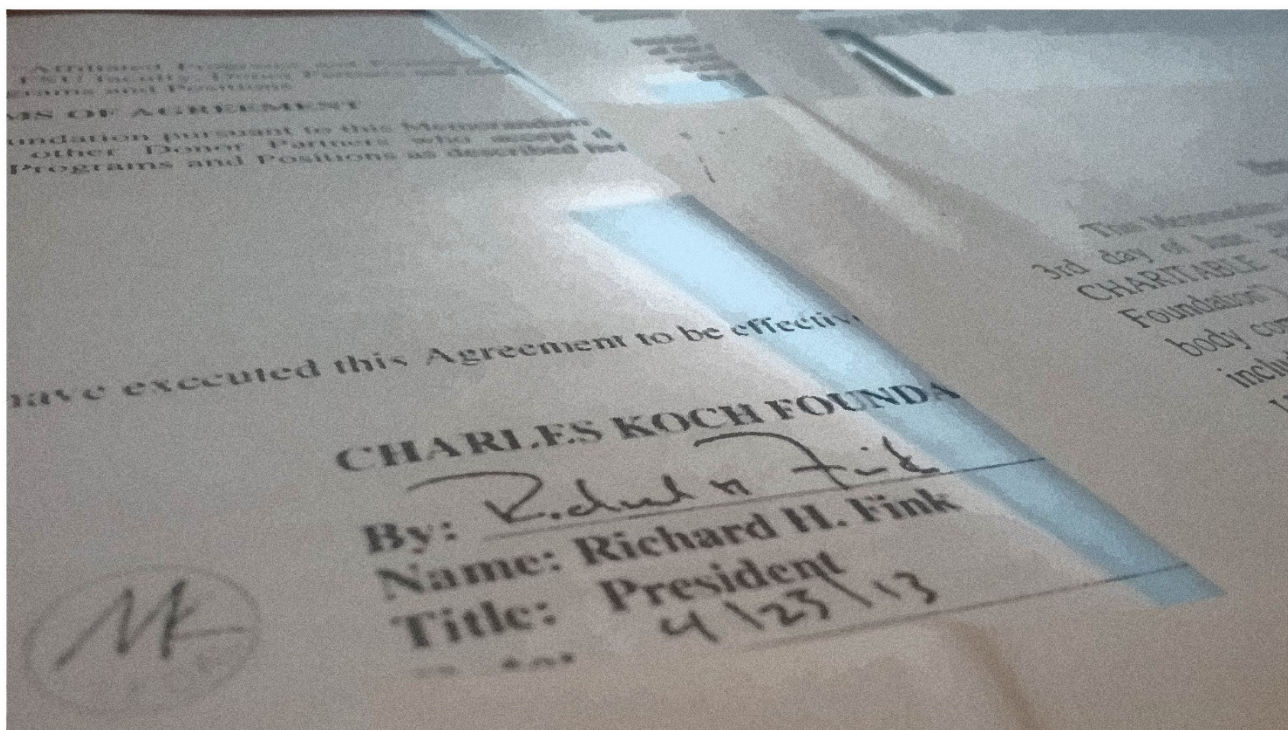


# Violations of Academic Freedom, Faculty Governance, and Academic Integrity

AN ANALYSIS OF THE CHARLES KOCH FOUNDATION



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## INTRODUCTION

UnKoch My Campus has collected examples of the Charles Koch Foundation exerting undue donor influence over academic and administrative decisions on campuses they fund.

In a rare interview, David Koch described the Koch's philanthropic strategy:

If we're going to give a lot of money, we'll make darn sure they spend it in a way that goes along with our intent. And if they make a wrong turn and start doing things we don't agree with, we withdraw funding" (Radicals for Capitalism, Doherty, 2007).

The document below is separated into examples of this influence.

Chapter 1 examines the main mechanisms of contractual influence as it is built into the Koch foundation's donor agreements, including their ability to monitor and withdraw.

Chapters 2-6 are examples of that influence, including donor influence over faculty responsibilities, including hiring, scholarly activities, and the creation of curriculum and academic programs. Donor influence is also seen in student activities, from student groups to graduate fellowships.

Other items of concern include conflicts of interest, threats, intimidation, deliberate misinformation, and bypassing faculty dissent. We also list several examples of inappropriate political activities of Koch funded faculty, some of which includes scientific misconduct, like failing to disclose funding sources.

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## 1. Mechanisms of Contractual Control

### A. CONDITIONS FOR DONOR WITHDRAW

At universities where the public has been able to see a contract between by a university and the Charles Koch Foundation, a common stipulation is that any activities comply with a provision of the contract that CKF calls its “Objectives and Purposes.” In later contracts, this provision is restructured so that the activities must comply with a predefined “mission” of the program.

In both instances, it is the donor that is allowed the final say in subjectively determining compliance, allowing their decision to be guided purely by preference.

### EXAMPLES

**At Florida State University**, the “Affiliated Programs and Positions” established by CKF are required to comply with the following:

1. Objectives and Purposes. (a) The purpose of the Affiliated Programs and Positions is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely, These goals will be pursued by supplementing the academic talent that is currently at FSU to create a strong program that will focus on building upon and expanding research and teaching efforts related to economic institutions and political economy. ([2008](#) and [2013](#) FSU MOU)

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced by CKF, which:

...reserves the right to discontinue or revoke any part of this Memorandum (including withholding any amounts to be made under any Donor Agreement to which CKF is a party regarding the Affiliated Programs and Positions) [...] if in CKF's reasonable discretion, such action is necessary to protect the Objectives and

Purposes set forth in Section I(a) above. ([2008](#) and [2013](#) FSU MOU, Section 12, pg 9)

A supplemental document to FSU's 2008 MOU, Attachment C, reveals Koch's ability to withdraw funding for noncompliance at any point with 15 days' notice:

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice." (FSU 2008 MOU [Attachment C](#), Section V.H)

**At Utah State University**, the 2008 MOU creates donor funded positions by "augmenting funding for five professors," called "the Professors":

1. Objectives and Purposes. (a) The purpose of the support for the Professors is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. These goals will be pursued by supplementing the academic talent currently at USU to create a strong program that will focus on building upon and expanding research and teaching efforts related to individual freedom, social progress and human well-being. The Parties seek to strengthen the foundation that exists at USU and extend efforts related to the research, publication, education, dissemination and academic and public appreciation of individual freedom, social progress and human well-being (Collectively, the "Objectives and Purposes"). ([USU 2008 MOU](#), Section 1.a)

All activities of "the Professors" set forward in the MOU are obligated to comply with the Koch Foundation's "Objectives and Purposes," and compliance is actively enforced by CKF, which:

CGK Foundation reserves the right to discontinue or withhold any Funding Amount to be paid under this Agreement if, in CGK Foundation's reasonable discretion, (a) USU has not fully complied with the terms and conditions of this Agreement; (b) the Professors are not advancing the Purposes and Objectives; or

(c) such action is necessary to comply with any law or regulation applicable to USU or to CGK Foundation. ([USU 2008 MOU](#), Section 9)

The monitoring of compliance not only an obligation that university hires and officials are responsible for, but the Koch foundation also requires access to faculty “files” and “accounts” on any given business day:

Additionally, USU will cause CGK Foundation and its representatives to have reasonable access during regular business hours to files, reports, accounts, or personnel that are associated with this Agreement, the Professors and the Funding Amount. ([USU 2008 MOU](#), Section 10.a)

**At Clemson University**, the 2009 MOU is distinct from some others in that it references how that “[t]he University, within its College of Business and Behavioral Science, has established CISC,” the Clemson Institute for the Study of Capitalism. In addition to requiring that the “Donor Supported Faculty Positions” comply with the Objectives and Purposes, the agreement suggests that Koch’s Objectives and Purposes were already the primary objectives of CISC:

#### I. Objectives and Purposes

(a) The University, within its College of Business and Behavioral Science, has established CISC. The primary objectives and purposes of CISC are to advance the understanding and practice of those free and voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. It is the Parties’ intention that the objectives and purposes of CISC will be further advanced by CGK Foundation’s provisioning of funds to recruit and hire positions (hereinafter referred to as the “Donor Supported Faculty Positions”) at CISC to help strengthen this foundation and extend efforts related to research, publication, dissemination, teaching, and continued academic and public use of the and support the research into the causes, measurements, impact, and appreciation of economic freedom. ([Clemson 2008 MOU](#), Section I.a )

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced. The Koch foundation:



reserves the right to discontinue or withhold any amount offending to be made under this Agreement if, in CGK Foundation's reasonable discretion, University has not fully complied with the terms and conditions of this Agreement; the Donor Supported Faculty Positions are not advancing the Purposes and Objectives set forth in Section I above

[...]

The parties acknowledge that the funding commitment made by CGK Foundation under this Agreement is subject to the satisfaction of the terms and agreements set forth in this agreement and that a breach by University of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([Clemson 2008 MOU](#), Sections VI.B and VI.I, pages 5 and 6)

The Koch foundation reserves the right to give only 15 days' notice before withdrawing all funds:

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by CGK Foundation to University, if University has not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and University will suspend any further payments pending the corrective action by the University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contributed Amounts be returned to CGK Foundation. ([Clemson 2008 MOU](#), Section VI.I)

**At West Virginia University**, the "Donor Supported Professorship Positions" established by CKF are required to comply with the following Objectives and Purposes:

1. Objectives and Purposes

(a) The University and its Department of Economics, within the College of Business and Economics ("College"), have established a focused research effort among select faculty members with the purpose of advancing the philosophical and interdisciplinary understanding of human freedom in the political, economic, social and personal domains and to explore the nature of free market economics

and its impact on our society (hereinafter referred to as the “Program”). The Parties desire to further support the Program’s mission by supplementing the academic talent (hereinafter referred to as the “Donor Supported Professorship Positions”) currently within the University and the Department of Economics to create a strong program that will focus on building upon and expanding the research and teaching efforts related to the University and the Program as described herein. ([WVU 2009 MOU](#), Section 1.a)

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced. The Koch foundation:

... reserves the right to discontinue or withhold any amount to be contributed under this Agreement if in CGK Foundation's reasonable discretion (a) the University or the Donee have not fully complied with the terms and conditions of this Agreement; (b) the College, Donor Supported Professorship Positions, and College's operations are not advancing the Purposes and Objectives set forth in Section 1(a) above

[...]

