

Rain on the Parade? USM Rains on It Own Parade

Review the two articles and ask yourself why USM did not report what the USM Foundation earned this year, a boom year in the stock market. What USM administrators don't say is often more important than what they do say.

First USM's "[Hattiesburg American](#)" report about contributions. Note no mention of what it earned, i.e., its stewardship of the contributions it received.

The University of Southern Mississippi is poised to close the books on another banner fundraising year.

With just days left in Fiscal Year 2014, Southern Miss has raised more than \$15 million in gifts and pledges. It's the second-highest single-year total ever raised by the university.

"This is a very exciting number for us," said Bob Pierce, vice president for advancement.

Highlighting this big fundraising year is the \$6.9 million gift commitment from the Luckyday Foundation.

The money provides 75 incoming freshmen with \$5,000-per-year scholarships, which are renewable for up to four years.

Scholarships are awarded to students who demonstrate leadership, community involvement and financial need.

"Southern Miss has been able to shape a life-changing program that is truly unique in all of higher education," said Larry Sparkman, director of Southern Miss' Luckyday Citizenship Scholars Program, in a press release earlier this month.

The Luckyday Foundation has donated \$27 million to Southern Miss since 2001, including \$4 million for construction of the residency complex Century Park South.

One of its three buildings will be called Luckyday Citizenship Hall and will be home to Luckyday scholars.

Southern Miss' fundraising is up from \$8.5 million collected in FY 2013. Southern Miss banked a record \$20.3 million in FY 2012, the last full year of Martha

Saunders' presidency.

Net assets for the USM Foundation are in excess of \$100 million.

Pierce said he believes the upswing in fundraising this year demonstrates donor confidence in new President Rodney Bennett, who officially took office in April 2013.

"People are buying into Dr. Bennett's vision of moving the university forward," Pierce said.

Pierce also credits the current economic upswing with creating "an environment favorable to charitable giving," as well as a host of fundraising campaigns that have drawn people's interests and opened their checkbooks.

Campaigns for the DuBard School, the Dale Center for the Study of War and Society, and the Moffitt Health Center have each raised more than \$1 million.

At a glance

Southern Miss has raised \$15 million in private gifts so far for Fiscal Year 2014, ending June 30. It's the second highest single-year total raised by the university in its history. Here are the last five years of fundraising totals.

What are the best schools reporting with regard to their stewardship, earnings on their foundations? Guess where USM is on such measures if the good schools are doing poorly in a booming investment market?

From the [New York Post, June 29, 2014](#):

"Higher education has lower returns for college endowments"

Nearly two months after most US college students took their finals, the nation's college and university endowments are closing the books on their fiscal year.

For the most part, the men and women who manage higher education's nest eggs get a C at best. When it comes to investing, summer school is in order.

Although the final results won't be in for several months, college endowments — especially those of the nation's elite universities — have been sorely underperforming the stock market averages over the five-year period ending last June.

While the S&P 500 has posted a meaty 18 percent annualized return in the five

years from June 2009 to 2013, almost every Ivy League school, from Harvard to Yale to Penn, barely achieved a third of those results. Columbia University, the best of the bunch, racked up returns of just 6.8 percent, while Stanford clocked in at just over 3 percent.

The shoddy returns helped speed the departure of Jane Mendillo, the head of Harvard Management Co., earlier this month. She will step down at the end of the year.

As it bid Mendillo adieu, the university made a point to underscore her contributions to “sustainable investing.” As investment gains lag across the university landscape, money for scholarships and building projects have tightened as well.

How did the performance gap between the smart and the supposedly smartest of the smart become so wide?

Well, because the latter tried to outsmart the empirical data that show it’s nearly impossible to beat an index fund in the long run.

These über-managers have gone full bore into the most illiquid of investments — from private equity to real estate to hedge funds. While the Mensa crowd running these endowments didn’t mind paying outsized fees for these alternative investments, the returns have been dismal and it’s not easy to get out and correct course.

It’s little wonder that with only 16 percent of their holdings devoted to the best asset category of the past six years — US stocks — the overall portfolios have been treading water trying to go against the Federal Reserve’s asset bubble.

Remember, what schools like USM report is often done to hide what they don’t want you to know. That’s why USM pays a small fortune (your tax dollars) for their “Communication and Public Relations” professionals to do.