

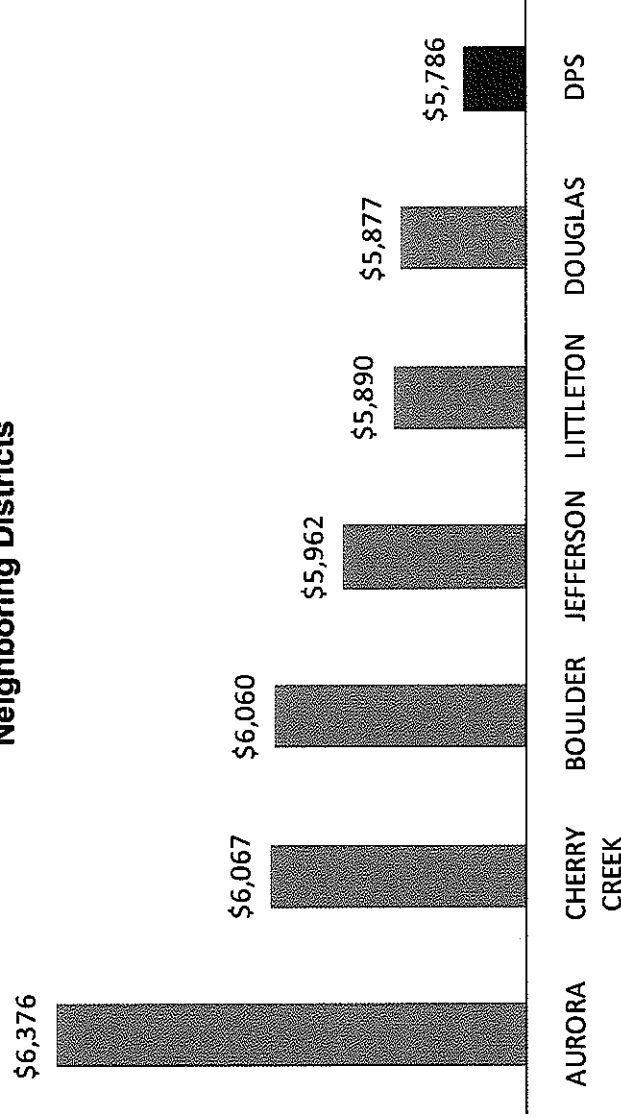
PERA and DPSRS

April 2009

Legislation would benefit all of Colorado

- Creation of DPSRS as a new division within PERA would:
 - Ensure no subsidy between PERA and DPS
 - Provide firmer retirement security for all as result of bigger, more diversified pool of employees
 - Provide pension portability between rest of state and Denver
 - Allow DPS hourly workers to join pension system
 - **Offer DPS retirees the chance for better retiree health care options as part of PERA Care**
 - Put DPS much closer to financial position of all other school districts in the state
- **DPSRS and PERA can merge without any subsidy from or cost to PERA.**

