the “Act”), a bill that eliminates reductions in Social Security benefits for millions of public sector employees who are not covered by Social Security but receive certain other governmental pension benefits. The bill, which had tremendous bipartisan support in both the House of Representatives and Senate, was passed by the House of Representatives on November 11, 2024, by a vote of 327-75. It was brought to the House floor as a result of a discharge petition, a rare procedure under which rank and file members can force a floor vote on a bill without the cooperation of the majority party leadership or the committee of jurisdiction (in this case, the Committee on Ways and Means). The Senate then passed the bill by a vote of 76-20 early in the morning of December 21, 2024, clearing the bill for the President’s signature.

Approximately 25 percent of state and local government employees (including many police officers, firefighters, and teachers) are not covered by Social Security and instead participate in governmental pension plans as a substitute for Social Security. The Windfall Elimination Provision (“WEP”) and the Government Pension Offset (“GPO”) were put in place to prevent certain of these retired state and local governmental employees from receiving what were considered inappropriate Social Security benefit windfalls. Under the WEP, Social Security benefits were reduced for certain public sector employees who also received pension benefits from a governmental employer with respect to employment not covered by Social Security. Under the GPO, the Social Security benefits of spouses, widows and widowers were reduced where the individuals did not participate in Social Security but received state or local government pensions of their own.

According to the Social Security Administration, the WEP applies to approximately 2 million retirees and the GPO applies to approximately 750,000 spousal and widow(er) beneficiaries. Over the last several decades, there has been an advocacy campaign by a number of groups representing affected public sector employees to eliminate the WEP and GPO provisions, and bills doing so have generated strong bipartisan support in Congress but have not previously been acted on. The Act is the culmination of those advocacy efforts and repealed both the Windfall Elimination Provision (“WEP”) and the Government Pension Offset (“GPO”) effective for benefits payable after December 2023.

According to a September 9, 2024 report released by the Congressional Budget Office (“CBO”), eliminating the WEP would increase monthly benefits in December 2025 by an average of \$360 for approximately 2.1 million Social Security beneficiaries and by December 2033, that increase would reach an average of \$460 for 1.8 million beneficiaries.<sup>1</sup> In total, CBO estimated that repealing the WEP would increase off-budget direct spending by \$101 billion over the 2024-2034 period. The CBO report estimated that eliminating the GPO would increase monthly benefits in December 2025 by an average of \$700 for approximately 380,000 spouses and \$1,190 for 390,000 surviving spouses, and that by December 2033, the increase would reach an average of \$860 for 330,000 spouses and \$1,520 for 480,000 surviving spouses.<sup>2</sup> In total, CBO calculated that repealing the GPO would increase off-budget direct spending by \$110 billion over the 2024-2034 period. The CBO report also projected that as a result of the elimination of the WEP and GPO, the exhaustion date for the combined Social Security Old-Age and Survivor’s Insurance (“OASI”) Trust Fund and the Disability Insurance (“DI”) Trust Fund would be accelerated by approximately six months.<sup>3</sup>

<sup>1</sup> See <https://www.cbo.gov/system/files/2024-09/hr82.pdf>

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*