



SOCIAL SECURITY
Office of the Chief Actuary

July 20, 2022

The Honorable Rodney Davis
United States House of Representatives
Washington, D.C. 20515

The Honorable Abigail Spanberger
United States House of Representatives
Washington, D.C. 20515

Dear Representatives Davis and Spanberger:

I am writing in response to your request for estimates of the financial effects on Social Security of H.R. 82, the *Social Security Fairness Act of 2021*, which you introduced on January 4, 2021, along with other members of the House. This Bill (hereafter referred to as the proposal) would eliminate the Government Pension Offset (GPO) and Windfall Elimination Provision (WEP) from the Social Security Act effective January 2022. We have enjoyed working with Kyle Bakes and Nicholas Widmyer of your staffs in evaluating this proposal.

The enclosed table provides estimates of the effects of this provision on the cost, income, and combined trust fund reserves for the Old Age, Survivors, and Disability Insurance (OASDI) program. Assuming enactment of the proposal by the end of calendar year 2022, effective for all benefits payable for entitlement after December 2021 (without regard for when the beneficiary became initially entitled), we estimate the increase in benefit obligations for the OASDI program would reduce the OASDI long-range actuarial balance by 0.12 percent of taxable payroll and would change the projected year of reserve depletion for the combined OASI and DI Trust Funds from 2035 under current law to 2034 under the proposal. These estimates are based on the intermediate assumptions of the 2022 Trustees Report.

The GPO and WEP provisions reduce OASI and DI benefits for most workers who receive a pension based on earnings in employment that was not covered under the Social Security program. About one-fourth of state and local government employees are currently not covered under Social Security. Most federal government employees who were hired before 1984 were also not covered. Workers not covered incur no OASDI payroll tax liability and also earn no credit toward benefits under the program from the non-covered earnings. In addition, employers of workers not covered also pay no OASDI payroll tax based on their earnings.

As shown in the enclosed table, the cost of benefits under the OASDI program would be increased by 0.13 percent of taxable payroll over the next 75 years. This additional cost would be

partly offset by increased federal income tax on OASDI benefits dedicated to the trust funds in the amount of 0.01 percent of payroll over the 75-year period. The net effect on cash flow for the OASI and DI Trust Funds over the period including calendar years 2022 through 2031 (increase in revenue minus increase in benefit payments) would be a reduction of \$146 billion.

The estimates and analysis provided here reflect the combined effort of many in the Office of the Chief Actuary, but most particularly Jacqueline Walsh, Christopher Chaplain, Kyle Burkhalter, Dan Nickerson, Anna Kirjusina, Karen Glenn, and Michael Stephens.

We hope these estimates will be helpful. Please let me know if we may provide further assistance.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large, stylized 'S' at the beginning.

Stephen C. Goss
Chief Actuary

Enclosure

Table 1 - OASDI Cost Rate, Income Rate, Annual Balance, and Trust Fund Ratio
H.R. 82, the "Social Security Fairness Act of 2021," Introduced by Representatives Davis, Spanberger, et al.