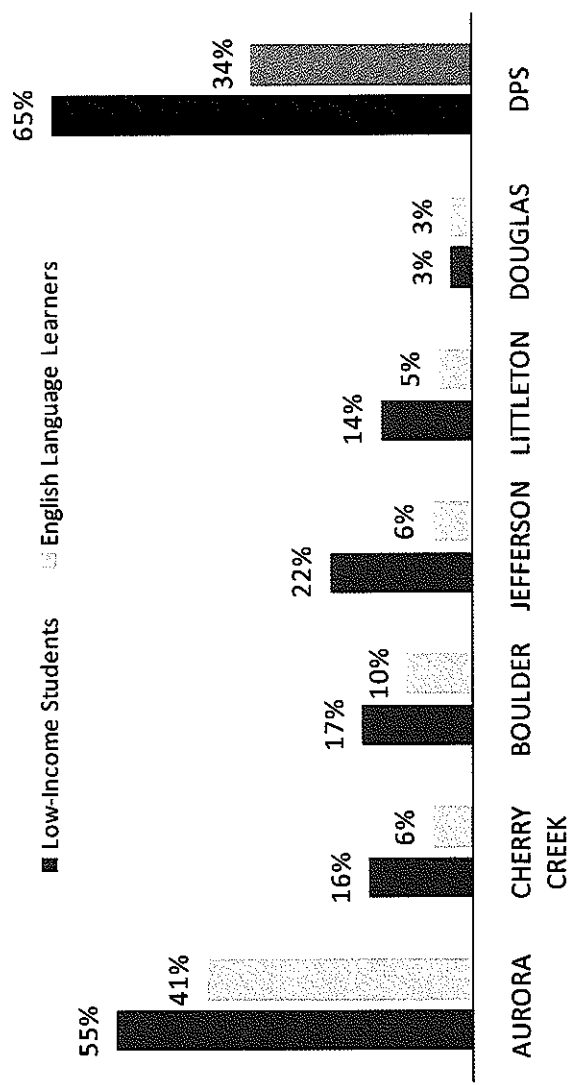
Revenue Per Student After Pension and Retiree Costs, Denver and Neighboring Districts



Result is that DPS receives less per student than neighbors after pension costs

- After pension and retiree costs but including additional money DPS receives for low-income students, the district has **on average \$250 less per student** to spend than its suburban neighbors

Low-Income and English Language Learners as a Percent of Student Population, Denver and Neighboring Districts

