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September 15, 2010

Member Contact
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Dear xx -

In recent months, we have begun to see an increasing number of references to mandatory Social Security for state and local governmental workers.

Some have come as possible Social Security "reforms," others have surfaced as a result of the President's National Commission on Fiscal Responsibility and Reform - the so-called Debt Commission, still others have been associated with challenges to the sustainability of state and local public employee retirement systems. Regardless of the source or the context, the Coalition to Preserve Retirement Security (CPRS) has begun to respond.

As we have on so many occasions in the past, CPRS is prepared to once again mobilize the members of our coalition to educate Members of Congress and other decision-makers - including members of the Debt Commission - of the overwhelmingly negative consequences associated with mandating Social Security on state and local government workers, their employers, and the taxpayers who fund their retirement security.

Since CPRS can only be successful with the support of its members and friends, I'm writing to encourage you to become part of that effort.

First, here's a brief summary of the threats -

"Extend Social Security Coverage to Newly-Hired Non-covered State and Local Government Employees. In order to achieve more universal coverage under Social Security, newly hired state and local government workers could be required to participate in Social Security. Under this proposal, these workers would be required to pay Social Security taxes and be eligible to receive benefits."

Report of the U.S. Senate Special Committee on Aging, May 13, 2010

"Include all new state workers for 30 years in social Security..."
Professor Josh Rauh, May 19, 2010

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“Similarly, (Andy) Stern has begun probing top union officials about ways to bolster Social Security. One idea: to have state employees, who currently do not contribute to Social Security, join into the program.”

The Washington Post, June 20, 2010

“The earnings of those state and local government workers who now are exempt from the Social Security payroll tax could be taxed, and coverage could be made mandatory for all public sector employees.”

Social Security Policy Options, Congressional Budget Office, July 2010

“As the president's bipartisan fiscal commission studies solutions to the nation's Social Security funding problems, one of the issues it must consider is the "state and local FICA loophole." The odds are mounting that ten FICA-exempt states and numerous municipalities that now enjoy a free ride at other taxpayers' expense will be pulled into the system one way or another.”

Girard Miller, Governing Magazine, August 12, 2010

“Putting public workers into Social Security will not reduce states' current pension responsibilities, but it is a step in the direction of retirement security for all Americans.”

Lauren Damme, Special to CNN, September 2, 2010

As you can see from this sample of reports and opinion pieces, the current threat is real and cannot be ignored by those of us who oppose this multi-billion dollar unfunded federal mandate on state and local governments.¹

In the short-term, we have submitted a response to Girard Miller's column in *Governing Magazine* and have filed our views with the members of the President's Debt Commission – copies of both of these letters are enclosed for your information. Now, we're beginning to implement a more focused advocacy plan. For the balance of this year, that effort with focus on the Debt Commission, leaders of the Obama Administration, key Members of Congress and targeted congressional staff members. In addition, in order to bring more timely data to the discussion, our Board is currently considering options for updating the 2005 Segal report.

While all of this is going on in Washington, there are a few things that we need you to do –

- **Update Your Data** - Over the years, every CPRS coalition member has developed data to illustrate the financial impact of mandatory Social Security coverage. Some have produced detailed actuarial reports while others have calculated costs based on salary data, contribution rates and

¹ In 2005, in a report sponsored by AFSCME and CPRS, the Segal Co. estimated that mandating Social Security on all new public employees would cost state and local governments \$44 billion during the first five years.

turnover rates. Some have produces aggregate data, while others have calculated the impact by congressional district. **Regardless of how you do it, it's time for you to update your analysis of what mandatory coverage would cost your governmental unit(s).**

- **Educate Your Stakeholders** – Over the years, we've learned that we can be successful when we build state and local coalition around our national CPRS coalition. Historically, organizations that represent public workers and retired members, as well as state and local government employers, including governors, state legislators, mayors, and other state and local officials, have been important members of our winning strategy. **It's important for you to educate your stakeholder regarding the negative – and frequently unintended – consequences of this unfunded federal mandate.**
- **Educate Your Congressional Delegation** – It's important for your Members of Congress to know that you consider mandatory Social Security to be a bad idea. **You need to regularly educate each member of your Delegation and their staff members (*remember... staff changes frequently so it's an ongoing effort*) regarding how such a mandate would impact your current retirement system, the members and retirees, and the cost for your taxpayers.** And, it's also important to remind them that mandating Social Security coverage doesn't really help fund Social Security for the rest of their constituents.

Over the course of the next few months, we will continue to keep you informed regarding the status of this threat and will continue to share our efforts on your behalf. We all need to use this time to prepare for what could be a serious debate on this issue in the new Congress.

In the meantime, please feel free to contact me at 703-684-5236 or at tlussier@lgva.net. In addition, look for more frequent updates on the CPRS website – www.retirementsecurity.org.

With your support, we are confident that our efforts will once again be successful. Thanks for all you do!

Sincerely,

Coalition to Preserve Retirement Security



Thomas R. Lussier, Administrator
Coalition to Preserve Retirement Security