

LAC

January 1997

A Management Review of Winthrop University

Members of the General Assembly who were concerned about management of Winthrop University requested that we audit the university. This audit primarily reviews the management decisions and practices carried out since 1989. Some of the concerns we address may not be isolated to Winthrop University. In previous audits of state universities, we identified similar concerns with the “discretionary” spending of public funds and the administration of scholarships.

Management of Business and Finance

Out-of-State Graduate Students

Winthrop has allowed out-of-state graduate students to pay in-state tuition. For example, more than 300 out-of-state graduate students were enrolled in the fall 1995 semester, and Winthrop provided unauthorized fee waivers to 187 of these students. The most common fee waiver was for students from an 11-county area near Charlotte, North Carolina. Allowing these students to pay in-state tuition cost Winthrop approximately \$375,000 in academic year 1995-96.

Winthrop reported to CHE that it had only 18 graduate students who were classified as out-of-state students for fee purposes. Because of Winthrop’s granting of unauthorized fee waivers to out-of-state graduate students, the university will receive approximately \$41,000 more in state funds than it is entitled to for FY 96-97.

Number of Out-of-State Graduate Students by Category

	Fall '95	Spring '96	Summer '96
Out-of-State Tuition and Fees Charged	16	13	8
Authorized Waivers	98	85	18
Unauthorized In-State Tuition and Fees	187	192	238
Total Out-of-State Graduate Students	301	290	264

EMBA Program

Winthrop has not administered its Executive Master of Business Administration (EMBA) program in accordance with sound business principles. For example, the university did not enforce the payment of tuition for more than 120 students enrolled between 1987 and 1994, and does not know if these students paid all of their fees. In 1995, Winthrop discovered that 31 of 36 EMBA students enrolled at that time owed \$190,000.

After discovering that EMBA students were not paying their fees, the university did not review the records of previously enrolled students to determine if each student has paid all fees.

The university allowed some EMBA students to graduate in 1995 although they had not paid all of their fees. The university has allowed certain EMBA students to receive discounted fees, and does not charge out-of-state EMBA students a higher tuition amount. In school year 1995-96, all EMBA students received a discounted rate which was not approved by the board of trustees.

Discretionary Spending

Winthrop spends revenue derived from laundry facilities and vending machines at the discretion of management. We could find no evidence that many expenditures would promote a direct public purpose and be legitimately connected to the mission of Winthrop. Therefore, they might not be legal. In addition, the board's policy requires that these funds be spent on "necessary and reasonable" items.

<p>C Winthrop has spent public funds for meals and receptions for various faculty and staff.</p> <p>C Winthrop has spent public funds to purchase six season tickets to Charlotte Hornets professional basketball home games. These tickets have been used primarily by Winthrop's president, vice presidents, board members, and other Winthrop employees.</p> <p>C Winthrop has a written agreement to spend \$77,100 in public funds for four season tickets to Carolina Panther professional football home games through the 2004 season.</p>	<p>C Winthrop has spent public funds to purchase season tickets to Charlotte Knights professional baseball home games.</p> <p>C Winthrop has spent public funds to purchase first class air fare tickets for the president and his wife.</p> <p>C Winthrop has donated public funds to various nonprofit organizations.</p> <p>C Winthrop has spent public funds to purchase flowers and fruit baskets for various individuals.</p>
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Contracts

Winthrop has awarded its president and vice presidents longer-term contracts than those provided at comparable universities. In addition, Winthrop University's contracts with vice presidents have clauses which allow the contracts to be renegotiated for "subsequent multi-year appointment" assuming satisfactory performance.

TERMS FOR PRESIDENTS AT COMPARABLE INSTITUTIONS		
College	Length of Contract	Payout If Terminated
Winthrop	5 years	2 years' salary
The Citadel	no contract	not applicable
College of Charleston	5 years	no payout specified
SC State	1 year	no payout specified
Francis Marion	3 years	no payout specified
Lander	no contract	not applicable
Coastal Carolina	no contract	not applicable

TERMS FOR VICE PRESIDENTS AT COMPARABLE INSTITUTIONS	
College	Length of Contract
Winthrop	3 to 5 years
The Citadel	contracts not provided to vice presidents
College of Charleston	1 year
SC State	1 year
Francis Marion	1 year
Lander	1 year
Coastal Carolina	1 year

Winthrop's president hired and paid a consultant before entering into a written contract to outline the consultant's duties. From August 1995 through May 1996, the university paid the consultant approximately \$27,000.

We found no evidence that a board member was inappropriately involved in the sale of a building to Winthrop University.

Advice, research and consultations with the president and the board.	\$13,500
Five days of facilitating retreats and planning sessions.	\$10,500
Preparing for a retreat.	\$600
Travel from Florida to Winthrop to lead retreats and planning sessions.	\$2,630
TOTAL	\$27,230

Foundations

Winthrop's foundation raises and spends funds on behalf of the university. Our review indicated that in FY 94-95, the foundation expended 57% of its budget on grants and scholarships, 30% on administration and fund-raising, 5% for benefits for the president, and 8% for other expenses. We found no abuses in expenditures of foundation funds.

Student Fees

In 1991, Winthrop began charging students a technology fee, which is now \$100 per semester. The university did not specify how these funds should be spent. Winthrop charged students \$404 in FY 95-96 for student athletic fees, the highest for comparable schools. These fees fund 78% of Winthrop's athletic program.

