

THE PITON FOUNDATION



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LOCAL FOUNDATIONS POINT TO CRIPPLING INEQUALITIES IN DENVER TEACHER COMPENSATION SYSTEM

Analysis of Denver Public Schools Retirement System Reveals Potential Problems

Denver – In a paper released Monday to A+ Denver, a citizen’s group that oversees education for Denver’s students, the Piton and Donnell-Kay Foundations suggest that the DPS compensation system may be ill-designed to recruit top quality new teachers or to retain the best senior ones. The paper looks specifically at the pension plan, which can represent more than half of total compensation for senior employees but little additional compensation for junior employees.

“The system is lopsided. It is great if you plan to stay with DPS your entire career and it is lackluster if you don’t,” said Tony Lewis, Executive Director of the Donnell-Kay Foundation. “We’ve put ourselves in a situation where we give new teachers almost no financial incentives to come, mid-career teachers can’t afford to leave even if they want to, and the most senior teachers and principals are incented to leave their jobs when some of them should be encouraged to stay.”

The paper asserts that:

- Employees during the last decade before retirement earn over 100% of their salary in incremental pension benefit every year while employees in their first two decades of employment earn less than 6% on average;
- A teacher in her last decade of employment will earn three to four times the total annual compensation (pension plus salary) of a teacher in her first decade of employment;
- DPS will pay many teachers an annual pension (before inflation) that is higher than what their average salary was during employment.

“The bottom line is that if we want the best teachers, we have to find a way to pay them a competitive salary from day one,” said Van Schoales, Program Officer at the Piton Foundation. “But when half of a teacher’s total compensation is tied up in a pension they can’t collect until they’re in their mid 50s or 60s, we’re never going to attract and keep enough of our best college graduates into teaching.”

Full text of the paper submitted by the Piton and Donnell-Kay Foundations to A+ Denver is attached and will be accessible Tuesday at www.piton.org and <http://www.dkfoundation.org/>