

NEWS

A Fallen President Breaks His Silence

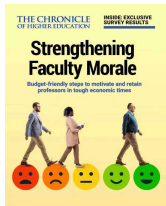
By John L. Pulley

October 22, 2004

The former leader of the U. of Tennessee volunteers his version of the events

Timeline: A timeline of John W. Shumaker's two troubled yearsBy JOHN L. PULLEY

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It has been 14 months since John W. Shumaker, former president of the University of Tennessee, resigned his post -- the final act of a troubled presidency. He had arrived in Knoxville in June 2002, occasioning celebration and high hopes for the state's flagship university. One year later his presidency was on the rocks, dashed by allegations of



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Since stepping down, Mr. Shumaker has kept an unbroken silence. In the aftermath of his resignation, an overheated environment made it impossible for him to get a fair hearing,

he says. He spurned requests for interviews, including an invitation to testify before a committee of state lawmakers investigating his presidency. Mr. Shumaker, by most accounts a gifted speaker, would not talk.

Now working as a fund-raising consultant for non-profit organizations, Mr. Shumaker recently agreed to review the circumstances of his failed presidency. In a wide-ranging interview he recalls the events that doomed him.

The Chronicle: This is the first interview you've done since resigning from the University of Tennessee.

John W. Shumaker: I figured the best thing to do was to let the dust settle.

Q: When you arrived there, the university was reeling from the resignation of your predecessor, J. Wade Gilley, who was enmeshed in a scandal involving an improper relationship with a subordinate. There was a hope that you would restore the institution's reputation. By many accounts, you got off to a great start.

A: My first performance review was spectacular.

Q: Talk about that first year.

A: I set about an agenda, which the board and I had agreed upon, of redefining the vision of the university. We realized that we had to open up new avenues of revenue or enhance existing ones. We invested heavily in research infrastructure and opened a federal office in Washington to help us manage our affairs. ... As I used to say in Kentucky, nobody likes to bet on a sick racehorse.

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We began to try to figure out ways to make our researchers and our faculty more entrepreneurial as a way to generate revenue. UT didn't have a research foundation, so we had to put that together. In that first year, annual gifts went from \$92-million to \$118-million.

The state did not have a school of public health, so we brought together a coalition of universities to create the superstructure of the Tennessee College of Public Health, a collaborative venture between the UT System, between the Board of Regents, which had the comprehensive universities, and the state health department. That was a very dramatic departure from the way business was done in Tennessee, where everybody kind of quarreled for the scraps that fell off the table.

We also realized that we had to sort of get behind improving the quality of students, the quality of research, the quality of faculty. The board asked me to be aggressive and active in spreading the UT word around the state, around the region, and around the country.

We developed a system of metrics to gauge our progress toward achieving those goals ... a very good way to measure whether or not rhetoric was met with reality [because] presidents are pretty good at spinning things.

Q: You were knocked off your pace by allegations that you had used the university's plane for personal use. Within months, your presidency was in shambles.

A: It was actually a few weeks.

Q: Were there personal trips?

A: Not many, but some. I think the impression got implanted in some people's mind that the president was using that plane to gallivant all over the country and take vacations, and that was not the case at all.

Q: Travel logs indicate that you had used the university airplane to visit Carol Garrison, president of the University of Alabama at Birmingham, with whom you had begun a personal relationship while she was provost at the University of Louisville and you were the president there, according to reports. You also were alleged to have been evasive when asked about the relationship by UT officials and the governor.

A: I was always truthful about that. The auditors themselves, by the way, said in their final report that I was forthcoming and cooperative. The appearance of personal visits is more apparent than real. I was in Atlanta a lot. I was in Nashville a lot. I was in Birmingham a lot, and occasionally I'd see Carol when I was there. But there was nothing inappropriate ever about our relationship.

Q: You've said that the controversy grew into a perfect storm.

