

STATE OF SOUTH CAROLINA )  
 )  
COUNTY OF PICKENS )

**AFFIDAVIT OF SCOTT LUDLOW**

PERSONALLY APPEARED BEFORE ME, Scott Ludlow, who upon being duly sworn, deposes and states as follows:

1. I am a citizen and resident of South Carolina. My permanent home is 1434 Melton Road, Liberty, South Carolina 29657. I am currently employed as the Vice President for Finance of the South Carolina Technical Schools. My office address is 111 Executive Center Drive, Columbia, South Carolina 29210. I was recently asked by the Governor to serve on the Higher Educational Task Force, which will study and make recommendations regarding publicly-funded higher education throughout South Carolina.

2. I am a graduate of the University of Montana with a degree in Accounting. I am a licensed Certified Public Accountant. I was previously employed by the State of Montana as an auditor of higher educational institutions funded by the state. I later took a position as Controller of Northern Montana College. After that, I took a position at Kansas State University where I was the Associate Controller. From there, I moved to West Virginia University where I served as the Controller. My next employer was Clemson University, where I served for approximately eight and a half years as the Chief Financial Officer and Chief Business Officer. On October 25, 2004, I submitted my letter of resignation to the President pursuant to his earlier request. That request was confirmed by a letter, a copy of which is attached as Exhibit A.

3. I am informed and believe that my resignation was requested because of positions I took during meetings with President Barker and with Administrative Council. I frequently expressed my concern about how the University was accumulating large sums of cash due

primarily to its substantial tuition increases. I was also concerned that the information and recommendations which I provided were not passed along to the University's Trustees.

4. On numerous occasions, I recommended to the Administrative Council that some of the accumulated funds be used to upgrade the University's facilities. There were a number of buildings on the campus badly in need of upgrades and repairs. There was a need for a back-up electricity generation system. I recall a potential new scientific researcher, who was visiting the campus and who was being recruited as a possible new faculty hire, expressed concerns about a power outage which occurred during his visit. When he learned that the University had no back-up generator and how there were power outages on the campus approximately twice a year, he stated that he would not be able to come to Clemson University because he could not do his research and preserve his specimens if there were concerns about power outages.

5. I also expressed concerns about the University's computer system and the antiquated connections which existed between some campus locations. I also expressed concern about some of our buildings which had humidity problems or air quality problems. Although I sought the authority and the funds to correct these problems and deficiencies, I did not receive support or approval for these projects.

6. The Board of Trustees was made aware of my concerns, the problems with our buildings, the need for a backup electricity generating system but not my views about the funds being generated by tuition increases. Based on facts and circumstances which came to my attention, the Trustees were not, to the best of my knowledge, ever made aware of these problems or my recommendations relating to tuition increases.

7. I recall a meeting with the President of the University in the spring of 2004. This was at a time when the administration was recommending to the Board of Trustees a twelve

percent additional increase in tuition. I recall telling the President "You are sitting on over \$40 million. I recommend you spend \$20 million of this money on the facilities and seek only a six percent tuition increase," or words to that effect. I recall telling the President that the University could not justify having all that money and not using it. I recall telling him that the University's facilities were not Top 20 quality facilities.

8. In June of 2004, I met with the President to receive my annual performance review. I had received favorable job performance reviews previously. During the administration of President Constantine Curris and up to this time with President Barker, my performance rating evaluations were outstanding. Instead of receiving a favorable review, I was told by the President that if I did not change my attitude and get on board I would not be the Chief Business Officer on January 1, 2005. I understood this to mean that I would likely be fired or substantially demoted. I made the decision at that time to seek other employment. When I obtained my position with the South Carolina Technical Colleges System, I submitted my letter of resignation. In my letter sent by email, I stated in part, "I truly believe that lasting success in academic pursuits will be sustained only if investments are made in the supporting personnel, institutional compliance, and facility infrastructure. I regret that I was unable to be more persuasive in securing these resources and bring balance to institutional investments which has resulted in negative perceptions of my not being a team player." A copy of this letter is attached as Exhibit B.

9. To the best of my recollection, I had one-on-one conversations with the President about my concerns regarding the cash that was piling up and how I could not support the tuition increases. I recall having such conversations in the fall of 2003, the spring of 2004, and in the summer of 2004, the meeting where my resignation was requested.

10. At some time, the exact date of which I cannot state, I came to understand that I had been sidelined. I was told that I would not make the budget presentations to the Board of Trustees, and financial presentations relative to tuition increases which should have been made by me in my capacity as the Chief Financial Officer would instead be presented by others on the Administrative Council. I recall asking one of the Trustees if he did not wonder why his CFO no longer appeared before the Trustees to make financial presentations. That Trustee replied that he agreed this was unusual. Nothing came of that conversation. I was never reinstated as the person who would make financial reports to the Trustees. This is one reason I concluded I had been sidelined.

11. During the time that I was employed by Clemson University, I noted that all presentations to the Board of Trustees by the Administrative Council were rehearsed. Presenters were encouraged not to stray from the agreed upon contents of the presentation which had previously been approved by the administrative council. To my knowledge and to the best of my information and belief, there was never a factual and accurate presentation made to the Trustees about the accumulation of cash in recent years. There was no explanation about why it was happening. There was never any expression of concerns which I and perhaps others had about this situation to the Trustees. I have no reason to believe the members of the South Carolina General Assembly or others in State government had a clear and complete understanding about the cash which has been accumulating in recent years at Clemson University.


12. While I was employed by the University and while I served as a member of the Administrative Council, we received presentations from Alan Godfrey, the Budget Director. His conclusions and concerns about the accumulation of cash were similar to my own. I recall Mr.

Godfrey telling the Administrative Council we should not raise tuition simply to build bank account balances.

13. The accumulated cash was sometimes referred to as "performance credits." I do not regard this to be an accurate term, and to my knowledge, it is not a term routinely used by accountants and auditors of institutions of higher learning.

14. I understand this Affidavit may be submitted as evidence in a grievance proceeding which has been or will be filed by Gene Troutman, the former Executive Secretary of the Board of Trustees. If, during the investigation of his grievance, additional information is needed from me, I will be glad to cooperate.

FURTHER, YOUR AFFIANT SAYETH NAUGHT.

  
\_\_\_\_\_  
SCOTT LUDLOW

SWORN to and SUBSCRIBED before me

this 28<sup>th</sup> day of August, 2007

 (L.S.)  
NOTARY PUBLIC for South Carolina

My Commission Expires: 1/28/14