



August 9, 2017

Mr. Brian D. Lamkin
Office of the Inspector General
Synergy Business Park - Enoree Building
111 Executive Centerview Drive, Suite 204
Columbia, South Carolina 29210-8432

**CHAIR OF THE
BOARD OF TRUSTEES**

E. Smyth McKissick, III
Post Office Box 1616
Easley, South Carolina
29641

Dear Mr. Lamkin,

Attached please find Clemson University's response to your final report related to Board of Trustees travel and event expenses.

On behalf of the Clemson University Board of Trustees, I want to thank you for the professionalism demonstrated by your staff in working with Clemson University's Office of Internal Audit to develop, review and finalize this report.

Thank you for your service to South Carolina and please don't hesitate to contact me if I can be of service to you in the future.

Sincerely,


E. Smyth McKissick
Chairman
Clemson University Board of Trustees

cc: Ms. Bessie Watson

Clemson University Response to the State Inspector General's Report

Clemson University (Clemson) values the State Inspector General's (SIG) finding that Clemson's Board of Trustees (Trustees) acted lawfully and that there was no evidence of wrongdoing with respect to Trustee-related expenses. Sound financial management of the university has been a guiding principal in Clemson's rise to excellence as one of the premier public universities in the country. As the SIG states, Clemson is a "highly successful (university) with a reputation for excellence that's known worldwide."

That reputation is reflected by Clemson's standing as one of the country's top 25 public universities for the past nine years by U.S. News and World Report, and in being named the 24th "best buy" in public education for in-state students by Kiplinger's Personal Finance.

Of significance, Clemson has achieved this high level of accomplishment while keeping the actual cost of attendance as low as possible. At Clemson, the average out-of-pocket expense for incoming freshmen in the fall of 2016 was \$5,300 – about 36 percent of the posted tuition price - the result of 99 percent of freshmen receiving some sort of scholarship support. Clemson's expense per student has fallen by 15 percent, adjusted for inflation since 2008. Additionally, 51 percent of Clemson graduates leave with no debt – well above the 31 percent national average. Further confirmation of Clemson's sound financial management is reflected in its historically high credit rating for bonds and its recognition as the 8th most efficiently run university in the country by U.S. News & World Report.

In short, Clemson is not an institution that has an "environment of skyrocketing costs and runaway spending." Quite the contrary. Clemson consistently provides a top quality, affordable education that is of significant value to our graduates as evidenced by their success in the marketplace for jobs.

At the heart of the university's success throughout its history has been the capable and volunteer service of its 13-member Board of Trustees. Board members do not draw salaries while giving generously of their time and expertise to Clemson. A significant portion of Trustee time given to Clemson, and corresponding expenses associated with Trustee service, is dedicated to fundraising including at various donor and athletic events. In its report, the SIG lauds Clemson for its "efforts to develop avenues outside of the university to raise funds to assist in the furtherance of its mission" and its "level of integrity and heightened management controls in relationship with its affiliated non-profits."

Unlike most state agencies, Clemson self-generates the vast majority of its revenue while operating in a competitive national environment – including competition from highly endowed private universities. Trustees led the fundraising efforts to complete the university's \$1 billion "Will to Lead" fundraising campaign in 2016 and were a critical part of Clemson raising an annual record of \$151 million in 2017. It also must be noted that Trustees personally have collectively donated more than \$24 million to Clemson.

Trustee expenses, which support the mission of the university, represented one hundredth of one percent of the university's average annual budget during the five-year (2012-2016) SIG review period. The Clemson University Foundation support of trustee expenses was less than four hundredths of one percent of Clemson's total average fundraising of \$123.6 million a year during that same five-year period. The SIG found that all of these expenses were consistent with the state budget proviso. Clemson supports that proviso.

Furthermore, as noted by the SIG, self-generated athletics revenues (which include no student fees) were used to pay Trustee expenses related to their participation in events related to Clemson's remarkable back-to-back ACC championships in 2016 and 2017, as well as its appearances in the College Football Playoffs both years, which ultimately led to Clemson's second national championship this past January. Trustee participation in those events directly contributed to the record donations for both the academic and athletic missions of the University. As always, Clemson remains committed to exercising board authority over expenses in a reasonable, prudent and businesslike manner.

While recognizing the vital role its Trustees have played in the success of the university, Clemson takes seriously both its commitment to sound financial practices and the SIG's factors to consider in the development of future expense policies. As part of its commitment to continuous improvement, Clemson's Board of Trustees recently adopted a policy governing board-related expenses that aggregated many of the university's existing practices and will provide a vehicle for further refinement of those practices while continuing the university's quest for excellence.

By any measure, the expenses in support of Trustee service in governing the university and fundraising for the university are not only a reasonable investment, but the indisputable success of their efforts show this overall investment is without question a most wise use of resources.