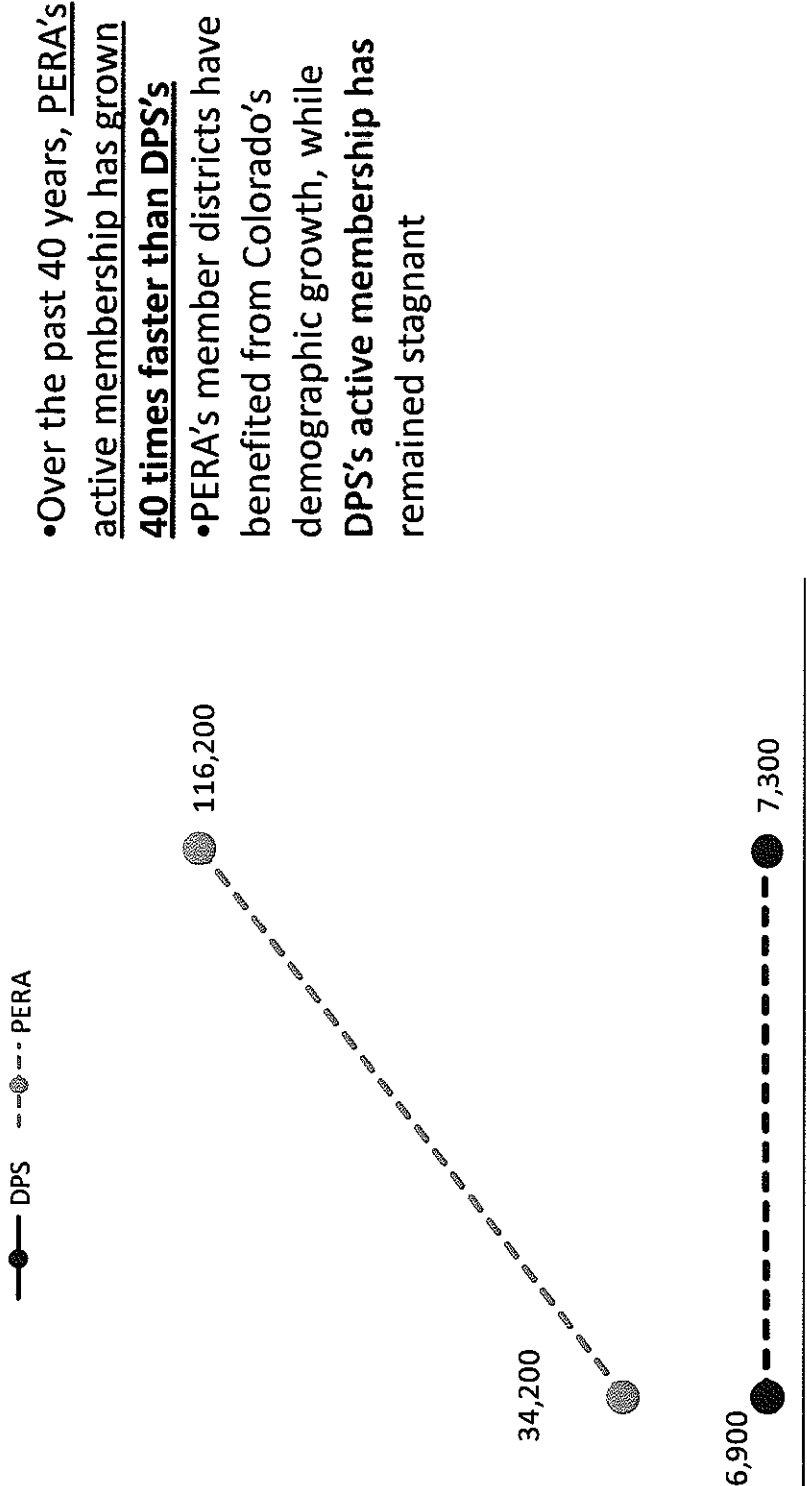


- Further, DPS receives **nearly \$600 less per student** than a district with comparable percentages of low-income students and English Language Learners

Source: Colorado Department of Education.
Data is for 2007-08 School Year.

The shift in demographics over the last four decades is the sole cause of the extraordinary pension burdens DPS faces in relation to other Colorado school districts

Active members DPS and PERA

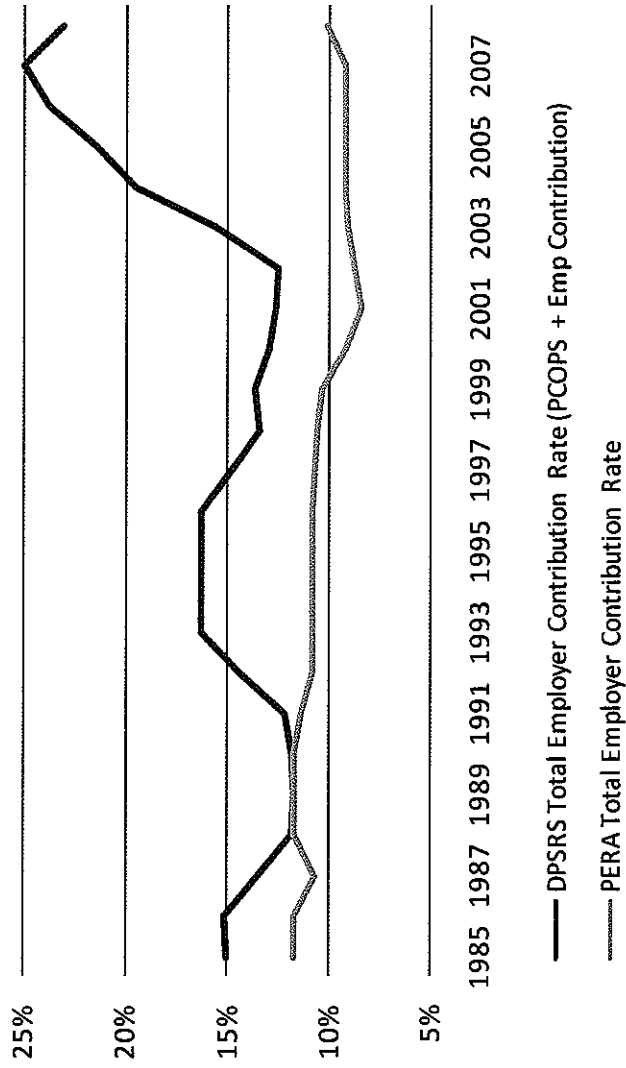


- Over the past 40 years, PERA's active membership has grown 40 times faster than DPS's
- PERA's member districts have benefited from Colorado's demographic growth, while DPS's active membership has remained stagnant

