

UNIVERSITY OF SOUTHERN CALIFORNIA

REBUILDING REPUTATION



USC University of
Southern California

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Synopsis

The University of Southern California was involved in a national college admissions scandal. They were called “Ground Zero” of the “Varsity Blues” college admission scandal as a whole. On March 12, 2019, fifty individuals were charged in an investigation on the basis of committing federal program bribery. Parents of students were caught offering financial compensation to those within the USC Admissions Office and athletic department in exchange for their children’s acceptance into the university.

The most prominent case involved actress, Lori Loughlin and her husband, Mossimo Giannulli. They were exposed for paying \$50,000 to USC to allow their 2 daughters, Olivia Jade and Isabella Rose, entrance as “members” of the crew team. However, neither girl was legitimately involved in the sport or intended to participate. Soon after, Loughlin and Giannulli surrendered themselves to Los Angeles authorities and later posted \$1 million to be released. Within the next few weeks, Loughlin was dropped from filming Season 5 of Fuller House on Netflix and lost her partnership with Hallmark associated Crown Media. She was also sued by multiple parties which included an angry mother from Oakland who had a son who was not admitted into several schools due to the scandal. The two pleaded not guilty in an attempt to avoid the possible 40 years in prison. The Loughlin daughters’ roles in this scandal are not clear. Some claim that the two girls were aware of the bribery all along while others believe they are innocent and do not want to be associated with their parents.

The Mission of the University of Southern California



According to USC’s website, their mission is “the development of human beings and society as a whole through the cultivation and enrichment of the human mind and spirit. The principal means by which our mission is accomplished are teaching, research, artistic creation, professional practice and selected forms of public service.”

An additional statement on their mission on the USC Provost page states, “Our mission – to serve our students, our patients, and our communities – must be judged not just on impact but on integrity, and not just on endpoints but on ethics.”

USC History

In the early 1870s, Judge Robert Mclay Widney dreamed of establishing a university in the Los Angeles region. Widney took steps to reach his goal and by 1879, he formed a board of trustees and acquired land through donations from three prominent community members. These gifts provided land in addition to funding to launch the institution. USC opened its doors in 1880 with 10 teachers and 53 students. During this time, Los Angeles was still extremely underdeveloped. Since its founding, USC has grown to enroll more than 44,000 students and employ over 4,800 full-time faculty.

Corporate Snapshot

Each year, for the past 35 years, the U.S News has determined the rankings of best colleges through a methodical calculation process. The news outlet explains, “The rankings compare bachelor's degree-granting institutions from across the U.S. on 15 diverse measures of academic quality” (Morse, Brooks, Mason, 2019). These criteria include, but are not limited to, graduation and retention rate, graduation rate performance, undergraduate education reputation, faculty related criteria, and student selectivity (Morse, Brooks, 2019). The University of Southern California ranked #22 in the 2020 edition of U.S News’ Best Colleges and has remained ranked in the top 30 since the early 2000s (Grant, 2007).



USC,Housing

Though USC is now a well-established university, according to Los Angeles Magazine, “For much of its early life, USC was most famous for its athletic programs and affluent student body—by the early 1990s the Princeton Review noted that the school was best known for its

festive fraternity parties and sports teams. It had a nearly 70 percent acceptance rate.” As the area surrounding the school developed, so did USC. The university now has a 17% acceptance rate and has prioritized the recruitment of a diverse student body. The school has raised the academic bar, and applications to the university are the highest the university has ever experienced (Medina, 2019). Past perceptions that the school was only comprised of the most famous and elite are now being challenged and shifted.

According to an article written by The New York Times in April of 2019 about USC, “more than a quarter of all students are from underrepresented minority groups, 14 percent of freshmen are the first in their families to attend college, and two out of three students receive financial assistance.” The article goes on to explain, “ The college has one of the largest financial aid pools in the country — more than \$350 million, an increase of nearly 80 percent over the last decade.” Despite the changing climate of USC, there have been recent bribery cases, one of the largest being that of Lori Laughlin and her daughter, that expose the wealth and status that result in bias and hierarchy within USC.

Sentiment

In 2018, 64,352 students applied to the University of Southern California. For the many students who choose to attend, it is common to stay. USC’s student retention rate has not dropped below 96% since 2013. As of 2018, The University and College Accountability Network, U-CAN, released that 96.73% of Freshmen Returned for Sophomore Year (U-CAN).

A poll provided by Niche, an organization that ranks businesses, neighborhoods and schools “based on rigorous analysis of key statistics from the U.S. Department of Education and millions of reviews” (Niche, 2019), USC ranked as the number one school for student life, design studies, and film and photography.

Student Retention Rate (Fall 2017)

Fall 2016 (% enrolled Fall 2017)	97%
Fall 2015 (% enrolled Fall 2016)	96%
Fall 2014 (% enrolled Fall 2015)	96%
Fall 2013 (% enrolled Fall 2014)	97%

Not only does the school hold these titles, but USC is also known for its amazing professors. There's a 9 to 1 student to professor ratio, and “Based on faculty accomplishments, salary, student reviews, and additional factors”, student polling revealed that professors are passionate, engaging, caring, approachable and helpful (Niche).