A: That's a good analogy. ... I realized that if there was any personal use of that plane ... it was my responsibility to pay the cost. ... I never could get an accurate accounting for what the value of [those private trips] were. ... To this day, I've never received a detailed accounting of what the value of those trips were.

Q: You eventually reimbursed the university about \$30,000 for your private trips, right?

A: I said, look, let's put this issue to rest. If there's any trip that had ... even [a] slight perception of a personal agenda, even though it was 95-percent business, I'm going to pay the cost of that flight just so there's no question about it.

Q: Other ethical questions arose about your spending and your use of the university credit card for personal items and trips that were listed as business expenses. There were reports that you had purchased flowers for Ms. Garrison on the university's credit card.

A: No, this is not true.

Q: Not true?

A: Not true. Without getting too much into specifics, the use of the university credit card was for university business. If by necessity or by accident something got on there that was

not business-related, I would immediately pay it. I was sending flowers to my mother, they got stuck on the university card. I wasn't careful enough in parsing those things. But it was never my intent and it was never my practice ever to assume that the university's credit card was my personal credit card. That just worked its way into the urban legend of this situation.

Q: Why do you think you were unable to weather this storm?

A: It was a slow news season, and there was the appearance of wanton spending by the president.

Q: Do you think you were treated unfairly by the news media?

A: I don't blame the media for the troubles. I think to some degree I was responsible for that -- less so than people think I am.

Q: How were you culpable?

A: I wasn't as assiduous or aggressive as I might have been in making sure that we were following not only rules and regulations but good sense. I wasn't really paying much attention to things, because absent any evidence to the contrary, I just assumed everything was all right. Apparently it wasn't and there were lots of gaps in process, accountability, and control.

Q: The university audit released in August 2003 enumerated a number of questionable expenditures by you, including \$493,000 in what were considered unauthorized renovations to the president's house.

A: You have to spend money to make money. All presidents have to do that. I assumed people understood.

Q: They misunderstood?

A: People became shocked at expenditures which you might consider just the normal cost of doing business -- having a reception at the house, having a reception before a football game, taking people to dinner, having dinner parties. We had 3,000 people through that house between August 2002 and January or February of 2003. My job was to make friends for the university, to let people understand what our vision and goals were, and that's what I did.

Q: The local news media in Knoxville focused attention on furnishings purchased for the president's house: \$4,800 for a grill, \$7,000 to buy Persian rug, \$14,000 for entertainment systems, to name a few. Was that criticism fair?

A: When you start parsing the individual purchases, you can see why people got upset about it. But on balance, I think it was an appropriate strategic investment to help the university raise the money.

Q: You seem to be a big-picture guy. Did you miss the trees for the forest, in terms of taking care of some of those details?

A: I think so, yeah. In Louisville, for example, I was fortunate to have a very aggressive and intrusive staff that kept things together and helped me clean up those details. In Tennessee, I hadn't yet put it into place.

Q: You were also going through a divorce.

A: I was going through a divorce in Kentucky. I'm not going to talk in detail about that.

Q: Some trustees and other people at the University of Tennessee have said that they felt snookered, if you will, by what they considered a romantic charade perpetrated by you and your then-wife, Lucy Shumaker, while you were interviewing for the UT presidency. Apparently you were on the road to separation then.

A: I wasn't going through a charade. When I was going through the search process at Tennessee, I did not have any inkling that there was going to be a divorce. I did not snooker anybody.

Q: Your former wife, Lucy, testified that in '95 and '96, you accepted a \$10,000 payment from Hyundai Motor Company, which had done business with Connecticut State University while you were president there. Connecticut officials say the payment violated state ethics laws.

A: That's probably something I should not have done. It gave the impression that there was something untoward going on between Hyundai and the university, which was not the case.

Q: Your former wife testified that you had received an advance copy of the questions that you were asked during your interview before the Tennessee Board of Trustees. The suggestion is that your selection was fixed.