Year	Proposal			Trust Fund Ratio 1-1-year	Change from Current Law		
	Expressed as a percentage of current-law taxable payroll				Expressed as a percentage of current-law taxable payroll		
	Cost Rate	Income Rate	Annual Balance		Cost Rate	Income Rate	Annual Balance
2022	14.21	12.80	-1.41	227	0.15	0.01	-0.15
2023	14.46	13.04	-1.42	207	0.15	0.01	-0.15
2024	14.59	12.96	-1.63	190	0.15	0.01	-0.14
2025	14.80	12.97	-1.83	173	0.14	0.01	-0.14
2026	15.03	13.09	-1.94	155	0.14	0.01	-0.13
2027	15.24	13.11	-2.13	137	0.14	0.01	-0.13
2028	15.46	13.15	-2.32	120	0.14	0.01	-0.13
2029	15.66	13.18	-2.48	102	0.13	0.01	-0.13
2030	15.85	13.21	-2.65	84	0.13	0.01	-0.12
2031	16.04	13.24	-2.80	67	0.13	0.01	-0.12
2032	16.20	13.25	-2.94	49	0.13	0.01	-0.12
2033	16.33	13.26	-3.07	31	0.13	0.01	-0.12
2034	16.45	13.27	-3.18	12	0.13	0.01	-0.12
2035	16.55	13.28	-3.27	---	0.13	0.01	-0.12
2036	16.62	13.29	-3.34	---	0.13	0.01	-0.12
2037	16.70	13.29	-3.41	---	0.13	0.01	-0.12
2038	16.76	13.30	-3.47	---	0.13	0.01	-0.12
2039	16.81	13.30	-3.51	---	0.12	0.01	-0.12
2040	16.84	13.31	-3.54	---	0.12	0.01	-0.12
2041	16.86	13.31	-3.55	---	0.12	0.01	-0.12
2042	16.89	13.31	-3.58	---	0.12	0.01	-0.12
2043	16.90	13.31	-3.59	---	0.12	0.01	-0.12
2044	16.92	13.31	-3.61	---	0.12	0.01	-0.11
2045	16.94	13.31	-3.63	---	0.12	0.01	-0.11
2046	16.96	13.32	-3.64	---	0.12	0.01	-0.11
2047	16.98	13.32	-3.67	---	0.12	0.01	-0.11
2048	17.01	13.32	-3.69	---	0.12	0.01	-0.11
2049	17.04	13.32	-3.71	---	0.12	0.01	-0.11
2050	17.07	13.33	-3.74	---	0.12	0.01	-0.11
2051	17.10	13.33	-3.77	---	0.12	0.01	-0.11
2052	17.13	13.33	-3.80	---	0.12	0.01	-0.11
2053	17.17	13.33	-3.84	---	0.12	0.01	-0.11
2054	17.22	13.34	-3.88	---	0.12	0.01	-0.11
2055	17.27	13.34	-3.93	---	0.12	0.01	-0.11
2056	17.32	13.35	-3.98	---	0.12	0.01	-0.11
2057	17.38	13.35	-4.03	---	0.12	0.01	-0.11
2058	17.44	13.36	-4.09	---	0.12	0.01	-0.11
2059	17.51	13.36	-4.15	---	0.12	0.01	-0.11
2060	17.57	13.37	-4.20	---	0.12	0.01	-0.11
2061	17.63	13.37	-4.26	---	0.12	0.01	-0.11
2062	17.69	13.38	-4.32	---	0.12	0.01	-0.11
2063	17.75	13.38	-4.37	---	0.12	0.01	-0.12
2064	17.80	13.39	-4.42	---	0.12	0.01	-0.12
2065	17.85	13.39	-4.46	---	0.12	0.01	-0.12
2066	17.91	13.39	-4.51	---	0.12	0.01	-0.12
2067	17.96	13.40	-4.56	---	0.12	0.01	-0.12
2068	18.01	13.40	-4.61	---	0.12	0.01	-0.12
2069	18.07	13.41	-4.66	---	0.12	0.01	-0.12
2070	18.13	13.41	-4.72	---	0.12	0.01	-0.12
2071	18.18	13.41	-4.77	---	0.12	0.01	-0.12
2072	18.24	13.42	-4.82	---	0.13	0.01	-0.12
2073	18.29	13.42	-4.87	---	0.13	0.01	-0.12
2074	18.34	13.43	-4.91	---	0.13	0.01	-0.12
2075	18.38	13.43	-4.95	---	0.13	0.01	-0.12
2076	18.41	13.43	-4.98	---	0.13	0.01	-0.12
2077	18.44	13.43	-5.00	---	0.13	0.01	-0.12
2078	18.45	13.44	-5.01	---	0.13	0.01	-0.12
2079	18.44	13.44	-5.01	---	0.13	0.01	-0.12
2080	18.43	13.44	-4.99	---	0.13	0.01	-0.12
2081	18.40	13.43	-4.97	---	0.13	0.01	-0.12
2082	18.37	13.43	-4.94	---	0.13	0.01	-0.12
2083	18.33	13.43	-4.90	---	0.13	0.01	-0.12
2084	18.29	13.43	-4.86	---	0.13	0.01	-0.12
2085	18.23	13.43	-4.81	---	0.13	0.01	-0.12
2086	18.17	13.42	-4.75	---	0.12	0.01	-0.12
2087	18.11	13.42	-4.69	---	0.12	0.01	-0.12
2088	18.04	13.41	-4.63	---	0.12	0.01	-0.12
2089	17.98	13.41	-4.57	---	0.12	0.01	-0.12
2090	17.92	13.40	-4.51	---	0.12	0.01	-0.12
2091	17.86	13.40	-4.46	---	0.12	0.01	-0.12
2092	17.83	13.40	-4.43	---	0.12	0.01	-0.12
2093	17.80	13.40	-4.40	---	0.12	0.01	-0.12
2094	17.77	13.40	-4.38	---	0.12	0.01	-0.12
2095	17.76	13.40	-4.37	---	0.12	0.01	-0.12
2096	17.76	13.40	-4.37	---	0.12	0.01	-0.12
2097	17.77	13.40	-4.37	---	0.12	0.01	-0.12

Summarized Rates: OASDI				
	Cost Rate	Income Rate	Actuarial Balance	Year of reserve depletion ¹
2022 - 2096	17.33%	13.79%	-3.54%	2034

Summarized Rates: OASDI		
Change in Cost rate	Change in Income Rate	Change in Actuarial Balance
0.13%	0.01%	-0.12%

Note: Based on Intermediate Assumptions of the 2022 Trustees Report.
¹Under current law the year of combined Trust Fund reserve depletion is 2035.