

# President Saunders: Inefficient and Ineffective Use of Students' and Taxpayers' Money

## Part 10

### Costs and Uses of King Air N777AQ

#### Saundersization of Return on Investment

usmnews.net's review of soon-to-be-former President Saunders' lease/purchase of a multi-million dollar airplane, King Air N777AQ, continues with Southern Miss' cost records for 2011. We began this series detailing President Saunders' decision significantly to undercharge for use of N777AQ.

I distinctly recall Martha Saunders using phrases like return on investment. As Southern Missnews.net has shown in this series, and again with this report, she had no idea what the words meant or she was using her typical vacuous public relations-speak.

If Dr. Saunders had any idea what return on investment means, at a minimum, she would be expected to recover the money students have paid for the airplane, plus a profit. After all, taxpayers and students paid for the plane. She is supposed to oversee the effective and efficient use of the money students and taxpayers pay. (It is obvious that the lease/purchase of the airplane in no way advanced student education. See, previous reports in this series.)

Let's consider a Saundersization of return on investment.

On November 29, 2011, [Christy Pickering and Ed Blakeslee](#), Board Members of the Institutions of Higher Learning, Mississippi, used N777AQ to travel round trip "flight from Hattiesburg to Gulfport to Columbus and return to Hattiesburg." No purpose was stated for this use of N777AQ, but Southern Miss billed the IHL for the flight: 1.6 flight hours times \$800 per flight hour, i.e., **\$1,280**. That amount doesn't come close to recovering actual cost of N777AQ, much less provide a return on investment.

What would Saunders have charged the IHL if she had been concerned with recovering even the cost of Ms. Pickering's and Mr. Blakeslee's flight? Certainly not \$800 per flight hour.

The actual cash outflow cost is *not* \$800 per flight hour. It is, according to Southern Miss's own records, more than **\$5,500** per flight hour in actual current cash outflow costs. If the balloon payment of \$907,053.85 (which is contractually required to be paid at the end of the lease/purchase period) is included, the cost per flight hour greater than **\$8,000**. For details, [click here](#). So, if Saunders had charged the IHL the actual cost of using N777AQ, the IHL would have been charged **\$12,800** (1.6 flight hours x \$8,000) for the flight.

If President Saunders actually had any understanding what return on investment means,

she would have charged cost plus a profit for use of N777AQ. Assume a 10% profit. Saunders should have charged the IHL \$14,080. Therefore, the IHL owes Southern Miss students and taxpayers — \$14,080 less what they already paid for this flight, \$1,280— **\$12,800**. (Keep in mind that [Part 1](#) of this series reported the IHL significantly underpaying for another of its uses of N777AQ. In that instance, the total charge for Ms. Pickering's flight should have been **\$20,240** for her use of N777AQ on August 24 and 25, 2011.)

This Saundersization means that students have their tuition and fees squandered while she and the IHL take advantage of their ignorance. Who says “higher education” isn't the real world?

**Memo to IHL:** Please pay the unpaid balance of **\$12,800** for your use of N777AQ on November 29, 2011. And don't forget to pay for other IHL flights, such as the ones on August 24 and 25 at **\$20,240**. (The IHL used N777AQ for other flights. It should reimburse students and taxpayers for those, too.)