A: That's not true. I've been a university president for 17 years, 16 years. I've gone through three searches. I've actually worked with headhunters, helping them find presidents for other places. If I can't write down 12 of the 15 questions that are going to be asked, I probably shouldn't be in the search process. It's just ridiculous on the face of it.

Q: The university audit released in August 2003 also drew attention to a \$300,000 no-bid consulting contract awarded to a friend and former business partner.

A: Not a business partner. Not true.

Q: Would you say, in retrospect, that good judgment would have precluded doing that deal with your friend?

A: I think we could debate that. No-bid contracts are common at the University of Tennessee and in the State of Tennessee. They're not illegal. The university counsel and the finance folks reviewed it, authorized it, said it was within policy, and we proceeded with it.

Q: During a time of tight state budgets, was it a mistake to spend public money in a fashion that was seen as lavish by some residents of Tennessee, which is in the bottom third of the 50 states in terms of per capita income?

A: In retrospect I perhaps should have been more careful. But we were faced with a conundrum: How do you win friends and raise money without having the house that you can entertain in -- entertaining in it, and traveling around to meet with alumni and donors who can eventually help you achieve this goal? The board had given me a clear mandate to make these connections and establish these networks.

Q: You were a well-compensated president, earning approximately \$700,000 annually.

A: The base salary was \$365,000. Most of the other compensation was based upon performance and upon longevity.

Q: Nonetheless, you were among the best-compensated public-university presidents.

A: Sure. I think it's true that that size of compensation for Tennessee turned a lot of people's heads.

Q: Do you feel that you've been demonized?

A: The caricature of me that emerged from the process is truly a caricature. I'm not perfect. I've obviously made mistakes, everybody does. But the caricature is just so totally inaccurate, as all caricatures are.

I think once these processes begin, perhaps from a grain of truth, legends tend to grow. There probably was some sort of Trojan War, a trade war between the Greeks and maybe the Hittites and other people in the Black Sea area, 1,200 years before Christ. It was nothing like The Iliad. A kernel of truth has blown into saga, and it becomes epic and mythological and therefore true, even though empirically, it's not.

Q: What have you learned?

A: I've learned that I've got to temper my enthusiasm, an exuberance which was in high gear at Tennessee, against the need to be a little more careful about making sure that the details are in place and that you respect the culture and the practices and administrative demands of a different situation.

Q: Does your experience say anything about the fishbowl that presidents of large research institutions live in?

A: It is a fishbowl. Once the frenzy starts, it's hard to stop it.

Q: It's a cautionary tale for people to really manage perception?

A: If there is a next time for me [as a university president], I'm going to be more careful about that.

Q: Will there be a next time?

A: I think I have a lot to offer to higher education, but I'm not counting on it.

Q: Are you bitter?

A: I'm disappointed. I would have thought that the process would [permit] a more rational discussion. Bitterness is not in me.

Q: If so many of the charges against you were without merit, as you've said, why didn't you stay on as president and fight to clear your name?

A: I've invented an adage as a result of all this. When you find yourself in the middle of piranhas tearing your heels apart, you get out of the river. Whether they're right or wrong.

2 TROUBLED YEARS FOR JOHN W. SHUMAKER

March 2002

John W. Shumaker, then in his seventh year as the president of the U. of Louisville, is named president of the U. of Tennessee, replacing J. Wade Gilley, who had resigned amid allegations of an improper relationship with a university employee.

June 2002

Mr. Shumaker takes office as one of the highest-paid presidents in the country, with total annual compensation of more than \$733,000, including a \$1.5-million incentive to stay for 10 years.

June 2003

Mr. Shumaker asks the university to consider replacing a 25-year-old propeller plane he traveled on, prompting local reporters to begin questioning his use of the plane, including for personal trips. Some of these were to Birmingham, where he visited a former colleague, Carol Z. Garrison, the president of the U. of Alabama, with whom he had a personal relationship.

