# Incompetent or Corrupt or Both?

## Part 3

Our last report, Part 2, recounted the commission benefits Coca-Cola paid to USM for imposing and enforcing a soft drink monopoly on its students.

What other benefits did USM receive from Coca Cola?

Coca-Cola paid $96,000 each year for years 1996, 1997, and 1998, and $32,000 for each year 1999 through 2005. The total was $512,000. A lot of money? No. A pittance in the scheme of these kinds of contracts. In comparison with other educational institutions, including high schools—yes high schools, it's amazing just what a meager amount $512,000 is.

Let's review what other schools were getting. In 1992, Penn State got a 10 year deal for $14,000,000. At about the time of USM's deal with Coke, University of Minnesota got $28,000,000 for a 10-year deal with Coke. You might note that Minnesota was more than twice the size of USM. You'd be right, of course. So cut what Minnesota got in half: $14,000,000. Still an unfair comparison, you say? Okay, cut Minnesota's payment in half, again: $7,000,000! Now compare that to the $512,000 USM got.

The preeminent question is, what were Lucas and Henderson and other administrators thinking when they made this deal with Coke? Keep in mind the information about what other universities, not just Penn State or University of Minnesota, were paid by Coca-Cola and other companies was easily available over the internet. A few clicks of the computer provided a wealth of information about such contracts with educational institutions.

It gets worse. At the time, an NBC news report advised viewers that a Texas high school was getting millions for their Coke contract. A high school! Millions! Sure enough, an internet search confirmed the report. Two Texas high schools in the Keller school district, for example, got $4,000,000 in cash and contributions plus commissions.

Let's review. USM got $512,000 and two high schools got $4,000,000. What immediately comes to mind is whether USM administrators were incompetent. (When we visit the 2006-2015 contract with Coke, facts tend to counter the notion of incompetence.)

The second thought is whether three was some kind of kickback. Kickbacks are not unheard of at USM. The College of Business, for example, required all business students to buy Wall Street Journals even though there were multiple copies available at the library, a block from the College of Business. The kickback? By requiring every business student to purchase individual copies of The Wall Street Journal, CoB administrators and faculty received their own copies at no cost to themselves. The cost to students? $50,000 per semester in return for which the faculty and administrators saved $14,000.

If the above report doesn't get your attention, remember tuition and fees have increased almost every year for the past decade. Tuition and fees are the visible costs. The monopoly pricing the Coke contract implies are among hidden costs.

Mississippians don't want to believe that USM faculty and administrators are incompetent or systemically corrupt. But you've been warned by many people including the reporters at usmnews.net. It's your money and your young adults you're entrusting to USM.

Did USM administrators get a better deal when they negotiated a new ten-year contract for the period 2006 – 2015? The short answer is no. How bad was it this time? It can always get worse.

Stay tuned for a report on the 2006-2015 contract.