



Lawsuit Rocks Clemson University

By: Andrew Davis, Editor Emeritus

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The Tiger Town Observer has learned of a lawsuit filed by the former Executive Secretary of the Board of Trustees against several Clemson University officials. This lawsuit alleges that tuition increases since 2000, were beyond what was necessary, and created a hoard of \$80 million dollars of unused money. Other allegations include falsification of public statements, corrupt business practices and a profound mismanagement of the University's financial assets. The suit, filed with the Richland County Clerk of Court's office on Jan. 9, names President James Barker, Provost Doris Helms, General Counselor Clay Steadman and the entire Clemson Board of Trustees with the exception of David Wilkins, who did not serve during the time of the alleged offenses.

In May of 2005, Eugene Troutman was named Executive Secretary of the Board of Trustees to assist with the University's auditing capabilities, though never given a written job description. However, in August of 2007, Troutman was fired from Clemson after protesting what he saw to be serious financial problems Clemson was facing because of improper management. Troutman suggests in the suit that he was fired after refusing a forced resignation because the University felt that he was playing too much of a "watchdog" role, which they did not wish to have.

Of the many allegations listed in the complaint, the most serious is in regards the hoard of Unrestricted cash--funds that are raised with no specific purpose--created from tuition increases from 2000 to 2007, which reached \$80 million. In the time that Clemson accumulated this stockpile of Unrestricted cash, students saw in-state tuition increase by almost 200 percent after tuition rose from \$3,590 in 2000 to \$9,900 in 2007. The University frequently justified their tuition increases, which were some of the highest in the nation, as necessary because of cuts to the budget by the South Carolina General Assembly.

"Representatives of the University made nonfactual public statements regarding the need for tuition increases," reads the complaint. "Year after year, the Defendants hoarded the cash generated by these increases."

When the Observer asked Provost Doris Helms about the allegations of Clemson officials hoarding such high levels of unspecified funds, she stated "cuts to the budget and economic downturn" as justification, stating it was "good business practices" to plan "four to five years ahead." Clemson Board of Trust Chairman Bill Hendrix is said to have called the massive hoard a "rainy day" fund, according to the complain.

However, critics like Clemson's former Chief Financial Officer Scott Ludlow call their comments absurd. "Yes, it is a good practice to have a little bit of money tucked away," says Ludlow. "But it is quite a difference to have a state institution like Clemson to have that much money in reserves. This is not good for an institution that has state funding and control over tuition and fees."

Ludlow says that since Clemson has direct control over its tuition and enrollment, "95 to 98 percent" of Clemson's funding is guaranteed. Ludlow added that even in its worst year, the state's cuts to Clemson's funding was nowhere near what Clemson said justified the tuition increases.

In 2004, Clemson's tuition increases netted \$40 million in Unrestricted cash: twice the amount that Ludlow said was appropriate. "My big issue at that point and time was that Clemson had done a few tuition increases that were really big and compiled \$40 million dollars," says Ludlow. "They were proposing another 14 percent increase, and I went in and told them they could invest \$20 million into fixing their buildings and still only need to increase tuition by 6 percent. However, they said they could get away with a 12 to 14 percent increase and told me I needed to be more of a team player."

Former Budget Director Alan Godfrey is said to have called the Unrestricted cash hoards a "time bomb," and the complaint also states Hendrix as saying, "If the general assembly ever finds out about this, we will never get another dime."

Hendrix had no public comment, and denied all allegations.

The "team player" system of management at Clemson is what Troutman alleges prevented him from instating necessary financial checks and balances, and failure to cooperate with masking the University's financial mismanagement ultimately led to his firing.

Financial problems were only worsened by the lack of auditing checks on University finances, which included an inefficient internal auditing department. When Ludlow was eventually forced out of the University, the CFO position was left unfilled for two-and-half years. Eventually, the University filled it with an internal candidate who worked for Helms, and who had neither a degree in accounting nor any experience as a CFO. Also,

Steadman replaced Troutman as the interim executive secretary, despite his simultaneous role as the general counselor for the university.

Problems with Clemson salary increases are also the subject of complaint in the lawsuit. "Large salary increases were given over multiple years to certain members of the Administration," many who reported directly to Barker, says the complaint. "Certain administrators who received these raises, including Defendant Steadman, were improperly reclassified as 'lecturers' in order to circumvent maximum wage limitations imposed by State law."

Poor management on behalf of Hendrix also led to problems like the covering up of a theft of scientific research equipment from an outdoor laboratory. The Observer has previously reported on the theft of the \$103,000 equipment piece, which Clemson issued false statements about to General Assembly members and Senator Lindsay Graham, in trying to hide the theft.

Despite all of the serious allegations, Helms believes Clemson is innocent. "I think that Clemson has done absolutely nothing wrong," says Helms. Hendrix, despite refusing to comment on any of the things listed in the complaint, called Troutman, a 1974 graduate of Clemson University, a "disgruntled employee."

Because the case was just filed this month, a trial date has not been set. A digital copy of the complaint can be found at <http://www.clemson.edu/~Observer/Complaint.pdf>, or one may request a hardcopy from the Richland County Clerk of Court in Columbia, SC.

The Tiger Town Observer also recently reported on the theft of lab equipment from an outdoor laboratory- one of the issues highlighted in the lawsuit against Clemson. To read about this theft, please visit: <http://media.www.tigertownobserver.com/media/storage/paper1123/news/2007/04/11/NewsAndOpinion/Clemson.Covers.Up.Potential.National.Security.Threat-2870674.shtml>

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