...a breach, whether caused by Donee or University, of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([WVU 2009 MOU](#), Section VI.J and VI.H)

The Koch foundation is able to withhold funding after providing just 15 days’ notice:

Such termination shall be deemed effective upon the expiration of said fifteen (15) business days from the date notice was provided by CGK Foundation to Donee and/or University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and Donee will suspend any further payments pending the corrective action by the Donee and/or University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contribution Amounts contributed be returned to CGK Foundation. ([WVU 2009 MOU](#), Section VI.H)



**At the University of Louisville**, a [2015 MOU](#) creates the John H. Schnatter Center for Free Enterprise in a partner donorship with John Schnatter (CEO of Papa John's). Unlike many past agreements, where all programs and hiring must comply with a centrally defined "Objectives and Purposes," the "Center's Mission" and "Objectives" are stipulated a supplementary document:

The mission of the Center is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing human well-being (the "Center's Mission").

The Center's staff and activities are required to "support the Center's Missions." In fact, the MOU states unambiguously that "the Donor agrees to contribute funds to the Foundation exclusively to support the Center Programs to advance the Center's Mission" ([UL 2015 MOU](#), Section 4.a).

The MOU further clarifies that compliance is determined by the sole and "reasonable discretion" of the Donor, who retains the ability to withhold funding at anytime, and revoke the agreement altogether:

The Donor has the right to terminate this Agreement and discontinue or withhold any Contributed Amount. . . If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, . . . the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([UL 2015 MOU](#), Section 8.a)

**At the University of Kentucky**, a 2015 MOU [created the John H. Schnatter Institute for the Study of Free Enterprise](#) with partner donor John Schnatter (CEO of Papa John's). Much like the University of Louisville, the "Institute's Mission" replaces Koch's "Objectives and Purposes."

In this instance, the agreement's preamble asserts that "has for at least (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise" and the "Parties desire to expand those existing activities."

The agreement stipulates Dr. John Garen to be the director of the Institute, and ten years prior to this agreement, in 2005, Garen became chair of the UK's economics department. According to [his CV](#), he began coordinating the BB&T Program for the Study of Capitalism in 2007.

Attachment A attributes the Institute's "Mission" to the University:

The Gatton College of Business and Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"). The Institute enables the Gatton College to continue and expand its longstanding mission to discover and understand aspects of free enterprise that promote the well being of society ([UK 2015 MOU](#), Attachment A)

The agreement then carefully states:

the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission") ([UK 2015 MOU](#), Section 2.a).

The MOU further clarifies that compliance with the "Institute's Mission" is determined by the sole and "reasonable discretion" of the Donor, who retains the ability to withhold funding at anytime, and revoke the agreement altogether:

The Donor has the right to terminate this Agreement and discontinue or withhold any Contributed Amount. . . .If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, . . . the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice

period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([UK 2015 MOU](#), Section 8.a)

**At Ball State University**, the Charles Koch Foundation and the John H. Schnatter Family Foundation are donor partners in the creation of the John H. Schnatter Institute for Entrepreneurship and Free Enterprise. The 2016 Grant Agreement very cautiously establishes the "Institute's Mission" as:

the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to become a national model for values- and ethics-based entrepreneurship, developing research and talent to help solve contemporary problems and promote understanding of the characteristics and virtues of free enterprise in helping people improve their lives (the "Institute's Mission") ([BSU Agreement](#), Sec. 2.a)

Broadly, the agreement gives Koch and Schnatter the "sole and absolute discretion" to withdraw their funding for any part of the Institute Programs, at any time:

The Donor has the right to terminate this Agreement or decline to provide any Contributed Amount in response to a Foundation Grant Report if, in its sole and absolute discretion: (i) the Foundation or the University has materially breached this Agreement; (ii) the Institute Programs are not advancing the Institute's Mission as stated in this Agreement; or (iii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination or decision not to provide any Contributed Amount in response to a Foundation Grant Report shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the Foundation or the University. In the event the Donor terminates the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([BSU Grant Agreement](#), 8.a)

**At George Mason University**, a [2016 MOU](#) accompanied a \$30 million donation that not only renamed the law school after Antonin Scalia. The Koch foundation contributed \$10 million alongside \$20 million from an anonymous donor.

The compliance established by older Koch contracts through their "Objectives and Purposes" is instead split into two separate provisions.

Section 1 is a provision where Koch's coded language is proposed as a shared definition of "Academic Freedom" that is to be honored by all parties of the contract:

Promoting Academic Freedom. Consistent with the Donor's principles of supporting a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University and the School, where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the School, and their faculty, students, and staff is critical to the success of the School's research, scholarship, teaching, and service; ([GMU 2016 MOU](#), Section 1)

Much like the other contracts created after 2015, a pre-stated "Mission" replaces Koch's "Objectives and Purposes." In this case, the "School's Mission" includes the strategic mission of George Mason University's School of Law, as well as several donor specific goals:

to become a national leader in legal education by applying tools of economics and other social sciences to the study of legal doctrine, process, and institutions. . . To accomplish its goals, the Law School intends to;

Retain focus on the study of Law & Economics, which is a recognizable and recognized brand and which furnishes the faculty with a common culture and frame of reference in which to structure the School's priorities.

Develop additional related areas of concentration and intellectual leadership such as intellectual property, legal history, constitutional studies, administrative law, and the relationship between law and liberty. ([GMU 2016 MOU](#), Attachment A)

Toward these goals, the donation stipulated the creation of two new centers within the GMU School of Law; the Center for the Study of the Administrative State and the Center for Liberty & Law.

The agreement carefully states:

the University has informed the Donor, and the Donor is relying on such representation, that the School's mission is to become a national leader in legal education by applying tools of economics and other social sciences to the study of

legal doctrine, process, and institutions (the “School’s Mission”). ([GMU 2016 MOU](#), Section 2.a)

Yet it is the ultimately donor’s sole and “reasonable discretion” that determine’s the program’s compliance with the “Support for the School” is determined by the donor, who retains the “sole and absolute discretion” to withdraw their funding for any part of the Institute Programs, at any time:

The Donor has the right in its sole and absolute discretion to terminate this Agreement or discontinue or withhold any Contributed Amount if: (i) the Foundation or the University has not fully complied with any provision set forth in this Agreement; (ii) the Foundation of the University are not providing the School Support as stated in the Proposal, or (iii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the Foundation or the University. In the event of termination of the Agreement, the Foundation and the University each agree to return all unexpended Contributed Amounts to the Donor within fifteen (15) days of the Donor’s request. ([GMU Grant Agreement](#), 7.a)

This language is line for line identical to what the Koch foundation uses for the creation of a center at Ball State University, swapping “Institute” for “School” and the italicized selection replaced with a synopsis of the “Institute’s Mission” ([BSU 2016 Agreement](#), Sec. 2.a).

## B. LEVERAGING ANNUAL PAYMENTS

A common feature of Koch's large multi-year "gifts" to universities is a donation broken into annual installments, disbursed annually only after the donor reviews the programming and hires for compliance with the donor's objectives. The provision allows the donor the annual ability to renew or withhold funding for curriculum and teaching.

At a [2016 conference](#), the Koch foundation’s Charlie Ruger confirmed these criticisms while speaking on a panel entitled “Successful Models of Programs in Private Enterprise.” The other panelists were the two directors of Kentucky’s two Schatter/Koch centers; the University of Louisville’s Steve Gohmann and the University of Kentucky’s John Garen.

Ruger clarified the mechanism of contractual control:

Everything we do is on an annual basis. So we want our partners to have certainty and be able to do long term programs and stuff. So we'll say 'for the first 3 to 5 years of an investment, we'll commit, formally, 3 or 4 million dollars or whatever it is and we do that with a coalition of stakeholders, a coalition of donors. And here's what the university has said it would like to do with the money. If it does anything else with it, you know, 'best of luck but the next check isn't coming.' (Ruger, [Successful Models](#))

Koch funded professors on the panel confirmed that this was their understanding. The director of the University of Louisville Koch Center, Dr. Steve Gohmann:

And I don't worry about the university trying to steer the money away because they know that if they take that money, there won't be money coming in the future. So this is the nice thing about getting money annually, is that the university is more beholden to let faculty do what we're what we want to do with the money, which is, the donor also intends us to do, and because that money's not there for them to grab onto and it won't be coming the next year if they mess things up. (Gohmann, [Successful Models](#))

## EXAMPLES

**At Florida State University**, the 2008 and 2013 MOU give the Koch foundation veto power through a donor appointed Advisory Board, whose "periodic assessments" act to "[e]nsure compliance with the terms of this Memorandum through appropriate administrative or legal channels" (FSU [2008](#), [2013](#) MOU, 7.a.(iv)).

This board is retained the ability to withholding funding for any part of the program at any time. As for hires, the retained the ability to review their performance and annually decide whether to renew or withhold the next year's funding:

The Parties intend that the Teaching Specialist Position will be funded by payments consisting of five installments . . . Each of the subsequent four payments for the Teaching Specialist Position shall be payable on each of the next four anniversary dates of the first installment described herein with annual renewal dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a). (FSU [2008](#) and [2013](#) MOU, Sec 4.d)

In both FSU contracts, Section 10 describes an annual payment schedule:

Payment schedule for yearly amounts and dates upon which funds will be released for the following year will be specified in future Donor agreements between CGK Foundation, other Partner Donors, and FSU. (FSU [2008](#) and [2013](#) MOU, Sec 10.b)

The Payment Schedules are laid out in [Attachment C](#) of the FSU MOU. It describes the annual payments' dependency on explicit donor approval:

III. Schedule and Form of Contribution Donor agrees to make contributions to the Donee, and the Donee agrees to accept the amounts contributed on behalf of FSU according to the following schedule, subject to the procedures set forth below:

Up to \$250,000 on or before June 30, 2009

Up to \$250,000 on or before June 30, 2010

Up to \$250,000 on or before June 30, 2011

Up to \$250,000 on or before June 30, 2012

Up to \$250,000 on or before June 30, 2013

Up to \$250,000 on or before June 30, 2014

On or before April 1st of each year set forth above, Donee shall submit a written proposal to Donor for Donor's approval (referred to as the "Donee Proposal") of the projected expenses for the Professorship Positions expected to be hired by the Economics Department within the College of Social Sciences. (FSU 2008 MOU, [Attachment C](#))

The Koch foundation retains the clear authority to annually renew or withhold funding for programming and hires.