July 2003

University trustees order an audit of Mr. Shumaker's personal spending. As more questions begin to be raised publicly, Gov. Phil Bredesen of Tennessee, a Democrat, asks for an investigation into Mr. Shumaker's use of the airplane and of university credit cards for personal expenses. He also seeks information on the institution's awarding of at least two no-bid contracts to people whom the president knew.

August 2003

The Knoxville *News Sentinel* reports that Mr. Shumaker received advance notice about the questions he would be asked in his interview with trustees, and that he met with several of the trustees, and the governor at the time, Don Sundquist, a Republican, before his formal interview. The allegations came from testimony given by Mr. Shumaker's wife, as part of their divorce trial. (In the accompanying interview, Mr. Shumaker denies that he was told the questions in advance but says he could guess what he might be asked.) Five days after the newspaper report is published, Mr. Shumaker resigns, after 14 months in office.

October 2003

The U. of Tennessee Board of Trustees votes unanimously to rescind a \$422,956 severance package for Mr. Shumaker. The vote came a day after the state comptroller's office released a report stating that Mr. Shumaker had abused university credit cards and misled internal auditors.

February 2004

The Knox County prosecutor announces that a three-month investigation has found no evidence of criminal wrongdoing by Mr. Shumaker. The prosecutor's report,

however, says Mr. Shumaker was “less than forthcoming upon initial questioning, particularly relating to personal travel.”