Sources: Denver Public Schools Employees' Pension and Benefit Association -- Annual Report for the Year Ended December 31, 1968 PERA of Colorado -- Secretary's 37th Annual Report to Members -- July 1 1967 - June 30 1968 DPSRS CAFR for Year Ended December 31, 2007 PERA of Colorado CAFR for Year Ended December 31, 2007

DPS pension burdens are not result of underfunding pension --
 DPS has contributed far more to pension than PERA school
 districts over last 20 years

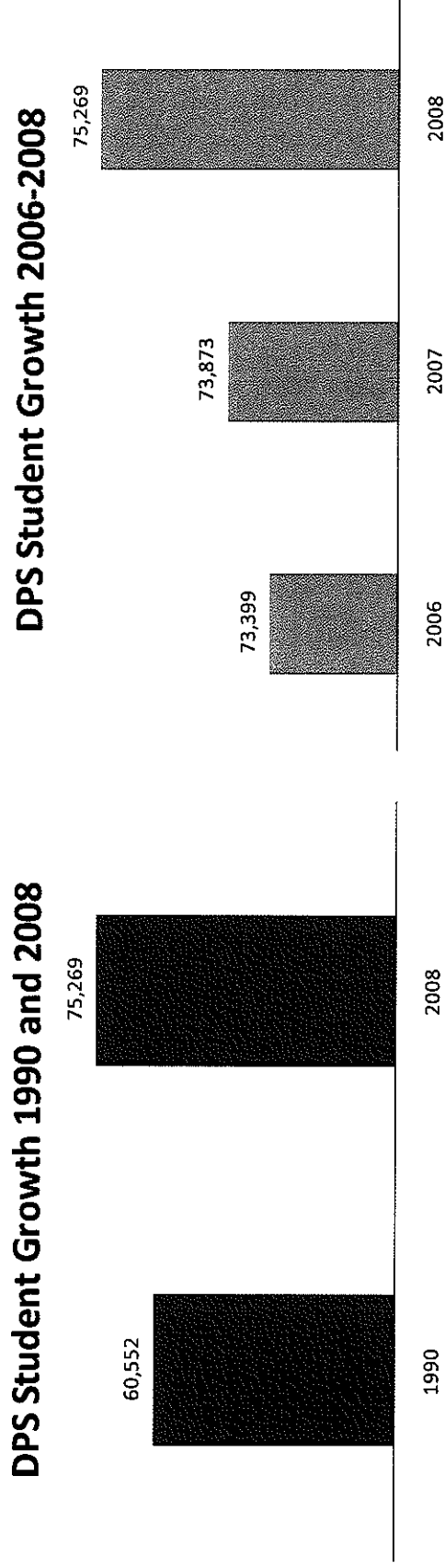
Total Employer Pension Contribution Rates as a
 Percent of Payroll (Since 1985)



- In 2007, even after DPS PCOPS (pension refinancing), DPS contributed **2.5x** what PERA did as a percent of payroll
- In other words, if PERA members were to have same contribution rate as DPS, they would have to contribute **\$840 million more** (15% of payroll) to pension