**At Utah State University**, the 2008 MOU outlines how the Koch foundation would be "augmenting funding for five professors" through annual payments:

**Funding Amount.** Subject to the terms and conditions of the Agreement, CGK Foundation agrees to provide or cause to be provided a yearly funding amount not to exceed Twenty-Five Thousand Dollars (\$25,000) for each of the Professors

payable, to USU Foundation on behalf of USU on an annual basis for a period of five years ([USU 2008 MOU](#), Section 2.a)



In [Section 6](#) of the 2008 MOU, the annual payment schedule is described:

Payment schedule for yearly amounts and dates upon which funds will be released for the following year will be specified in future agreements between USU and CGK Foundation.

Since this is the identical language used to describe the FSU payment schedule, it stands to reason that the USU agreement has an attachment similar to FSU's [Attachment C](#), which that lays out the details of the payment schedule. No such document has been obtained.

**At Clemson University**, the 2009 MOU describes the schedule of contribution:

CGK Foundation agrees to contribute to the University and the University agrees to accept the amounts contributed solely for the purpose of supporting CISC and the Donor Supported Professorship Positions in accordance with this Agreement and the following schedule subject to the procedures set forth below:

\$250,000 on or before September 30, 2009

\$250,000 on or before June 30, 2010

\$250,000 on or before June 30, 2011

\$250,000 on or before June 30, 2012

Except with the respect to the first contribution, on or before April 1st of each year set forth above, University shall submit a written proposal to CGK Foundation for CGK Foundation's approval (referred to as "University Gift Request") of the projected annual expenses for the Donor Supported Professorship Positions expected to be hired (or projected annual expenses for the existing individuals holding the Donor Supported Professorship Positions) by the University ([Clemson 2009 MOU](#), Section V)

**At West Virginia University**, the “Donor Supported Professorship Positions” established by CKF are required to comply with the following Objectives and Purposes:

CGK Foundation agrees to contribute to the Donee, and the Donee agrees to accept the amounts contributed on behalf of the University solely for the purpose of supporting the Donor Supported Professorship Positions in accordance with this Agreement and the following schedule, subject to the procedures set forth below:

Up to \$200,000 on or before October 31, 2009

Up to \$200,000 on or before June 30, 2010

Up to \$200,000 on or before June 30, 2011

Except with the respect to the first contribution, on or before April 1st of each year set forth above, Donee shall submit a written proposal to CGK Foundation for CGK Foundation's approval (referred to as "Donee Proposal") of the projected annual expenses for the Donor Supported Professorship Positions expected to be hired (or projected annual expenses for the existing individuals holding the Donor Supported Professorship Positions) by the University ([WVU 2009 MOU](#), Section IV)

**At the University of Louisville**, the [2015 MOU](#) proposes an annual award schedule:

The [University of Louisville] Foundation shall submit an annual written report to the Donor of the Donor's consideration (the "Foundation Grant Report") and an accounting of the expenditure of any Contributed amount previously received. If the Donor approves the Foundation Grant Report, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the donor does not provide any Contributed Amount in response to the Foundation Grant Report, it shall notify the Foundation and the University as stated in Section 8.a ([UL 2015 MOU](#), Section 5.a)

Section 8.a spells out the donor's "right to terminate this Agreement and discontinue or withhold any Contributed Amount."

Section 5 further clarifies the annual schedule of potential payments:

b. Foundation Grant Report and Proposed Grant Award Schedule

Foundation Grant Report Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted as the Proposal, Attachment A	Within 30 days of signing this Agreement	Up to \$928,000
November 1, 2015	On or about January 1, 2016	Up to \$928,000
June 1, 2016	On or about August 1, 2016	Up to \$928,000
June 1, 2017	On or about August 1, 2017	Up to \$928,000
June 1, 2018	On or about August 1, 2018	Up to \$928,000

At the University of Kentucky, a [2015 MOU](#) proposes an annual award schedule:

The University shall submit an annual written grant request according to the schedule below for Donor's consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the "University Annual Charitable Grant Request"). The donor has the right to decline providing funding in response to a University Annual Charitable Grant Request. ([UK 2015 MOU](#), Section 5.a)

Section 5.b further clarifies the annual schedule of potential payments:

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$ 200,000
June 1, 2016	On or about August 1, 2016	Up to \$ 400,000
June 1, 2017	On or about August 1, 2017	Up to \$ 800,000
June 1, 2018	On or about August 1, 2018	Up to \$ 800,000
June 1, 2019	On or about August 1, 2019	Up to \$ 900,000
June 1, 2020	On or about August 1, 2020	Up to \$ 900,000
<b>Total Maximum Contributed Amount by Donor</b>		<b>Up to \$4,000,000</b>

At Ball State University, the 2016 MOU proposes an annual award schedule:

The [Ball State University] Foundation shall submit an annual written grant request according to the schedule below to the Donor for Donor's consideration (the "Foundation Grant Report") and an accounting of the expenditure of any Contributed Amount previously received. The Donor shall review the Foundation

Grant Report in good faith. If the Donor approves the Foundation Grant Report, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the Donor does not provide any Contributed Amount in response to the Foundation Grant Report, it shall notify the Foundation and the University as as stated in Section 8(a) ([BSU Agreement](#), Sec. 5.a)

Section 8.a spells out the donor's "right to terminate this Agreement and discontinue or withhold any Contributed Amount."

Section 5.b further clarifies the annual schedule of potential payments:

b. Foundation Grant Report and Proposed Grant Award Schedule

Foundation Grant Report Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted as the Proposal	Within sixty (60) days of the execution of this Agreement	Up to \$217,000
July 1, 2016	On or about August 1, 2016	Up to \$217,000
July 1, 2017	On or about August 1, 2017	Up to \$217,000
July 1, 2018	On or about August 1, 2018	Up to \$217,000
July 1, 2019	On or about August 1, 2019	Up to \$217,000

At George Mason University, the 2016 MOU proposes an annual award schedule:

The [George Mason University] Foundation shall submit an annual written grant request according to the schedule below to the Donor for Donor's consideration (the "Foundation Grant Request") and an accounting of the expenditure of any Contributed Amount previously received. If the Donor approves the Foundation Grant Request, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the Donor, in its sole and absolute discretion, does not approve the Foundation Grant Report, the Donor is under no obligation to contribute any funds to the Foundation or the University ([GMU Agreement](#), Sec. 5.a)

Section 5.b further clarifies the annual schedule of potential payments:

b. Foundation Grant Request and Proposed Grant Award Schedule

Foundation Grant Request Date	Donor Response and Proposed Contribution Date	Contributed Amount
On or about May 1, 2016	On or about July 1, 2016	Up to \$ 500,000
March 1, 2017	On or about May 1, 2017	Up to \$1,500,000
March 1, 2018	On or about May 1, 2018	Up to \$3,000,000
March 1, 2019	On or about May 1, 2019	Up to \$3,000,000
March 1, 2020	On or about May 1, 2020	Up to \$2,000,000

## 2. Donor Influence In Hiring

### A. INTERFERENCE IN EARLY HIRING

The Charles Koch Foundation's influence can be found at all stages of their academic programming, in particular, the hiring process. Documentation from just a few of the hundreds of schools receiving Koch foundation funding provides an increasingly detailed picture of how the Koch foundation predetermines the hiring process.

Several ways that the Koch foundation has acquired early influence have included insisting on pre-screening job candidates at Florida State, to the use of a political talent agency, [TalentMarket.org](https://www.talentmarket.org/), to recruit for university hiring at Wake Forest.

### EXAMPLES

**At Florida State University**, a faculty senate investigation “determined that the Koch Memorandum of Understanding as currently written allows undue, outside influence over FSU’s academic content and processes.” Their report revealed extensive interference with the early hiring process, finding:

Koch prior approval of the advertisement used for filling positions, and Koch establishment of parallel interview activities at the professional conference where the FSU search committee was interviewing applicants. ([Standley Report](#), 3.a)

They describe in further detail how Koch officials overstepped the expressed will of FSU Department of Economics:

At the annual meeting of the American Economic Association in January of 2009 in San Francisco, [Koch] donor officers requested personal participation in the interview sessions, which the department appropriately refused. But then members of the departmental interview team learned by coincidence that a donor representative was nevertheless making independent contact with candidates at the convention for lunch or similar informal conversations, without notifying the FSU interview team. ([Walker Report](#), footnote to 3.c)

**At Auburn University**, an investigation in 2007 revealed that the hires made by the \$300,000 donation by the Koch foundation involved a number of “irregularities.” One

irregularity was the near absence of a job announcement, as reported by the Auburn Villager:

When they learned of the center, some faculty members asked if a national search had taken place and started looking for the job announcement. The job was not advertised on the AU Web site or on any of the recognized venues where economics faculty are usually recruited, they say”.

One professor said he finally found the job advertised only once on a Web site called Social Science Research Network. The advertisement was posted Nov. 4, 2007, with enquiries to go to [Dean] Jahera. Review of applications was to take place Dec. 1, 2007. On Nov. 9, however, [Robert] Lawson was already going to be on campus to give a seminar, according to an e-mail to a College of Business faculty member on Nov. 5, one day after the job was advertised. ([Auburn Villager](#), Sept 2008)

In light of this, it does not seem likely or possible that there was a search committee mandated by Auburn’s own policies:

According to a faculty recruitment checklist posted online by AU’s Office of Affirmative Action and Equal Employment Opportunity, a search committee is mandatory. The search committee reviews the advertisement and sets a timetable to review applications. The search committee then screens applications on the basis of advertised criteria, requests letters of reference and prepares a short list of candidates to be interviewed. Then candidates are interviewed and a candidate is selected.

[...]

After learning of the center in December and finding out that many senior faculty did not even know about the project in January, [AU President Jay] Gogue purportedly urged more openness. On Feb. 12, the center was included on the agenda for that month’s University Senate meeting.

[...]

