

Dear DPS Community:

As past and current Board Members of the Denver Public Schools (DPS) who have carefully studied and supported the pension transaction, we would like to set the record straight with regard to yesterday's New York Times article written by Gretchen Morgenson concerning the Denver Public School finances.

The New York Times and its journalists are known for thoroughly researched journalism. That's why we are confounded by the numerous inaccuracies and lack of contextual information within Morgenson's article.

Over the last year, under Superintendent Tom Boasberg's leadership, Denver students have seen an increase in graduation rates of 12%, an increase in college enrollment of 7%, and the highest student enrollment in Denver over the last 30 years. The transaction featured in the article has actually saved the district nearly \$20 million dollars thus far - money we've been able to invest in our classrooms and leverage into \$49 million in additional grant funding over the next five years – the most ever received by DPS.

The basic facts behind all of this are fairly simple.

From 2003 to 2007, DPS was forced to slash over \$80M from its operating budget. This left the District with limited funds to invest in our classrooms and to help our kids get ahead. While several different factors drove those budget cuts, the single largest factor was the growth in the District's pension costs. Nearly \$1,300 of the funds we received for each student was going to pay our pension costs – twice as much as any other school district in Colorado.

Something had to be done.

With careful consideration, the district developed a plan to protect our teachers, retirees, and students while saving millions of dollars to invest directly in the classroom. The decision to proceed with the transaction was extensively reviewed in public and supported by A+ Denver, a citizen's committee, both of Denver's daily newspapers, the teacher's union, and the DPS Retirement Board. The Board of Education voted unanimously to move forward with the transaction.

This transaction is far from exotic. The 2008 pension transaction was structured exactly like the 2005 transaction, a transaction completed before either Mr. Bennet or Mr. Boasberg joined DPS. Despite the high-pitched rhetoric currently surrounding the issue, the financing structure the district used is very commonly employed. Over 100 public entities in Colorado have issued over 500 variable rate issues in the last decade alone.

The result? According to a report released last week by PERA's independent actuaries, Cavanaugh Macdonald, DPS's pension is in significantly better financial shape than the rest of the state's school pension system and will be fully funded years before the statewide school pension division. In other words, the pensions of our retirees and current employees are now safer and better protected as a result.

Most importantly, our students are benefiting. While it is true that in the midst of the worst financial crisis in generations we did not achieve the full savings we'd hoped for, we are still nearly \$20 million ahead to date, and each additional month that passes adds nearly \$1.5 million in further savings. Thanks to the millions of dollars the district has saved, we have been able to lower class sizes, provide more support services to gifted and talented students, and offer additional tutoring and catch-up help for struggling students

While other Denver metro districts and districts across Colorado have laid off teachers, implemented furlough days, and raised fees for students, DPS has suffered far fewer budget cuts and is actually hiring teachers – all a direct result of the savings from this transaction.

We believe the facts are clear, and we continue to believe this plan was right for DPS, right for our teachers, and most important of all, right for our kids. When faced with skyrocketing pension obligations that were crowding out our ability to invest in teachers and kids, DPS was presented with a choice: Do nothing and fail in our obligation to our district's kids, or change direction. We chose the latter.

Sincerely,

Nate Easley, President, DPS Board of Education

Bruce Hoyt, current DPS Board Member, former VP and Treasurer

Theresa Peña, current DPS Board Member, former President and Treasurer; Volunteer Treasurer, Bennet for Colorado

Mary Seawell, current DPS Board Member, Treasurer

Jill Conrad, former DPS Board Member and Secretary

Michelle Moss, former DPS Board Member and VP

Kevin Patterson, former DPS Board Member and Treasurer