Academic and Operational Issues

SAT Scores

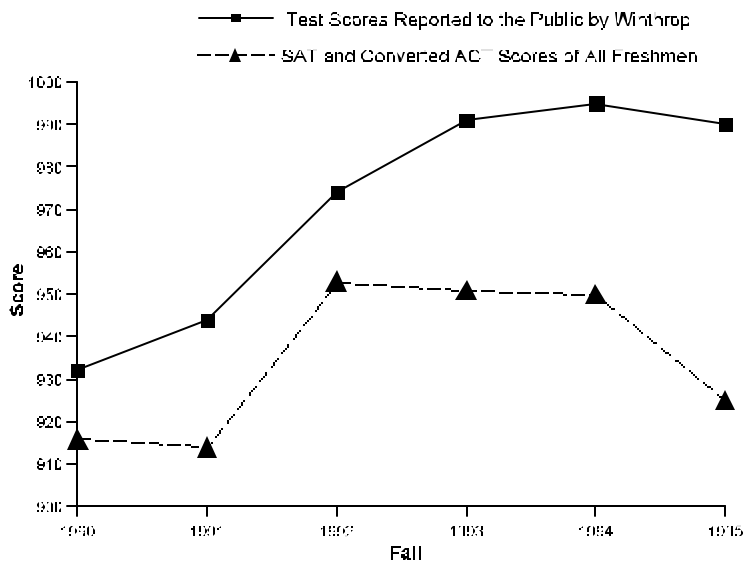
Reports concerning Winthrop's average SAT scores for incoming freshmen have been misleading. For example, Winthrop reports that the average SAT for "regularly" admitted freshmen in the fall 1995 semester was 990. However, 36% of the freshmen were not included in this average. When the scores of those excluded are considered (and ACT scores are converted to equivalent SAT scores), the SAT average score was 925, a difference of 65 points from the reported average. The following graph shows Winthrop's reported SAT scores compared to the average of all student SAT scores (including ACT scores converted to SAT equivalents).

Scholarships

Our sample found that 11 (27%) of 41 students receiving academic scholarships did not meet the objective criteria for the scholarships. For example, one scholarship required an SAT score of 1200, but the student scored only 1080.

We found that Winthrop awards scholarships to students from France studying in a one-semester program at Winthrop without regard to their academic credentials. In addition, these scholarships, which are financed by the program in France, allow these students to receive in-state tuition.

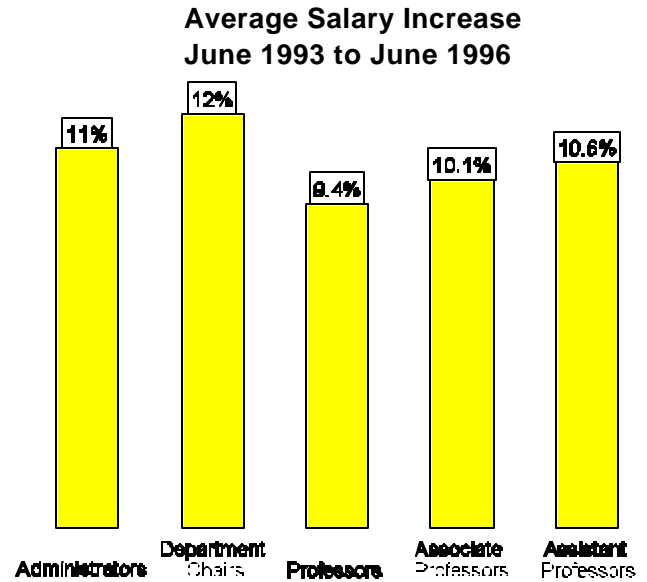
**SAT Scores Reported by Winthrop
Compared to SAT and Converted ACT Scores
of All Freshmen**



Salary Increases

We reviewed salary increases of 14 top-level administrators and 136 faculty members from June 1993 to June 1996. We found that salaries increased by the following averages:

- ' Administrator salaries increased by 11%.
- ' Department chair salaries increased by 12%.
- ' Professor salaries increased by 9.4%.
- ' Associate professor salaries increased by 10.1%.
- ' Assistant professor salaries increased by 10.6%.



Instructional and Institutional Support Expenditures

We compared expenditures for instructional services to expenditures for institutional support (administrative costs) from FY 88-89 to FY 94-95. The following table shows these expenditures after we accounted for various reclassified expenditures.

Our review found that even when taking expenditure reclassifications into account, expenditures for institutional support increased at a higher rate than instructional services expenditures.

	FY 88-89	FY 94-95	Increase	% Change
Instructional	\$13,922,682	\$17,507,083	\$3,584,401	25.7%
Institutional Support	\$3,858,712	\$5,583,909	\$1,725,197	44.7%

Consultant Recommendations

In March 1995, Winthrop's board hired a consultant to review various management and financial concerns. Winthrop may wish to implement several recommendations which have not been implemented.

- ' The consultant's report indicated that there should be broad campus input into the performance of the president and the board of trustees. The board of trustees has rejected this recommendation. The faculty has developed and administered two surveys in which faculty and staff were asked to evaluate the president and the board. An administration official stated that these surveys are not relevant or reliable as performance evaluation instruments.

- ' The consultant recommended that the board "explore the issue of 'exclusion' of the faculty representative from board executive sessions." The Winthrop board now allows the faculty representative to be present for many of its sessions. However, since the board considers this to be a privilege rather than a right, the faculty representative has been excluded from sessions at which sensitive matters are discussed.

This is the briefing report to our full report, *A Management Review of Winthrop University*. Copies of this and all LAC audits are available to the public free of charge. Audits published after January 1995 can also be found on the Internet at www.lpittr.state.sc.us/reports/lacbrief.htm. If you have questions, contact George L. Schroeder, Director.