By that time, however, Lawson had already been hired and the center was a fait accompli. He is now an associate professor in the department of finance. ([Auburn Villager](#), Sept 2008)

**At Clemson University**, the 2009 Memorandum of Understanding provides the Koch foundation oversight over the hiring process “Donor Supported Faculty Positions.” As the



basis for selecting an initial pool of candidates, the university is obligated to ensure that potential hires adhere to Koch's Objectives and Purposes:

- (b) University agrees to recruit individuals for these two Donor Supported Faculty Positions who
  - (i) support the Objectives and Purposes set forth in Section 1(a) above,
  - (ii) demonstrate the ability to work collaboratively and effectively toward those Objectives and Purposes, and
  - (iii) conduct research that advances the Objectives and Purposes as well as complements, informs, and builds upon the University's existing strengths in the study of capitalism and its ties to prosperity, social progress, and human well-being. ([Clemson 2009 MOU](#), Sec. II)

**At Utah State University**, the 2008 MOU creates donor funded positions by “augmenting funding for five professors,” called “the Professors.” The university is obligated by the MOU to “recruit and maintain the Professors in accordance with the Objectives and Purposes” (USU 2008 MOU, Section 2.c.iii):

USU agrees to recruit Professors who support the Objectives and Purposes and have demonstrated advancement of, or show the promise of working effectively in collaborative efforts to advance, the Objectives and Purposes. The Parties expect that the Professors' research will compliment, inform and build upon USU's existing strengths in business, finance, economics, institutions and property rights as they relate to and inform the foundations of prosperity, social progress and human well-being. ([USU 2008 MOU](#), Section 3.a)

**At the University of Louisville**, a [2015 MOU](#) creates a Center for Free Enterprise that involves hiring several faculty. The MOU requires that these faculty be aligned with the Donor invented “Mission” of the Center, but the Donor requires that the search committees for all faculty are to be chaired by the Center's Director, Professor Stephan Gohmann, who is stipulated by name in the MOU:

All faculty hires will follow the normal procedures for hiring faculty members in the College and the University. The Center Director will chair all of the search committees for the faculty searches. Faculty members hired for the Center positions must have demonstrated a track record that is supportive of the Center's Mission or show promise of developing such a record. ([UL 2015 MOU](#), Attachment A)

**At Western Carolina University**, record requests reveal conversations between the BB&T faculty member, Dr. Edward Lopez, surrounding the creation of the Center for the Study of Free Enterprise. In these conversations, Lopez overtly offers the Charles Koch Foundation early involvement in developing specific hiring objectives. Specifically, Lopez provides insight on how the hires and program will “create value” for the Koch foundation:

I'll describe the current situation here, in particular the hiring possibilities and my proposed strategy for successfully navigating them. Finally I'll propose an investment scenario and the value it would generate. ([Lopez 7/27/15](#))

Lopez describes his “investment scenario”:

Ideal scenario: Recruit free enterprise individuals for the GL chair and for Steve Miller's line while also creating a new assistant professor line that Zac Gochenour can compete for. Establish an economics major and expand economics course offerings. Continue to grow our Free Enterprise Educational Activities programs, and develop our pipeline of student development to its fullest potential. ([Lopez 7/27/15](#), Section 3.A)

A February 2015 blog post from a WCU professor reported:

a job posting for a WCU economics professor opening appeared in early October — two months before the free enterprise center would come before the board of trustees for a vote.” Language in the ad also specified that this person would be part of the center, but that language was later removed from the ad after faculty cried foul). ([2016 faculty blog post](#))

Another WCU professor described how:

Here a tiny, unrepresentative portion of the university faculty has decided on a strategic direction that has major consequences for the university, not in discussions with the rest of the faculty, but with an outside group with a decidedly biased perspective. . . To my amazement, the administration bought it. That, in my experience, is extraordinary. . . The university faculty has been left out of the discussions and the Koch Foundation and Dr. Lopez are clearly the beneficiaries of

the decisions that have been made. . . The process was off the rails. ([Smoky Mountain News 1/20/16](#))

2016	
Jan., 2016	Mayer " <a href="#">Rebranding the Koch Brothers</a> " <i>New Yorker</i> article published. According to Provost Kersh, senior administration decides not to go forward with institute plans.
Early spring?	Provost persuaded by FAB to approve and accept Koch grant. Provost also reported to the Board of Trustees that the Thrive Well Being program needed "an academic base" that EI could provide
Late spring	Koch donor agreement negotiated
June, 2016	EI one-year planning grant <a href="#">announced</a> ; JO named Executive Director
Sept., 2016	Koch \$3.7 million gift <a href="#">announced</a> along with \$500K gift of Wrights
Oct. 4, 2016	Faculty Forum on EI, hosted by Provost Kersh
<u>Oct. 26, 2016</u>	EI Assoc. Director position posted on Talent Market.org site (Koch funded "free market" search firm)
<u>Nov., 2016</u>	Search for Assistant/Associate Economics Professor in Business School posted with EI affiliation
Nov. 17, 2016	Faculty Petition requesting Faculty Senate review of EI submitted; signed by 189 University faculty members
Nov. 17, 2016	Faculty Senate President Cotter calls for formation of Senate Ad Hoc committee to "review the Eudaimonia Institute and report recommendations for future directions to the Faculty Senate"
Dec. 12, 2016	EI Assoc. Director position formally approved and posted on Silk Road and national job search sites (deadline Jan. 4, 2017)
2017	
Jan. 18, 2017	Motion to ratify the Senate President's creation of the Ad Hoc Committee passed unanimously by the Faculty Senate

At Wake Forest University, the [2017 Faculty Senate Ad Hoc Committee](#) investigation documented the timeline of hiring events for the Koch funded Eudaimonia Institute. The figure above is part of the hiring timeline for WFU Eudaimonia Institute's Associate Director position.

Faculty found that the search for the Associate Director position of the Eudaimonia Institute was posted on a Koch network talent website called TalentMarket.org before being posted by the university.

Talent Market is an organization affiliated the network of think tanks and political non-profits funded by Charles Koch's network of donors. The [mission statement](#) for Talent Market reads as follows:

Talent Market's mission is to promote liberty by providing talent for critical roles within the free-market nonprofit sector. We provide free consulting and recruiting services to free-market think tanks, policy organizations, and research centers dedicated to advancing the principles of limited government and free enterprise. ...

Talent Market believes that the road to prosperity is paved with freedom and that the success of our movement hinges on the talent that will take us there.

[Other language](#) on Talent Market's website that this non-profit search firm is designed to assist “liberty-oriented” organizations in finding “qualified leadership and strategic personnel with expertise necessary to advance free market principles in academia, the media, and public policy.”

As reported by the [Center for Media and Democracy](#), Talent Market has considerable ties to the Koch network, and the donor advised funds they use, DonorsTrust:

Talent Market was founded in 2009 as an “owned entity” of DonorsTrust, a donor advised fund favored by the billionaire Koch Network of ultra-wealthy right-wingers for its easy cloaking of donations to political allies. It is now an LLC attached to Donors Trust.

The [Bradley Files](#) credit three people with founding the organization: the former President and CEO of DonorsTrust Whitney Ball, President of the State Policy Network (SPN) Tracie Sharp, and Talent Market Executive Director Claire Kittle Dixon.

Before founding Talent Market, Dixon was the Program Officer for Leadership and Talent Development at the Charles G. Koch Foundation. The only other employee at Talent Market, talent manager Lauren Skiver, also worked for the [Charles G. Koch Foundation](#) as a grants coordinator.

The [posting on Talentmarket.org](#) shows that candidates went through Talent Market directly:

Qualified candidates should submit the following in one PDF file with your name in the file:

Résumé

Cover letter detailing your philosophical interest in the Eudaimonia Institute and your salary requirements

Materials should be emailed in one PDF document to Claire Dixon, executive director of Talent Market, who is assisting with the search: [claire@talentmarket.org](mailto:claire@talentmarket.org). While we thank all applicants in advance for their

interest in this position, we are only able to contact those to whom we can offer an interview. No phone calls, please.

## B. VETO POWER GIVEN TO DONOR OR DONOR APPOINTEE

Koch foundation contracts tend to provide considerable decision-making power to the donor, most times allowing them multiple opportunities to veto decisions about the use of their funding. Older examples were more overt (esp. at Florida State University), but nearly all publicly available contracts for the Koch foundation's large multi-year programs give Koch foundation officials multiple opportunities through which they can veto funding.

In addition to Koch's ability to withdraw funding, a general veto power any part of a program, this section examines additional veto authorities granted to donors through contractual provisions. We trace the evolution of these overtly controlling provisions, many of which have largely disappeared from Koch foundation contracts written since 2015. This authority has been replaced largely by the veto powers granted in Section 1.A and Section 1.B.

## EXAMPLES

**At Florida State University**, the “Affiliated Programs and Positions” established by CKF are required to comply with the following:

1. Objectives and Purposes. (a) The purpose of the Affiliated Programs and Positions is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely, These goals will be pursued by supplementing the academic talent that is currently at FSU to create a strong program that will focus on building upon and expanding research and teaching efforts related to economic institutions and political economy. (2008 and 2013 FSU MOU)

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced by CKF, which:

...reserves the right to discontinue or revoke any part of this Memorandum (including withholding any amounts to be made under any Donor Agreement to which CKF is a party regarding the Affiliated Programs and Positions) [...] if in CKF's reasonable discretion, such action is necessary to protect the Objectives and Purposes set forth in Section I(a) above. ([2008](#) and [2013](#) FSU MOU, Section 12, pg 9)

A supplemental document to FSU's 2008 MOU, Attachment C, reveals Koch's ability to withdraw funding for noncompliance at any point with 15 days' notice:

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice." (FSU 2008 MOU [Attachment C](#), Section V.H)

**At Utah State University**, the 2008 MOU creates donor funded positions by "augmenting funding for five professors," called "the Professors."