Corporate Reputation

Due to the repeated scandals that have circulated around USC over a series of months, the current notoriety of the university is under crisis. USC's standing as a prestigious and competitive university was challenged as applicants and long-standing stakeholders alike lost trust in the school's transparency and consistency with the students they accept. Students and alumni are frustrated with USC's continual “scramble to contain a public relations debacle, instead of focusing on restoring the reputational luster already lost as a result of the past incidents” (Valbrun, M. 2019). Across the board, there is a common perception of institutional corruption, which could affect recruiting in the future.

However, out of the public eye, many believe that the issue has been blown out of proportion simply due to poor publicity and the remedial actions that USC has taken, and will continue to take, will make this time of crisis temporary. “These were illegal actions committed by individuals at institutions -- not by the institutions themselves -- and do not reflect the mission, vision, and values of our member institutions,” says the Association of Independent California Colleges and Universities (AICCU, 2019). While it's impossible to form a definite connection, it is worth noting that the number of individuals applying to USC has decreased by over 7%, as the recent scandals coincide with a time when prospective students are making their collegiate decision (University of Southern California).

Overall, it is apparent that the current public impression has decreased due to USC's challenged integrity, but many stakeholders are hopeful that the school's impressive reputation will remain after the dust of the crisis has settled.

Previous Incidents

In recent years, USC has had to handle many crises that put the university at risk of tarnishing a respectable reputation. The now-former dean of USC's medical school, Carmen A. Puliafito, was accused of doing various illegal drugs with students until he was forced to step down in 2016. Many believe that USC's president should have suspended Puliafito earlier. He was also never reported to the medical board throughout the process (Toppo, G. 2018).

This was not the only corruption that permeated the medical offices of USC. Beginning in 1990, campus gynecologist, Dr. George Tyndall, received complaints that he was acting out of professional conduct with his young female patients. Concerns continued, but it was not until 2016 that a nurse approached the rape crisis center and action was taken against Tyndall. The

internal investigation accused Tyndall of inappropriate behavior and he was quietly terminated with a financial payout (Ryan, H., Hamilton, M., & Pringle, P., 2018).

These instances piled up until, in May of 2018, a letter with the signatures of over 200 USC faculty members called for the resignation of C.L. Max Nikias, USC's president. Unlike past calls for the resignation of other faculty members, Nikias was accused of what he was not doing; addressing concerns regarding other staff members, specifically the campus gynecologist. Nikias now admits that he should have reported Tyndall, but his failure to do so raised concerns from faculty on his ability to handle misconduct. Due to the compilation of this issue, and many others of a similar nature, Nikias stepped down in August of 2018 (Tierney, W., 2018, August 8).

Timeline of Admissions Crisis

March 12th, 2019

- Federal prosecutors charge 50 people connected with the pay-to-play scheme
- Interim president, Wanda Austin, releases statements addressing remedial efforts, hours after the announcement
- 2 faculty members involved are fired immediately

March 14th, 2019

- President Austin releases a secondary statement to the student body, updating them on remedial actions

March 19th, 2019

- USC announces that students who may be connected with the scheme will be prohibited from registering during the investigation

March 25th, 2019

- 12 defendants plead not guilty

April 3rd, 2019

- Lori Loughlin makes her first court appearance

October 2019

- USC releases an online poll to improve university culture

USC Social Media Response

The University of Southern California manages multiple social media accounts across several different platforms. Main accounts are held for the institution as a whole, and there are additional accounts that service different areas of the school such as athletics, academic departments, and admissions, among many others. Accounts are used for advertising, promotion, and other uplifting topics. The platforms are rarely used for conducting business or addressing recent scandals. That being said, since the breaking news of USC's involvement in the college admissions scandal on March 12, 2019, the general social media policy for USC's profiles has been one of avoidance. Aside from a single post from the main USC Instagram page when the scandal first broke, there has been virtually no mention of the issue on any platform. The hashtag *#IGotIntoUSC* continued to be promoted daily on the USC admissions pages throughout March and April, with newly-admitted students holding their acceptance packages.

Many might consider this as "tone deaf" considering the ongoing controversy. However, the response from their followers was void of any negativity. It would seem that the USC brand has such a steadfast following that the scandal failed to elicit a very strong backlash. While the post that acknowledged the scandal directly did indeed garner negative attention, there were still many loyally positive responses from USC's community. Either the love USC's following has for the institution goes beyond the scandal, or else they have simply become accustomed to USC being in the midst of controversy in recent years.

Traditional Media Response

The media backlash that began when news of the scandal first broke on March 12, 2019, still goes on today, with updates being published bi-monthly on average. When news of the scandal first broke, it caused a firestorm in the media. This was primarily due to the high-profile status of many parents involved, namely Lori Loughlin and Felicity Huffman. The story was reported on by virtually all major media outlets, and it even spawned a documentary series on Lifetime. While the universities involved have attempted to minimize negative media coverage, it has been difficult with regular reports on charges to those involved being published regularly.

