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Public pensions were short-changed in the 1990s

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Who would have thought that a dry and dense subject that comes with terms like "actuarial studies" and "unfunded liabilities" would be such a sizzling topic?

Public pensions. Everybody has an opinion, but, I fear, very few of the facts. Or rather, some selected facts and not others. And a little knowledge can be a dangerous thing.

A recent front-page article in this newspaper looks at city employee benefits throughout San Mateo County and concludes: Costs of employee benefits tripled over the past decade. Serious-looking pie charts reiterated the premise. But had the investigation covered a broader range of years, the headline would have said: Cities are paying the same amount for pensions as a percentage of payroll as they were in 1980.

Before I explain why that is, I'd like to use this analogy: If you were looking for data on the safety of cross-Atlantic travel, and you looked only at 1912, you would never set foot on an ocean liner. That was the year the Titanic sank.

Looking at pension costs from just the past decade is exactly like that: That was the decade our economy went from boom to bust, big time. In the terrific years that stock portfolios got fatter and fatter -- early 1990s -- local governments took a pension holiday. Rising stock values meant cities didn't have to pay into the pension system because the funds went up so dramatically. At the same time that employers had their "holiday," it should be noted, workers continued to pay into their future retirement funds.

The responsible thing would have been to take that money and store it for a rainy day. But many cities didn't go that route, opting instead to fund high-priced consultants and special projects. Then came the 100-year flood.

We can learn from the past, but what do we do now about the pension problem?

San Mateo County can start with reforming the system more equitably, by looking at the top. Let's start with managers, all of whom receive a whopping 75 percent discount on their contribution to their pension plans, at taxpayers' expense. This is a perk not extended to general employees, who pay their full share.

And why do we allow travel expenses and cash-out paid leave to be counted as salary, further fattening managers' pension paychecks? Maybe an investigative newspaper would ask these tough questions, hold up our public policies to real scrutiny, and maybe, just maybe, working families will have a fighting chance in a fairer economy.

Wall Street and loose banking regulations brought our economy to the brink of collapse, but it's just too easy to target public employees who maintain our roads and answer our 911 calls. From 1980 to 2005, more than four-fifths of the total increase in American incomes went to the richest 1 percent. And yet today, 1 in 6 Americans has no job and every 20 seconds another working family files for bankruptcy.

Let's fix our system. Let's start at the top.

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