All activities of "the Professors" set forward in the MOU are obligated to comply with the Koch Foundation's "Objectives and Purposes," and compliance is actively enforced by CKF, which:

CGK Foundation reserves the right to discontinue or withhold any Funding Amount to be paid under this Agreement if, in CGK Foundation's reasonable discretion, (a) USU has not fully complied with the terms and conditions of this Agreement; (b) the Professors are not advancing the Purposes and Objectives; or (c) such action is necessary to comply with any law or regulation applicable to USU or to CGK Foundation. ([USU 2008 MOU](#), Section 9)

The monitoring of compliance not only an obligation that university hires and officials are responsible for, but the Koch foundation also requires access to faculty "files" and "accounts" on any given business day:

Additionally, USU will cause CGK Foundation and its representatives to have reasonable access during regular business hours to files, reports, accounts, or personnel that are associated with this Agreement, the Professors and the Funding Amount. ([USU 2008 MOU](#), Section 10.a)

**At Clemson University**, the 2009 MOU is distinct from some other MOUs, in that it references how the “[t]he University, within its College of Business and Behavioral Science, has established CISC,” the Clemson Institute for the Study of Capitalism. In addition to requiring that the “Donor Supported Faculty Positions” comply with the Objectives and Purposes, the agreement suggests that Koch’s Objectives and Purposes were already the primary objectives of CISC:

I. Objectives and Purposes

(a) The University, within its College of Business and Behavioral Science, has established CISC. The primary objectives and purposes of CISC are to advance the understanding and practice of those free and voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. It is the Parties’ intention that the objectives and purposes of CISC will be further advanced by CGK Foundation’s provisioning of funds to recruit and hire positions (hereinafter referred to as the “Donor Supported Faculty Positions”) at CISC to help strengthen this foundation and extend efforts related to research, publication, dissemination, teaching, and continued academic and public use of the and support the research into the causes, measurements, impact, and appreciation of economic freedom. ([Clemson 2008 MOU](#), Section I.a )

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced. The Koch foundation:

reserves the right to discontinue or withhold any amount offending to be made under this Agreement if, in CGK Foundation’s reasonable discretion, University has not fully complied with the terms and conditions of this Agreement; the Donor Supported Faculty Positions are not advancing the Purposes and Objectives set forth in Section I above

[...]

The parties acknowledge that the funding commitment made by CGK Foundation under this Agreement is subject to the satisfaction of the terms and agreements set forth in this agreement and that a breach by University of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([Clemson 2008 MOU](#), Sections VI.B and VI.I, pages 5 and 6)



The Koch foundation reserves the right to give only 15 days notice before withdrawing all funds:

Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by CGK Foundation to University, if University has not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and University will suspend any further payments pending the corrective action by the University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contributed Amounts be returned to CGK Foundation. ([Clemson 2008 MOU](#), Section VI.I)

**At West Virginia University**, the “Donor Supported Professorship Positions” established by CKF are required to comply with the following Objectives and Purposes:

1. Objectives and Purposes

(a) The University and its Department of Economics, within the College of Business and Economics (“College”), have established a focused research effort among select faculty members with the purpose of advancing the philosophical and interdisciplinary understanding of human freedom in the political, economic, social and personal domains and to explore the nature of free market economics and its impact on our society (hereinafter referred to as the “Program”). The Parties desire to further support the Program’s mission by supplementing the academic talent (hereinafter referred to as the “Donor Supported Professorship Positions”) currently within the University and the Department of Economics to create a strong program that will focus on building upon and expanding the research and teaching efforts related to the University and the Program as described herein. ([WVU 2009 MOU](#), Section 1.a)

All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation’s “Objectives and Purposes,” and compliance is actively enforced. The Koch foundation:

... reserves the right to discontinue or withhold any amount to be contributed under this Agreement if in CGK Foundation's reasonable discretion (a) the

University or the Donee have not fully complied with the terms and conditions of this Agreement; (b) the College, Donor Supported Professorship Positions, and College's operations are not advancing the Purposes and Objectives set forth in Section 1(a) above

[...]

...a breach, whether caused by Donee or University, of any commitment, agreement, obligation, covenant, representation or warranty, made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([WVU 2009 MOU](#), Section VI.J and VI.H)

The Koch foundation is able to withhold funding after providing just 15 days notice:

Such termination shall be deemed effective upon the expiration of said fifteen (15) business days from the date notice was provided by CGK Foundation to Donee and/or University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice. During the pendency of this 15-day period, CGK Foundation will not be obligated to contribute any funds pursuant to this Agreement and Donee will suspend any further payments pending the corrective action by the Donee and/or University. In the event of termination of this Agreement, notwithstanding any contrary provision herein, CGK Foundation shall have the right to require that all unexpended Contribution Amounts contributed be returned to CGK Foundation. ([WVU 2009 MOU](#), Section VI.H)

**At the University of Louisville**, a [2015 MOU](#) creates the John H. Schnatter Center for Free Enterprise in a partner donorship with John Schnatter (CEO of Papa John's). Unlike many past agreements, where all programs and hiring must comply with a centrally defined "Objectives and Purposes," the "Center's Mission" and "Objectives" are stipulated a supplementary document:

The mission of the Center is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing human well-being (the "Center's Mission").

The Center's staff and activities are required to "support the Center's Missions." In fact, the MOU states unambiguously that "the Donor agrees to contribute funds to the Foundation exclusively to support the Center Programs to advance the Center's Mission" ([UL 2015 MOU](#), Section 4.a).

The MOU further clarifies that compliance is determined by the sole and "reasonable

discretion” of the Donor, who retains the ability to withhold funding at anytime, and revoke the agreement altogether:

The Donor has the right to terminate this Agreement and discontinue or withhold any Contributed Amount. . . If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, . . . the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([UL 2015 MOU](#), Section 8.a)

**At the University of Kentucky**, a 2015 MOU [created the John H. Schnatter Institute for the Study of Free Enterprise](#) with partner donor John Schnatter (CEO of Papa John's). Much like the University of Louisville, the "Institute's Mission" replaces Koch's “Objectives and Purposes.”

In this instance, the agreement's preamble asserts that "has for at least (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise" and the "Parties desire to expand those existing activities."

The agreement stipulates Dr. John Garen to be the director of the Institute, and ten years prior to this agreement, in 2005, Garen became chair of the UK's economics department. According to [his CV](#), he began coordinating the BB&T Program for the Study of Capitalism in 2007.

Attachment A attributes the Institute's "Mission" to the University:

The Gatton College of Business and Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"). The Institute enables the Gatton College to continue and expand its longstanding mission to discover and understand aspects of free enterprise that promote the well being of society ([UK 2015 MOU](#), Attachment A)

The agreement then carefully states:

the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission") ([UK 2015 MOU](#), Section 2.a).

The MOU further clarifies that compliance with the "Institute's Mission" is determined by the sole and "reasonable discretion" of the Donor, who retains the ability to withhold funding at anytime, and revoke the agreement altogether:

The Donor has the right to terminate this Agreement and discontinue or withhold any Contributed Amount. . . .If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, . . . the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([UK 2015 MOU](#), Section 8.a)

**At Ball State University**, the Charles Koch Foundation and the John H. Schnatter Family Foundation are donor partners in the creation of the John H. Schnatter Institute for Entrepreneurship and Free Enterprise. The 2016 Grant Agreement very cautiously establishes the "Institute's Mission" as:

the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to become a national model for values- and ethics-based entrepreneurship, developing research and talent to help solve contemporary problems and promote understanding of the characteristics and virtues of free enterprise in helping people improve their lives (the "Institute's Mission") ([BSU Agreement](#), Sec. 2.a)

Broadly, the agreement gives Koch and Schnatter the “sole and absolute discretion” to withdraw their funding for any part of the Institute Programs, at any time:

The Donor has the right to terminate this Agreement or decline to provide any Contributed Amount in response to a Foundation Grant Report if, in its sole and absolute discretion: (i) the Foundation or the University has materially breached this Agreement; (ii) the Institute Programs are not advancing the Institute's Mission as stated in this Agreement; or (iii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination or decision not to provide any Contributed Amount in response to a Foundation Grant Report shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the Foundation or the University. In the event the Donor terminates the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([BSU Grant Agreement](#), 8.a)

**At George Mason University**, a [2016 MOU](#) accompanied a \$30 million donation that not only renamed the law school after Antonin Scalia. The Koch foundation contributed \$10 million alongside \$20 million from an anonymous donor.

The compliance established by older Koch contracts through their "Objectives and Purposes" is instead split into two separate provisions. Section 1 is a provision where Koch's coded language is proposed as a shared definition of "Academic Freedom" that is to be honored by all parties of the contract:

Promoting Academic Freedom. Consistent with the Donor's principles of supporting a diversity of ideas in higher education, the Donor's grant is intended to help promote a republic of science at the University and the School, where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the School, and their faculty, students, and staff is critical to the success of the School's research, scholarship, teaching, and service; ([GMU 2016 MOU](#), Section 1)

Much like the other contracts created after 2015, a pre-stated "Mission" replaces Koch's "Objectives and Purposes." In this case, the "School's Mission" includes the strategic mission of George Mason University's School of Law, as well as several donor specific

goals:

to become a national leader in legal education by applying tools of economics and other social sciences to the study of legal doctrine, process, and institutions . . . To accomplish its goals, the Law School intends to;

Retain focus on the study of Law & Economics, which is a recognizable and recognized brand and which furnishes the faculty with a common culture and frame of reference in which to structure the School's priorities.

Develop additional related areas of concentration and intellectual leadership such as intellectual property, legal history, constitutional studies, administrative law, and the relationship between law and liberty. ([GMU 2016 MOU](#), Attachment A)

(Toward these goals, the donation stipulated the creation of two new centers within the GMU School of Law; the Center for the Study of the Administrative State and the Center for Liberty & Law.)

The agreement carefully states:

the University has informed the Donor, and the Donor is relying on such representation, that the School's mission is to become a national leader in legal education by applying tools of economics and other social sciences to the study of legal doctrine, process, and institutions (the "School's Mission"). ([GMU 2016 MOU](#), Section 2.a)

Yet it is the ultimately donor's sole and "reasonable discretion" that determines the program's compliance with the "Support for the School" is determined by , who retains the "sole and absolute discretion" to withdraw their funding for any part of the Institute Programs, at any time:

The Donor has the right in its sole and absolute discretion to terminate this Agreement or discontinue or withhold any Contributed Amount if: (i) the Foundation or the University has not fully complied with any provision set forth in this Agreement; (ii) the Foundation or the University are not providing the School Support as stated in the Proposal, or (iii) such action is necessary to comply with any law applicable to the Foundation, the University, or the Donor. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the Foundation or the University. In the event of termination of the Agreement, the Foundation and the University

each agree to return all unexpended Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. ([GMU Grant Agreement](#), 7.a)

This language is line for line identical to what the Koch foundation uses for the creation of a center at Ball State University, swapping “Institute” for “School” and the italicized selection replaced with a synopsis of the “Institute’s Mission” ([BSU 2016 Agreement](#), Sec. 2.a).

**At Florida State University**, Section 7 of the Koch MOU describes the mechanism of explicit control over the Affiliated Programs and Positions in the two donor created programs, in the Study of Political Economy and Free Enterprise, and Excellence in Economics Education programs (SPEFE/EEE).

