



SOCIAL SECURITY
Office of the Chief Actuary

March 18, 2016

The Honorable Madeleine Bordallo
House of Representatives
Washington, D.C. 20515

Dear Ms. Bordallo:

I am writing in response to your request for an estimate of the financial effects on Social Security of H.R. 3642, a bill “to provide for increased flexibility in the extension of the Social Security program to Guam,” which you introduced on September 29, 2015. We have enjoyed working with Adam Carbullido of your staff.

The Government of Guam currently has about 11,000 employees, based on information from your staff and as reported by the Bureau of Labor Statistics (<http://bls.guam.gov/>). Employees of the Government of Guam are not currently covered by Social Security. Under current law, in order to “opt in” to Social Security, the Government of Guam would have to enact legislation expressing its desire to have all current and future employees of the government covered. The Governor of Guam would then send a certification stating that to the Secretary of the Treasury.

This proposal would provide Guam with additional flexibility in extending Social Security coverage. In particular, the Government of Guam could enact legislation to extend Social Security coverage to new hires of the government beginning in the calendar quarter following enactment, and allow current government employees to remain under the current system.

Enactment of this proposal by the Congress would not by itself change coverage for government employees in Guam and thus would have no effect on Social Security’s actuarial status. However, if Guam were to enact associated legislation extending Social Security coverage to employees of its government, whether to all current and future employees or just to new hires beginning in the calendar quarter following the legislation, the effect on Social Security’s long-range actuarial status would be a positive but negligible (i.e., less than 0.005 percent of taxable payroll) increase in the OASDI actuarial balance. Estimates provided are based on the intermediate assumptions of the 2015 Trustees Report.

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

Sincerely,

Stephen C. Goss
Chief Actuary