

Cost Per Flight Hour

Costs and Uses of King Air N777AQ At the University of Southern Mississippi

Updated March 7, 2013

The purpose of this report is to show readers how to calculate cost per flight hour and use it to determine the cost of flights of N777AQ. We will also show why, in detail, cost per flight hour changes through time, but has in fact remained from beginning of the lease/purchase of N777AQ to the current time, approximately \$5,000, not the \$800 as claimed by one-time USM President, Martha Saunders.

The data used to measure cost per flight hour, costs of particular flights, and total costs to date are provided by the University of Southern Mississippi. usmnews.net employed the Mississippi Open Records Act (MORA) to obtain the information. usmnews.net invites readers to replicate and measure cost per flight hour for themselves and apply them to particular flights. As importantly, we invite readers to confirm the total cost of N777AQ to date. Since usmnews.net has paved the way obtaining information from Southern Miss via MORA, readers should expect to acquire cost and airplane use data with a minimum of delay and hassle. Thus, readers will not need to rely on usmnews.net's data or measurements. They may verify facts and confirm the measurements for themselves.

For readers who choose not to obtain the data from Southern Miss, usmnews.net has set up this report to link to the data usmnews.net received from Southern Miss. So, readers who are interested in the details can access them in this report.

Differences in cost per flight hour over time are best understood by first reviewing the ratio on which it is based.

Cost per flight hour = (Total cost to date / total number of flight hours to date)

Generally, both costs and flight hours increase with passage of time. (Of course, any cost, such as insurance, maintenance, hanger fees, lease payments, etc., are incurred even if an airplane is not flown.) Flight hours increase as the plane is put in service.

So, cost per flight hour changes when total cost changes or when total number of flight hours change. (For details, see, [Cost Per Flight Hour](#).)

Costs include all costs incurred for the airplane. In the case of N777AQ, costs are identified in the lease agreements. They include all costs of N777AQ, e.g., lease payments, pilots' salaries, insurance, fuel, maintenance, hanger fees, etc. All costs of N777AQ are paid by Mississippi taxpayers and Southern Miss students. (See the lease/purchase agreements.)

N777AQ Cost per flight hour = (Total cost to date / total number of flight hours to date)

The 48 months of use since N777AQ was brought in service at USM, the cost per flight hour is:

\$4,840.44 = (\$1,672,130.20 total actual cash outflow costs / 345.45 actual total flight hours)

Note that the amortization of a balloon payment, which USM is contractually obligated to pay, is not included in the \$4,840.44.

Now, let's measure cost per flight hour by including amortization of the balloon payment.

\$6,941.01 = (\$2,397,772.60 actual total costs / 345.45 actual total flight hours)

We will once again run a series of articles which applies the cost per flight hour to determine the cost of employing N777AQ on a particular trips. This series will address trips from July 2012 until February 2013, including trips involving USM's new president, Rodney Bennett.

The flight cost for a particular trip will be measured as follows:

Cost of employing N777AQ on a particular flight = (Cost per flight hour X the actual number of hours employed on the particular trip)

We will also identify the passengers and the purposes of the flights when provided in USM's records.

As previously reported by several news sources including the *Student Printz*, Saunders publicly claimed an estimated cost per flight hour of \$800. Neither Saunders nor USM administration has corrected this material public misrepresentation.

Let me be candid. The \$800 misrepresentation is a lie. USM administration has known it but persists misrepresenting the cost per flight hour.

Keep in mind, we use USM's detailed cost and usage records obtained through Mississippi Open Records Act request to calculate cost per flight hour.

Let's not forget an important point: We should continue ask ourselves, has USM effectively and efficiently employed student/taxpayer money in satisfaction of the mission of Southern Miss – the education of students?