The “SPEFE-EEE Program Advisory Board” is created to “preserve and safeguard the philanthropic and educational intent of [the Koch] Foundation, its Donor Partners, as well as the educational objectives of FSU” (FSU [2008](#), [2013](#) MOU, 7.a)

Through “periodic assessments” the board is to “[e]nsure compliance with the terms of this Memorandum through appropriate administrative or legal channels” (FSU [2008](#), [2013](#) MOU, 7.a.(iv)).

In the event that faculty or administrators want to ignore CKF input, they are not free to do so, as “FSU agrees to take the input of the SPEFE-EEE Advisory Board into consideration when evaluating the performance of the SPEFE and EEE Programs” (FSU [2008](#), [2013](#) MOU, Sec. 7.b.(vi)).

In both the [2008](#) and [2013](#) MOU, CKF is allowed to appoint the three person board, including one CKF representative. The “decision rule” of the board “in all matters will be unanimous vote of all three members” (FSU [2008](#), [2013](#) MOU, Sec. 7.b).

The agreement was revised in 2013 to require two of the board members to be department faculty, but these members are still selected by Koch. Both MOU allow the CKF representative to maintain veto power in all decisions (FSU [2008/2013](#) MOU, Sec. 7.a and 7.b).

The board’s freedom to withdraw/withhold funding is unequivocally spelled out in the MOU:

No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board” (FSU [2008](#) MOU, Sec. 3.d.iii).

The power granted to the Advisory board in the 2008 MOU included full veto power over



all hiring:

No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board ([2008](#) MOU, Section 3.d.(iii)).

In 2013 the selection process for tenure-track hires was revised superficially. The department extends an offer to a potential hire, at which point CKF can decide to fund it or not. Koch has the final say (through its veto power) over the use of their own funds. The revision to Section 3.d.iii reads:

After the Dean has approved the selection and the department extends an offer to the chosen candidate, the Dean or his department representative will send information regarding the candidate to CKF together with a proposal to fund the position as a professorship provision under 3 (a) above. The decision of CKF on the funding proposal will under no circumstances jeopardize the offer to the candidate approved by the Executive Committee and the Dean. Nor will the approval of the Dean create an obligation for CKF to provide any funding under this Memorandum or a Donor Agreement ([2013](#) MOU, Sec. 3.d.iii).

The advisory board also retains the ability to fire instructors by withholding funds for their annual renewal, as:

The Parties intend that the Teaching Specialist Position will be funded by payments consisting of five installments [...] with annual renewal dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a). (FSU [2008](#) and [2013](#) MOU, Sec 4.d)

Thus, not only does the board have veto power over instructor hiring with Koch funds, but annual renewal of funding can only proceed with their explicit approval.

**At Utah State University**, the 2008 MOU created donor funded positions called “the Professors.” The hiring process very clearly gives the Koch foundation (formerly the Charles G. Koch, or “CGK” Foundation):

CGK Foundation will not be obligated to pay any of the Funding Amount with respect to a candidate for Professor position that has not been approved by CGK

Foundation. In the event that USU and CGK Foundation fail to agree on a candidate for a Professor position, CGK Foundation may in its sole discretion cease all obligations under this Agreement or any other agreement between the parties regarding such Professor Position. For the avoidance of doubt, nothing herein will restrict USU's ability to hire any individual. Rather, in order to receive or use any of the Funding Amount and for an individual to fill a Professor position, USU's compliance with the terms of this Agreement is required, including CGK Foundation's approval of such individual ([USU 2008 MOU](#), Section 3.c(iv)).

**At Clemson University**, the 2009 MOU establishing CISC, the Clemson Institute for the Study of Capitalism, is distinct from earlier MOUs, in that it removes the Koch foundation's role in defining the Objectives and Purposes.

It is the first MOU on record where Koch does not retain veto power, although it is also the first MOU where the Koch foundation names a Clemson professor by name, and hands the veto authority to him:

(b) Prior to the extension of any offer for the Donor Supported Professorship Positions, Dr. C. Bradley Thompson shall present the candidate's credentials to CGK Foundation.

(c) No funding for a Donor Supported Professorship Position will be provided by the CGK Foundation without the approval of Dr. C. Bradley Thompson and the Dean of the College of Business and Behavioral Science ([Clemson 2008 MOU](#), Section II)

The MOU goes on to clarify to all parties that the funding will not be released for anything unless all aspects are in compliance with the Koch foundation's Objectives and Purposes:

The Parties agree and acknowledge that the funding commitment made by CGK Foundation under this agreement is subject to the satisfaction of the terms and conditions set forth in this Agreement and that a breach by by Donee or University of any commitment, terms, agreement, obligation, covenant, representation of warranty made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([Clemson 2008 MOU](#), Sections VI.I)

**At West Virginia University**, their 2009 MOU which created two “Donor Supported Professorship Positions” followed the pattern set by the 2009 Clemson MOU, namely endowing a Koch appointed professor with the donor's veto:

- (ii) Prior to the extension of any offer for the Donor Supported Professorship Positions, the Dean of the College of Business and Economics, in consultation with Professor Russel Sobel or his successor, shall present the candidates's credentials to CGK Foundation
- (iii) No funding for a Donor Supported Professorship Positions will be released without the approval of the Dean of the College of Business and Economics, in consultation with Professor Russell Sobel or his successor ([WVU 2009 MOU](#), Section 2.f)

The MOU goes on to clarify to all parties that the funding will not be released for anything unless all aspects are in compliance with the Koch foundation's Objectives and Purposes:

The Parties agree and acknowledge that the funding commitment made by CGK Foundation under this agreement is subject to the satisfaction of the terms and conditions set forth in this Agreement and that a breach by Donee or University of any commitment, terms, agreement, obligation, covenant, representation of warranty made or required under this Agreement shall give CGK Foundation the ability to terminate this Agreement. ([WVU 2009 MOU](#), Section VI.H)

### 3. Donor Influence over Programming

#### A. "PERFORMANCE OBLIGATIONS" & CONSTRAINED INQUIRY

In order to comply with the Charles Koch Foundation's "Objectives and Purposes" or any highly similar and predefined "Mission(s)" of the various Koch funded programs, the persons hired must undertake considerable activities dictated by the donor. Several contracts refer to these as "Performance Obligations."

The activities expected of the persons hired by the Koch foundation are partly laid out in the provisions of the contracts. Several contracts require the persons hired to pursue very specific lines of inquiry, ones that have been specifically cultivated for political use by Koch's donor network and their smorgasbord of think tanks and political groups.

##### "ECONOMIC FREEDOM"

A prominent requirement of the Koch foundation has been the study of "Economic Freedom" which, rather than simply being an abstract economic concept, is a very specific proprietary "Economic Freedom Index" developed by (Koch funded) academics at two (Koch funded) think tanks, the Fraser Institute and the Heritage Foundation.

##### "WELL BEING"

The most current incarnation of this is the requirement that the programs study "Well Being." Under other circumstances, this requirement might not seem very, concerning. In this case, there are recordings of Koch foundation officials and several Koch funded academics describing the use of "well-being" for cover language for free-market capitalism and Economic Freedom. A professor at Wake Forest University explained to political donors how reframing "capitalism" as "well-being" is a "game changer." He then told an anecdote about using this language to mislead a "liberal" colleague.

#### EXAMPLES

**At Florida State University**, the "Professorship Positions" established by CKF are required to comply with the Koch foundation's Objectives and Purposes:

The purpose of the Affiliated Programs and Positions is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. ([2008](#) and [2013](#) FSU MOU, Section 1.a)

The "Performance Obligations of Professorship Positions" include:

- (i) Individuals holding the Donor Supported Faculty Positions agree to support the Objectives and Purposes as set forth in Section 1(a) above and to complete the following activities in accordance with these Objectives and Purposes.
- (ii) The objective of the Professorship Positions will be accomplished through research, teaching, publishing, print and electronic media, and other means as may reasonably be deemed to comport with the mission of FSU and the [Study of Political Economy and Free Enterprise] Program.
- (iii) Reporting. At the conclusion of each academic year, the Economics Department and Stavros Center will provide the SPEFE-EEE Advisory Board with a brief summary of the principal activities and accomplishments of the SPEFE and EEE Programs in the previous year, including information on publications, presentations, courses taught, students supervised, and outreach activities. The report will also include information about how those activities have advanced the Objectives and Purposes set forth in Section 1(a). . .
- (iv) Reviews. . . . they will have included in the services component of their annual review by the FSU Department of Economics an evaluation of their performance at advancing the objectives of this Memorandum (detailed in the Objectives and Purposed set forth in Section 1(a) above), including research and other scholarly activities related to the specific purpose of the Memorandum, the cooperation and collaboration with other positions affiliated with the Memorandum, and the support and mentoring of graduate and undergraduate students affiliated with this Memorandum. ([2008](#) and [2013](#) FSU MOU, Section 3.e)

**At Utah State University**, the 2008 MOU creates donor funded positions called “the Professors,” and the expectations required for compliance with Koch's Objectives and Purposes and how they are expected to be carried out:

1. Objectives and Purposes

- (a) The purpose of the support for the Professors is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. These goals will be pursued by supplementing the academic talent currently at USU to create a strong program that will focus on building upon and expanding research and teaching efforts related to individual freedom, social progress and human well-being. The Parties seek to strengthen the foundation that exists at

USU and extend efforts related to the research, publication, education, dissemination and academic and public appreciation of individual freedom, social progress and human well-being.

(b) The Parties acknowledge that effective achievement of the Objectives and Purposes requires a concentration of complementary and cooperative talent and skills. Accordingly, in furtherance of the Objectives and Purposes, USU will make every reasonable effort to recruit and maintain individuals to be the Professors who support and have demonstrated advancement of, or show the promise of working effectively in collaborative efforts to advance the Objectives and Purposes. The Parties expect that the research of the Professors will compliment, inform and build upon USU's existing strengths in business, finance, economics, institutions and property rights as they related to and inform the foundations of prosperity, social progress and human well-being. ([USU 2008 MOU](#), Section 1)

**At Clemson University**, the 2009 MOU requires that the "Donor Supported Faculty Positions" comply with the Objectives and Purposes, which include:

research, publication, dissemination, teaching, and continued academic and public use of the and support the research into the causes, measurements, impact, and appreciation of economic freedom. ([Clemson 2008 MOU](#), Section I.a )

Several related "Performance Obligations" elaborate the required activities:

(a) Faculty Performance Obligations. Individuals holding the Donor Supported Faculty Positions agree to support the Objectives and Purposes as set forth in Section 1(a) above and to conduct scholarly research and teaching as appropriate for the faculty rank.