<http://chronicle.com> Section: Money & Management Volume 51, Issue 9, Page A38

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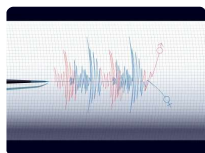
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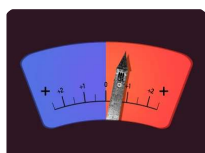
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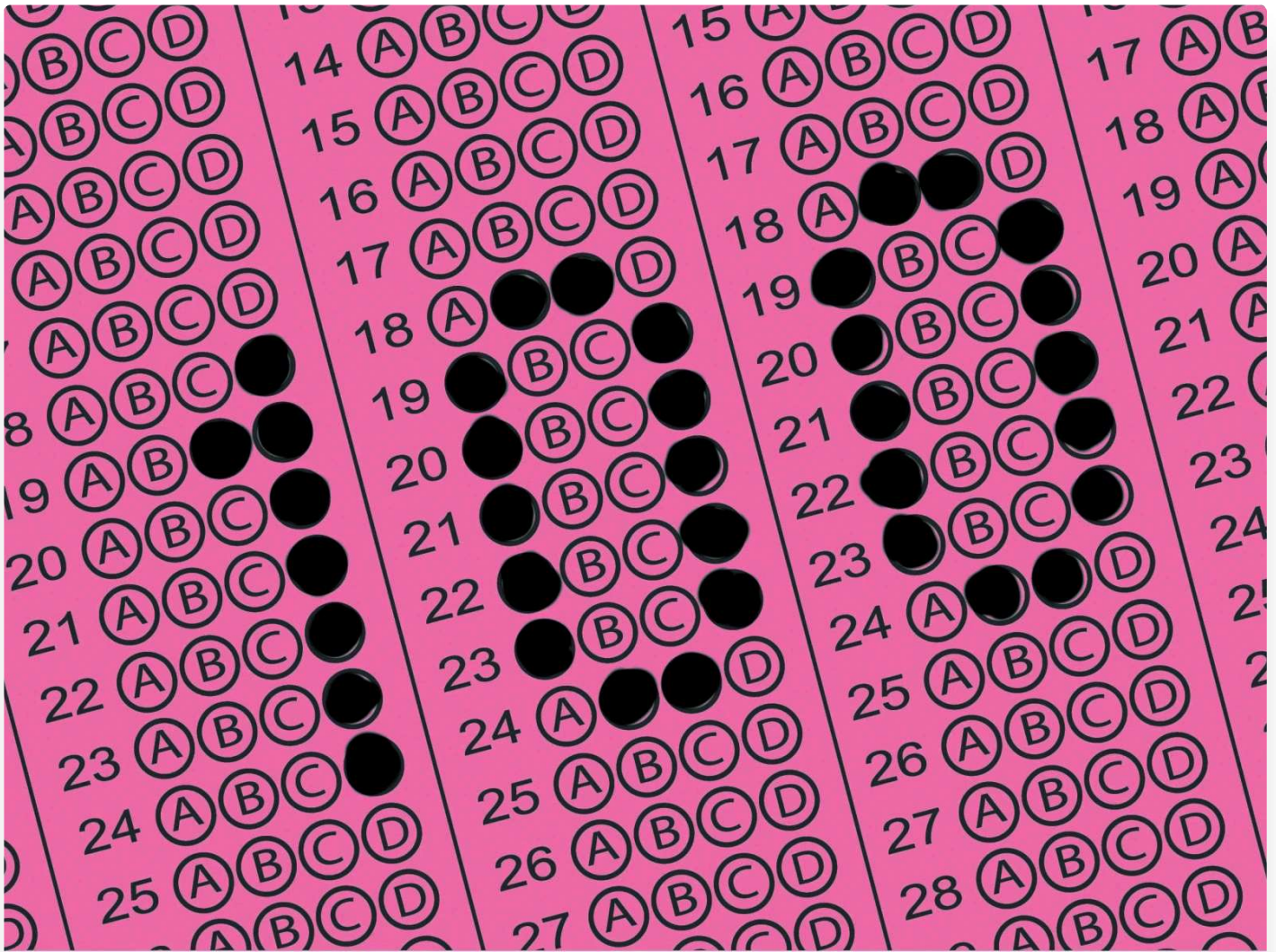
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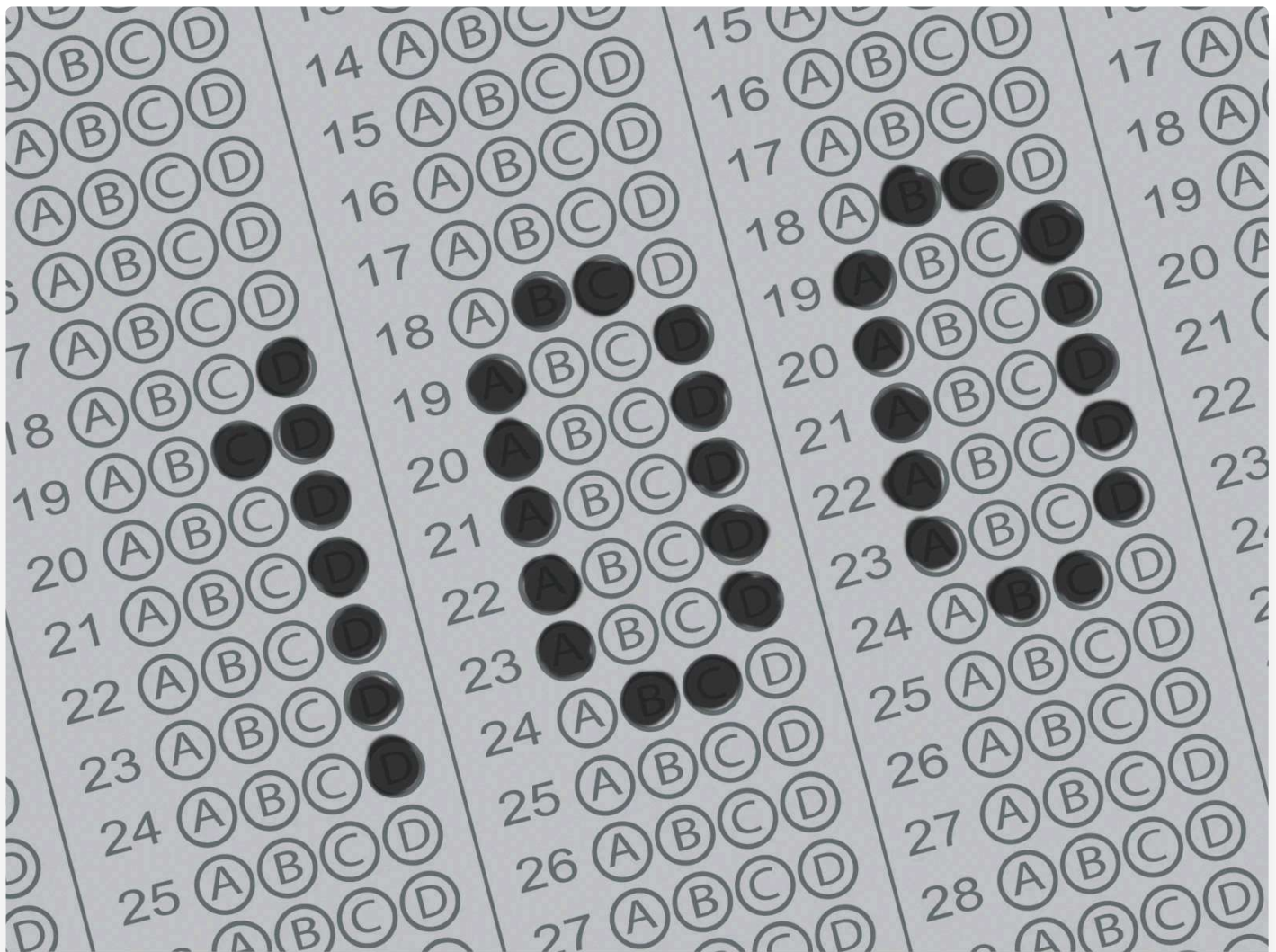
