

RULES, ELECTIONS, AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT and RESOLUTION relative to including in its 2023-24 Federal Legislative Program support or sponsorship of legislation related to the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) and/or to provide an alternative benefits formula for employment not covered by Social Security.

Recommendation for Council action:

APPROVE the accompanying RESOLUTION recommending legislative positions for the City's 2023-24 Federal Legislative Program, as submitted by the Los Angeles City Employees' Retirement System (LACERS), to support or sponsor legislation related to the repeal of the WEP and GPO and/or to provide an alternative benefits formula for employment not covered by Social Security.

Fiscal Impact Statement: None submitted by the Chief Legislative Analyst (CLA). Neither the City Administrative Officer nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted

Summary:

On May 17, 2024, your Committee considered a March 22, 2024 CLA report and Resolution relative to including in its 2023-24 Federal Legislative Program support or sponsorship of legislation related to the repeal of the WEP and GPO and/or to provide an alternative benefits formula for employment not covered by Social Security.

According to the CLA, LACERS prepared several proposals for inclusion in the City's 2023-2024 Federal Legislative Program. Specifically, elimination of the WEP and GPO Social Security provides cash benefits to eligible workers and their families in the case of the worker's retirement, disability, or death. In order to be eligible to receive benefits, a worker's earnings must be subject to the Federal Insurance Contributions Act (FICA) payroll tax. Any benefits paid to the worker or their family are based on their average earnings throughout their career. Although Social Security is mandatory for most workers, approximately six percent of workers are not covered by Social Security, typically due to self-employment or employment with a local or state government.

Social Security benefits payments are weighted to replace a greater share of the career earnings for low-income earners. The benefits formula, however, cannot distinguish between averages resulting from low-wage employment over many years and a low number of years of employment not subject to the FICA payroll tax (as only the number years are counted, but wages are not recorded). Therefore, without regulation, high-income workers may receive undue benefits resulting from years of employment not subject to Social Security. After consideration and having provided an opportunity for

public comment, the Committee moved to recommend approval of the Resolution. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Rules, Elections, and Intergovernmental Relations Committee

COUNCILMEMBER	VOTE
KREKORIAN:	YES
HARRIS-DAWSON:	ABSENT
BLUMENFIELD:	YES

ARL
5/17/24

-NOT OFFICIAL UNTIL COUNCIL ACTS-