(b) Dissemination. The scholarly work of the Donor Provided Faculty Position will be disseminated through research, teaching, special speaking engagements, publishing (both print and electronic media) and other means as may reasonably be deemed to comport with the mission of the University and [Clemson Institute for the Study of Capitalism]

(c) Reporting. On or before the conclusion of each academic year, University shall provide CGK Foundation with a summary of the principal activities and accomplishments of the Donor Supported Faculty Positions during this academic year, including information on publications, presentations, courses taught, students supervised, and outreach activities, and such other information as CGK Foundation may reasonably request. The report will also include information

about how those activities have advanced the Objectives and Purposes set forth in Section 1(a) ([Clemson 2008 MOU](#), Section III)

**At West Virginia University**, one of the “Donor Supported Professorship Positions” is required to work under Koch network academic, Dr. Russell Sobel in order to satisfy the Koch foundation's Objectives and Purposes:

One of the Donor Supported Professorship Positions shall be a tenure-track professor in the College of Business and Economics in the Department of Economics. (sometimes referred to as the "College Professorship Position"). This professor will be part of the free markets studies program led by Professor Russell Sobel, holder of the James Clark Coffman Distinguished Chair in Entrepreneurial Studies, or his successor as head of the free-market studies program at the University, and will be responsible for, among other things, teaching the undergraduate and graduate students and conducting independent and collaborative research to achieve the Objectives and Purposes set forth in Section 1(a) ([WVU 2009 MOU](#), Section 2.a)

**At the University of Louisville**, by the time the Koch foundation's 2015 MOU created Schnatter Center for Free Enterprise, the faculty obligations are no longer found directly in the body of the agreement, but in Attachment A describing the Center's Mission:

The mission of the Center is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing human well-being (the "Center's Mission") ([UL 2015 MOU](#), Attachment A).

The Center's staff and activities are required to “support the Center's Missions.” While several details are given about the activities of the center and its director, the general responsibilities of the Faculty are described:

The faculty members hired will devote a significant portion of their time and resources to work related to the Center. These activities will focus on fields of interest to the Center. Their annual work plan will be developed by the Center Director and the appropriate department chair. The teaching activities will be coordinated with the appropriate department chair to fit with the College teaching schedule. The workload expectations would normally consist of teaching, research, conducting seminars, leading reading groups, public lectures, and other outreach activities. . . The Center faculty will develop and teach courses related to the



Center's Mission. These courses could be at the graduate or undergraduate level. ([UL 2015 MOU](#), Attachment A)

**At the University of Kentucky**, much like the University of Louisville, the 2015 MOU lays out obligations for faculty hired at the Schnatter Institute for the Study of Free Enterprise in Attachment A:

The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty's work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute. ([UK 2015 MOU](#), Attachment A)

Work "related to the Institute" would be bound by its Mission, "to discover and understand aspects of free enterprise that promote the well being of society" ([UK 2015 MOU](#), Attachment A)

**At Ball State University**, the 2016 agreement which created the Schnatter Institute for Entrepreneurship and Free Enterprise lays out the faculty obligations in Attachment A, as part of a description of the Institute's Objectives and Mission. The Mission is:

to become a national model for values- and ethics-based entrepreneurship, developing research and talent to help solve contemporary problems and promote understanding of the characteristics and virtues of free enterprise in helping people improve their lives (the "Institute's Mission") ([BSU Agreement](#), Attachment A)

While several details are given about the activities of the center and its director, the general responsibilities of the Faculty are described:

The individuals holding the New Tenure-Track Entrepreneurship Professorship and the Tenure-Track Entrepreneurship Professorship will teach general education and honors undergraduates, engage in research, and help ground studies of entrepreneurship in sound economics. These individuals will also devote a significant amount of their time and resources to work related to the Institute . . .

The individuals holding the Tenure-Track Economics Professorships will teach general education and honors undergraduates, engage in research, and help ground studies of entrepreneurship in sound economics. These individuals will also devote a significant amount of their time and resources to work related to the Institute. . .

Research: The Institute Director will engage scholars in high-quality research that addresses questions germane to the mission of the Institute and will help ensure that research results are communicated both inside and outside academia. The Institute and University will become known as producers of research that advances both academic and public understanding of how human well being may be advanced in Indiana and beyond. ([BSU Grant Agreement](#), Attachment A)

## B. CURRICULUM, CERTIFICATES, MINORS, AND MAJORS

In addition to stipulating the hiring and function of their academic programs, the Koch foundation and their donor partners are also directly affecting the classroom and the degrees that students are granted. In some cases, like Florida Gulf Coast University, entire majors are created by the donor.

## EXAMPLES

**At Florida State University**, the Koch foundation's programs influenced the creation of extensive curricular programs. [Chapter 4.C](#) of our 2017 report on Koch at FSU details how the Koch/BB&T agreements granted donor influence over at least [nine courses](#) and [two certificates](#), one in the College of Social Sciences, one in the College of Business.

The Dean of the Faculties wrote [a 2011 letter](#) to President Eric Barron in regarding the Charles Koch Foundation's agreement and the findings of the Faculty Senate's investigation:

There are several curricular issues mentioned in the Faculty Senate Ad Hoc Committee report related to the specific circumstances of the Koch gift, and many more could occur at any time under our current procedures for faculty review of courses, certificates, majors, and degrees. This results from the fact that once a gift agreement is settled by the donor, the Foundation, and the academic unit, that agreement becomes invisible in the faculty governance processes designed to make decisions regarding the shape of the curriculum. There is simply no information available to those committees to indicate that any request is tied to a donor's wishes. ([Buchanan to Barron](#), 2011)

In the Department of Economics, the description of the [Certificate Program in Markets and Institutions](#) lists the requirement of “a two-semester sequence in principles of economics,” “three elective courses from the curriculum,” and one “capstone course” (ECO 3004: Debating Economic Ideas).

In the Department of Finance, the BB&T Program for Free Enterprise allowed BB&T to create a minor, by providing “funding for the college to offer the [Minor Program in Free Enterprise and Ethics](#).” It is available “to undergraduates currently pursuing one of the majors in the College of Business.”

Both certificates require the same “principles sequence,” consisting of the introductory courses:

- (ECO 2013) Principles of Macroeconomics
- (ECO 2023) Principles of Microeconomics

Additional courses developed (or in some cases redeveloped) as part of the Koch foundation's agreement:

- (ECO 2000) Introduction to Economics
- (ECO 3130) Free to Choose
- (ECO 4504) Public Sector Economics
- (ECO 3131) Market Ethics
- (ECO 3004) Debating Economic Issues
- (ECO 4132) Economics of Compassion
- (GEB 4455) Perspectives in Free Enterprise

The 2011 Faculty Senate investigation into the 2008 MOU revealed that:

Since the MOU was signed in the summer of 2008, the department has created and now offers a new undergraduate certificate program, the “Certificate in Markets and Institutions.” Although the new “Market Ethics: course prescribed by the Donor Partner agreement is not required of the Economics majors generally, the course is a requirement for the new Certificate program. The concern expressed to the committee is that this Certificate program was not vetted in proposed form by a department-wide mechanism, but there is disagreement on this point. There is an Undergraduate Committee in the department bylaws: “The Undergraduate Committee has overall responsibility for the Department’s undergraduate program. This committee must review all academic policy changes affecting the

undergraduate program prior to their final consideration by the Executive Committee or the Department faculty as a whole” . . .

We conclude that the process of establishing the new Certificate must have fallen short of a usefully functioning standard of transparency and openness. (2011 [Faculty Senate Investigation](#), pg 13)

**At the University of Louisville**, a 2015 MOU creates a Center for Free Enterprise and allows for the creation of curriculum that is aligned with the Donor stipulated “Center’s Mission”:

The Center will sponsor new courses in the College of Business (the “College”), lectures, reading groups, and other activities. Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being. ([UL 2015 MOU](#), Preamble)

**At the University of Kansas**, a records request revealed that the Fred and Mary Koch Foundation (one of several Koch family foundations controlled by Charles Koch) provided funding in 2009 to support the creation of a “Capitalism course.”

The 2009 grant of \$100,000, dedicated to payroll, allowed the Center to continue the work made possible by the 2008 grant—as well as inaugurate a Capitalism course in the KU School of Business for honor students university-wide. ([KU records request](#), pg 3)

**At Florida Gulf Coast University**, the activities of the BB&T Distinguished Professorship of Free Enterprise Economics, Dr. Bradley Hobbs, are stipulated by donor partnership between BB&T and the Charles Koch Foundation. These activities include the development of an Economics Major, and the implementation of donor stipulated curriculum.

The [2009](#) report describes that specific stipulations require that a “primary duty of the position is to regularly teach a course titled [The Moral Foundations of Capitalism](#). [...] all students read Atlas Shrugged by Ayn Rand. This course was used as the basis for an economics major that was created the same year the professorship was first instantiated, as well as affecting Finance major:

The professorship will also play a significant role in the development of the major: all economics majors take The Moral Foundations of Capitalism as their capstone course.

[...]

All economics and finance majors receive a copy of Atlas Shrugged in Intermediate Price Theory (a required course for both majors). [...] Professor Hobbs is the professor for this course on campus and is able to explain to students the reasons for reading the book and also to interest students in the Moral Foundations of Capitalism course.

According to Hobbs' [2009](#) report:

The Charles G. Koch Charitable Foundation has provided operational seed funding in the first two years of activity. [...] The primary mission of this Professorship is one of advocacy: To encourage the study of the contributions that free enterprise and individual freedom and responsibility provide for human flourishing through teaching, research, and service involving students, the university, and the broader community.

**At Troy University**, the Koch foundation, BB&T, and Manuel Johnson founded the Manuel Johnson Center for Political Economy in 2010. In 2016, several professors were recorded during a panel discussion moderated by the Koch foundation, describing how the funding was used to "take over" several departments by gaining control over hiring and curriculum, including the creation of an economics major.

In 2016, the Johnson Center's George Crowley remarked:

At Troy we basically had, economics didn't have a major. It had a major, that had died, and what fundamentally, first thing that needed to be done was actually just getting some of this stuff into the actual curriculum. We had this weird smattering of courses, we were predominantly a discipline that had disinterested faculty members that had been there forever and were basically serving the business [students] by and large. Our task really was, in a lot of ways, to kind of fundamentally change what Troy was doing. . .