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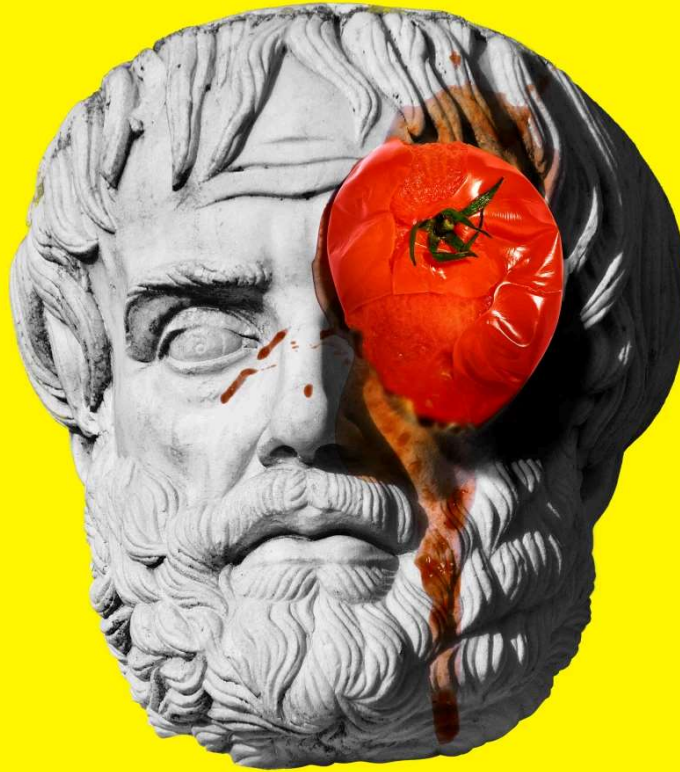
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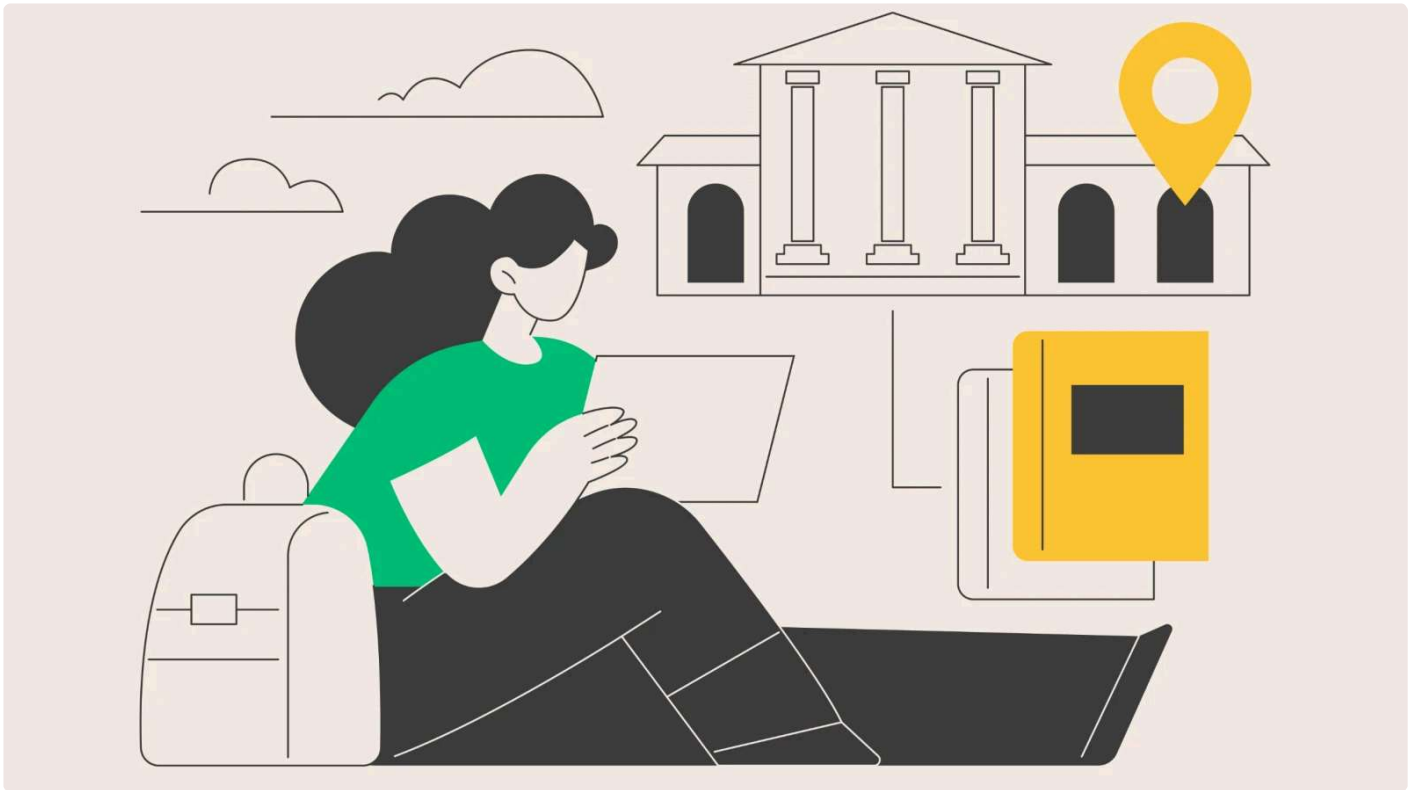