USC Response

From March 12 to March 14 of 2019, USC released several statements in the form of three different press release “updates” on the situation from the University interim president, Wanda M. Austin. The statements were timely and assured the public, and USC community specifically, that they “will do all that is necessary to continue to strengthen our culture and to restore trust within our

community”. They quickly named the employees in question and stated that they had been terminated. Underlined in one of the press releases is the phrase “USC is a victim”. Austin emphasized that USC was one of many universities involved in the scandal and that it was the actions of a few employees involved in an outside college admissions scheme that “purposely deceived” the university. USC gave contact information and closed voicing their ongoing support of law enforcement and further investigations.

It is observable that USC did not over-communicate regarding the recent bribery scandals, though the University did make three statements and took affirmative actions by firing those at fault and adjusting their values to help shape the desired campus culture. Due to this response, the Public Relations Crisis Response Method that USC implemented closely aligns with the Organizational Renewal Theory. This Theory is “a crisis response strategy that focuses on the opportunity presented through the crisis. The forward-looking communication focuses on the actions an organization will take in the future and finds the inherent opportunities in the crisis” (Narverud, 2016). In this crisis communication method, change is implemented but less communicated.

M. Austin regarding college admissions investigation

March 12, 2019

Dear USC Community,

I want to inform you of an ongoing wide-ranging criminal investigation involving universities nationwide, including USC. The government has made a public announcement and disseminated the charging documents. The federal government has alleged that USC is a victim in a scheme perpetrated against the university by a long-time Athletics Department employee, one current coach and three former coaching staff, who were allegedly involved in a college admissions scheme and have been charged by the government on multiple charges.

At this time, we have no reason to believe that Admissions employees or senior administrators were aware of the scheme or took part in any wrongdoing—and we believe the government concurs in that assessment. The government has repeatedly informed us that it views USC as a victim and that these employees purposefully deceived USC.

We have planned significant remedial efforts. We will take all appropriate employment actions. We will review admissions decisions. We are identifying all funds received that may be connected to the government’s allegations. And we will be implementing significant process and training enhancements to prevent anything like this from ever happening again.

“ We are defining who we are, who we want to be, and how we create the path forward to a stronger USC for each generation of Trojans to come.

(USC Cultural Journey: Moving Forward)

Sales Growth

According to USC’s annual financial report, the university amassed 4.9 billion in revenue in 2018, the year before the scandal broke. Financial reports for 2019 are not yet available to gauge if the scandal had a significant financial impact on the university as a whole. Regarding applications, records show a 14% increase in 2018, with the number of applicants continuing to increase into the 2019 school year. The increase in applications resulted in a 2% decrease in the university’s acceptance rate. However, while applications have increased, formal enrollment experienced a decrease in the months following the scandal. Formal enrollment refers to students who apply, are accepted, and do eventually matriculate into the USC student body as evidenced by the meeting of the deadline with their tuition deposit.

Year	Applications	Admits	Deposits on May 15
2016	54,257	8,932	3,267
2017	56,653	9,025	3,528
2018	64,319	8,306	3,490
2019	66,062	7,551	3,152

Inside HigherEd

It is worth noting that the scandal broke at a time when many incoming students were making decisions about which university they might attend in the fall. While many students may have been accepted into USC, the ongoing scandal could have potentially deterred them from actually attending the university and submitting a deposit. Overall, there seems to be minimal immediate financial damage to the university that directly correlates with “Varsity Blues”. It remains to be seen if this will be the case for the long-term future.

Long Term Reputation

The scandal has yet to have a debilitating impact on the functioning of USC as an institution. Enrollment is up, and the school continues to be esteemed and seen as elite in the eyes of the nation. If the 2019 admissions scandal was a singularity in an otherwise impeccable history, USC would not have much cause for concern. However, the scandal was only the most attention-getting in a series of scandals stretching back 10 years. They have been dubbed “the most scandal-plagued campus in America” While the scandal, called ‘unprecedented’ in the history of higher education, has failed to produce an impact in 2019, it remains to be seen if the collective USC scandals will cause it to struggle or be its undoing in the coming decades.

Looking Ahead

While the worst is over, the effects of the admissions scandal at USC continues to linger, causing a strain on the university’s ongoing efforts to improve its image. The crisis came after a decade of scandals at USC, and many have voiced their concern that the university may never regain its now-sullied public image. While most of those involved view education at USC as being devalued by the bribery allegations, some are proud that admission into their school is worth bribing for, and that they were counted in the same ranks as other prestigious schools involved in the scandal such as Yale and Stanford.

For many years, USC has combated its reputation as the “university of spoiled children”. This admission scandal targeted them in a historically weak part of their public reputation. However, with the hiring of a new president, the removal of at-fault employees, and the minimization of damaging publicity, USC is actively moving away from the admissions scandal and forward towards improving the university’s integrity. Their historical and cultural value has created a loyal following that is not easily deterred by scandal. Furthermore, after seeing the lengths to which the perpetrators were willing to go to gain acceptance into the school, the scandal had the unexpected effect of adding value to USC overall. Should they be able to stay away from further scandal, the University of Southern California will likely recover from this episode without any significantly long-lasting damage.

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