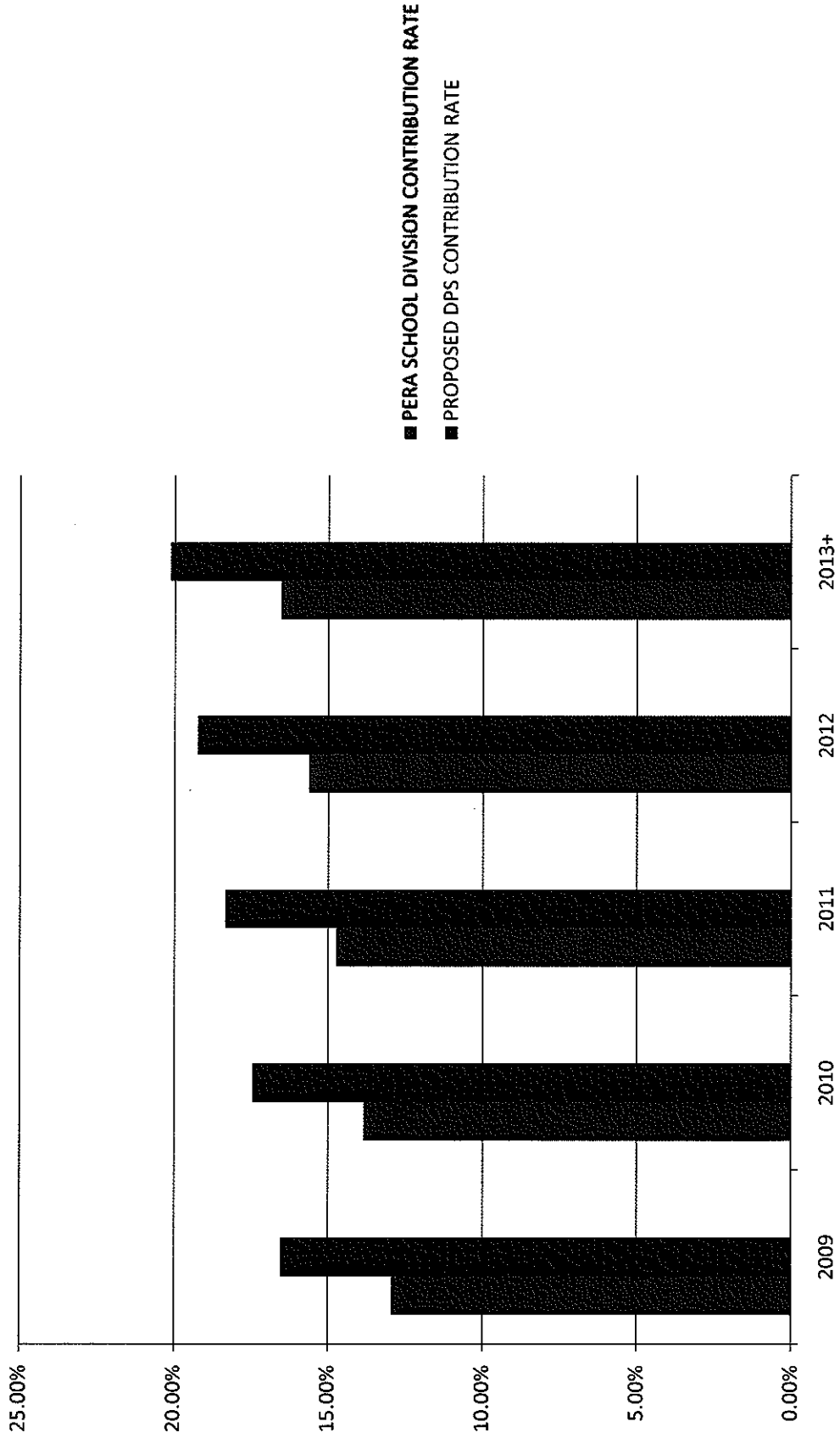
• Excludes retiree health contributions
 • Source: Colorado PERA 2007 CAFR, DPSRS Investment Office

DPS student population has **grown by 24%** since 1990 and growth has accelerated recently



• Source: DPS and National Center for Education Statistics

**PROPOSED DPS DIVISION VS. PERA SCHOOL DIVISION
EMPLOYER CONTRIBUTION RATES AS PERCENT OF PAYROLL**



**Unfunded Liability as a Function of Payroll
 PERA School Division vs. DPSRS Actual
 Considering DPS Proposed 30-Year Contribution Schedule**