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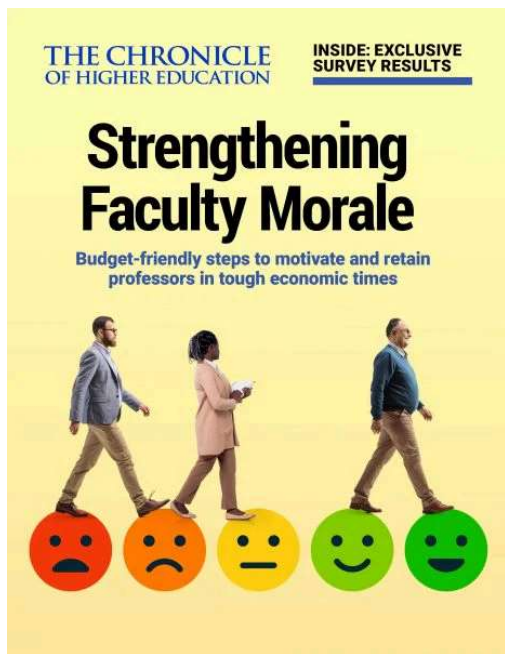


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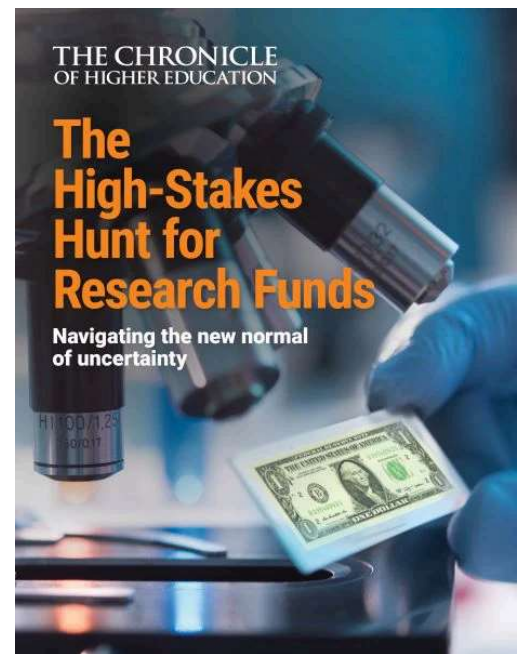


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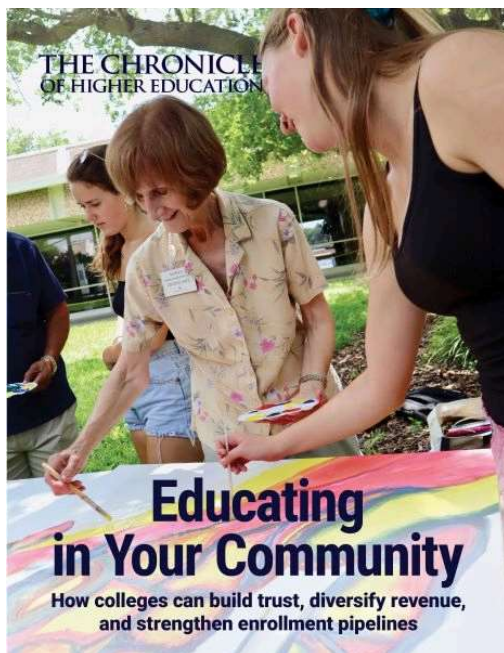
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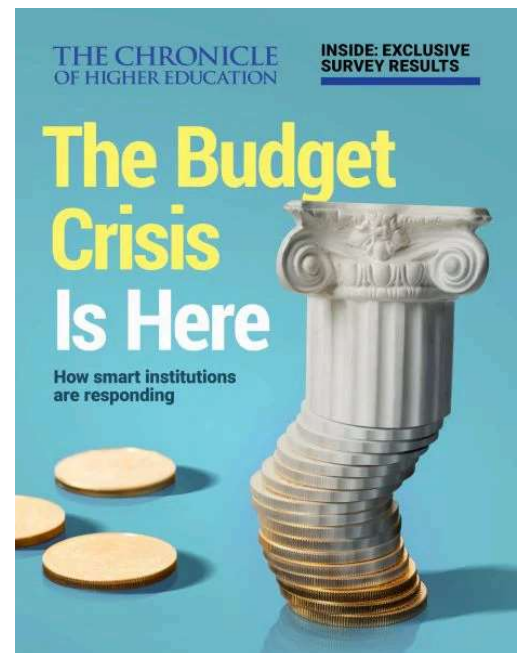
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