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New York's Leaky Public Pension Funds.

The New York City comptroller, Scott Stringer, went public last week with news that some financial reporters found blindingly obvious, but still should get the rest of the public steaming mad. It is that billions of dollars have been leaking out of the city's five public-employee pension funds, in payment for Wall Street money management that wasn't worth it.

Mr. Stringer's office did an analysis of the funds over the last 10 years, and found that managers' high fees and failure to reach performance goals had eaten away $2.5 billion of the pension systems' value. If you take the funds' gains since 2004, and subtract the fees, the analysis said, you end up basically at zero.

To be more precise: The analysis found that over the 10 years, the managers of "private" asset classes, such as hedge funds and real estate, fell $2.6 billion short of target benchmarks after fees were accounted for. Over the same period, managers of public asset classes, like stocks and bonds, slightly exceeded their benchmarks. "However, those managers gobbled up more than 95 percent of the value added — over $2 billion — leaving almost no extra return for the funds," Mr. Stringer's office said.

It's commonly known that active investment management is expensive, that Wall Street wolves always take their bite, and that they can make bad bets as often as good ones. But it seems fair to ask why it has to be this way with this giant pool of taxpayer money, a pension system of nearly $160 billion that is supposedly run by the best minds the city can find, for the benefit of 715,000 retired cops, firefighters, teachers and others.

Even nonexperts can grasp a primal personal-finance principle: buy low-cost funds linked to the overall performance of the stock market, be patient and don't try to outsmart the market or pay someone an arm and a leg to do it for you. That a succession of city comptrollers and fund trustees — who, it should be noted, once included Mr. Stringer, a trustee in his old job as Manhattan borough president — would never have thought of this before and found ways to reduce the damage done by excessive fees, is incredible.

Mr. Stringer told The Times that the problem stems from bad decisions and overlooked data. Relevant information about fees lay buried deep in footnotes of financial reports that no previous comptroller's office had ever bothered to extract or publicize. Which leads the obvious next question: Mr. Stringer announced the bad results, but did not name names or firms behind them. He says he will do so in coming months, as his office does what it says is a tedious, complicated job of dissecting reports and correlating dollars with performance.

He should keep that promise. Transparency and accountability is unusual in the murky world of public pensions, which have seen their share of criminality and abuse. Now that Mr. Stringer has taken up the cause, his next task is to offer ways to better protect taxpayer funds. At the very least, the city should drive a harder bargain with Wall Street, and cultivate in-house investing expertise over high-priced outside management. And it should give city pensioners a clear, honest, easy-t--understand accounting of where the money goes, and to whom.

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