Moving beyond some kind of just concentration within the general business program to actually an econ major both in the college business and arts and sciences. We actually at a later point were able to kind of take over the finance major as well. It is still a straight finance major, but they actually have to take intermediate micro and macro. Again, just trying to get the ideas to as many people as possible by laying that foundation. If you don't have that struggle, then hats off to you, but at Troy we really did. (APEE 2016 [Transcript](#))

## C. INTEREST IN INTRODUCTORY COURSES

In several instances, there is documentation of the Charles Koch Foundation specifically seeking to influence introductory level economics and finance courses.

### EXAMPLES

**At Florida State University**, the Koch foundation was able to establish control over the introductory economics curriculum (the “principles” or “service” courses) by stacking the “principles committee” with Koch hires.

A 2011 faculty senate report explained:

The Economics Department requires all majors to take two 200-level “principles” courses as a gateway requirement for upper-level major coursework: ECO 2013, Principles of Macroeconomics, and ECO 2023, Principles of Microeconomics. Because these courses are not limited to majors and are also available to satisfy university-wide general education requirements (Liberal Studies Curriculum Area III, History/Social Science), there is very heavy student traffic (we were given an estimate of about 7,000 students per year), which includes all prospective economics majors. . . .

The concern expressed to the committee by some faculty is that the staffing and supervision of these gateway courses for all majors are being ceded to a subset of the department that may not be representative of the diverse intellectual interests in the department. ([Walker Report](#), Finding 6.b)

The mechanism behind this is explained further:

The department bylaws specify a standing “Principles Committee,” which “shall function as a curriculum committee for the principles sequence and as such will be concerned with specific matters of course content, textbook selection, and the like.” The membership of the committee is defined as “those Department faculty who are scheduled to teach in the principles sequence.” This membership criterion is a problem according to some faculty, to the extent that faculty who are currently scheduled to teach the principles courses are almost exclusively as non-tenure track faculty members affiliated with the SPEFE/EEE program ([Walker Report](#), Finding 6.b).

Details were spelled out in Koch's 2008 agreement:

FSU will hire one (1) individual for the Teaching Specialist Position to teach economics courses, primarily at the undergraduate level, such as principles of economics and courses in political economy related to the advancement of the purposes of this Agreement (as detailed in the Objectives and Purposes set forth in Section I (a) above) ([2008 MOU](#), Sec. 4.a)

By 2009, the College of Social Sciences annual report states clearly that there were four EEE faculty teaching “the bulk” of principles courses:

There are two new major programs located within the Stavros Center, the Excellence in Economic Education program (EEE) and the Study of Political Economy and Free Enterprise (SPEFE). Both of these programs are currently funded by the Charles G. Koch and BB&T Charitable Foundations. The EEE is designed to promote excellence in the teaching of economics. Three of the faculty members in this program, Joe Calhoun, Lora Holcombe, and Tom McCaleb teach the bulk of the students in the FSU principles of economics courses. Joab Corey will also be joining the EEE faculty in the fall ([COSS 2009](#), pg. 26).

The principles committee was populated by EEE-affiliated faculty, all of whom are subject to annual donor review, and must comply with Koch's Objectives and Purposes. The faculty report specifies that a particular lecturer oversaw the Undergraduate Program during this time:

[O]ne of the other instructors regularly assigned to these large enrollment principles sections, in addition to the individual in the new donor-funded position, has also been serving as the “Program Director” for the first three years of the gift's implementation, which in practice means supervising the new Economics Club. (This individual was hired on a non-tenure track faculty line in the department before the MOU was negotiated) ([Walker Report](#), Finding 6.b).

According to her Curriculum Vitae, Lora Holcombe served as the Director of the “FSU Economics Undergraduate Program” from 2008 to 2011 ([Lora Holcombe](#), pg. 3). The only courses listed are Introduction and Principles courses: ECO2013, ECO2023, and ECO2000.

Lora Holcombe had served an employee of the James Madison Institute, a think tank that relies directly on funding from the Charles Koch Foundation, DonorsTrust, and Donors Capital Fund.



Through the EEE program, Koch and their partner donors obtained control over the Principles Committee, and over introductory level curriculum. The Standley report described “a free market firewall” with “content of service courses behind this firewall that did not allow for usual faculty input or governance process” ([Standley Report](#), 3.i).

## D. INTRODUCTORY LEVEL TEXTBOOK

**At Florida State University**, the three “principles” courses are Introduction to Economics, Principles of Macroeconomics, and Principles of Microeconomics. All three currently use some form of the same textbook, respectively: Economics: Public and Private Choice, Macroeconomics: Public and Private Choice, or Microeconomics: Public and Private Choice, all by Gwartney, Stroup, Sobel, and Macpherson.

See [section 4.C.2](#) of the 2017 UnKoch report for more details about the textbook, including climate change denial, inaccurate information about the 2008 financial collapse, and the authors' deep ties to the Koch network.

**At the University of Louisville**, the a [2015 agreement](#) with the Koch foundation created several faculty hiring lines to be affiliated with the donor created Center for Free Enterprise. Within the proposal attached to the agreement, several proposed activities describe how the faculty hired would be expected to:

devote a significant portion of their time and resources to work related to the Center. These activities will focus on fields of interest to the Center. . . The Center faculty will develop and teach courses related to the Center's Mission. These courses could be at the graduate or undergraduate level. Some of the Center faculty members' work could consist of teaching introductory classes in their discipline ([2015 MOU](#), Attachment A)

**At Troy University**, the Koch foundation, BB&T, and Manuel Johnson founded the Manuel Johnson Center for Political Economy in 2010. In 2016, several professors were recorded during a panel discussion moderated by the Koch foundation, describing how the funding was used to “take over” several departments by gaining control over hiring and curriculum, including the mandatory introductory level courses of two separate majors, economics and finance.

In 2016, the Johnson Center's George Crowley remarked:

[T]here were a lot of, just kind of, things that you likely will run into in your own experience, things all the way down to battling over our textbook. We had an assigned text that every principles student had to use, the McConnel text, if you're

familiar with that, and an early kind of curriculum battle that we had to wage was actually letting the tenure track faculty members choose the textbook. was kind of a novel idea.

Moving beyond some kind of just concentration within the general business program to actually an econ major both in the college business and arts and sciences. We actually at a later point were able to kind of take over the finance major as well. It is still a straight finance major, but they actually have to take intermediate micro and macro. gain, just trying to get the ideas to as many people as possible by laying that foundation. If you don't have that struggle, then hats off to you, but at Troy we really did. . . .

[S]ome of you who kind of work with CKF, or other places, that let you have your own course, may have done these same kind of programs. I kind of view, first and foremost, principles classes as my major recruiting ground. course it requires that you have good people that are in there, teaching economics well, getting students excited, but you get in there and you can actually talk about public choice in principles, or you get in there and you actually talk about the federal reserve in a way that makes sense and not just shifting [inaudible], you get in there and you actually expose students at a principles level to the ideas. You get them, basically, hooked so that they end up in your upper level classes (APEE 2016 [Transcript](#))

Crowley then went on to describe an example of getting a student "hooked," specifically converting a "socialist" student:

This one student we had never heard of, poly sci major, showed up, literally sat there silently throughout the entire like 10 weeks of the class, didn't make a comment the whole time. We had them write little essays at the end, and he basically wrote an essay that said "I am a socialist, but now that I've been finally been exposed to some of these ideas, I'm very interested in taking economics." (APEE 2016 [Transcript](#))

## 4. Influence over Student activities

### A. GRADUATE FELLOWSHIPS

Some of the most startling findings among the Koch network's oversteps of academic freedom and faculty governance come in the form of influence over graduate fellowships.

At some universities, we have seen that students and their dissertation topics are reviewed for compliance with the terms of Koch's donor agreement, student fellows screened by a donor-dominated advisory board, donor control over the number of fellowships created each year, and donor constraints applied to non-Koch fellowships.

### EXAMPLES

**At Florida State University**, the Koch foundation and their partner donor BB&T created a graduate fellowship program that granted them excessive influence over the selection, retention, and research topics of graduate fellows.

FSU's 2011 Faculty Senate investigation expressed an initial concern about the system of graduate fellowships:

The Koch fellowships for graduate students may have targeted a specific type of graduate student that is not representative of the diversity of the Economics department and determination of awards have not been implemented with input from the Graduate Admissions Committee ([Standley report](#), pg. 4).

The report's recommendation was to:

Re-establish the role of the Graduate Admissions Committee guidelines and recommendations for selection of graduate students for all fellowships, including the Koch ones ([Standley report](#), Recommendation 4.c)

This is made clear by an email discussing donor expectations sent in 2007 by the recipient of Koch's FSU donation (and department chair) Dr. Bruce Benson:

The Koch Foundation agenda is to expose students to free-market ideas, and to provide opportunities for students who want to study with faculty who share Koch's appreciation for markets and distrust of government. The proposal is, therefore, not to just give us money to hire anyone we want and fund any graduate student that we choose. There are constraints, as noted below. . . .

As we all know, there are no free lunches. Everything comes with costs. In this case, the money for faculty lines and graduate students is coming from a group of funding organizations with strong libertarian views. These organizations have an explicit agenda. They want to expose students to what they believe are vital concepts about the benefits of the market and the dangers of government failure, and they want to support and mentor students who share their views. Therefore, they are trying to convince us to hire faculty who will provide that exposure and mentoring. If we are not willing to hire such faculty, they are not willing to fund us ([Benson Memo](#), pgs 1 and 3).

The BB&T donor letter describes the fellowships in FSU's department of Finance:

The BB&T Program of Free Enterprise Graduate Fellows . . . will support doctoral fellows in Finance and Economics each year. Fellows will assist in leading the discussion series on Atlas Shrugged, assist in the teaching of the undergraduate Financial Institutions and Investments courses and serve as teaching assistants for the Morals and Ethics in Economic Systems class ([2008 BB&T letter](#)).

In [2013](#), the Koch network's donor-advised fund, DonorsTrust, contributed \$207, 140 from an anonymous donor to the FSU foundation for "for (4) four-year PhD fellowships in economics. " In [2014](#), DonorsTrust gave \$109, 116 for the same purpose.

#### i. Students and their dissertation topics Must comply with terms of Koch's donor agreement

Although the student fellowships are not included in the 2008 or 2013 MOU, they are subject to identical conditions as those specified in the MOU, and considered part of the CKF program. Fellows funded by Koch/BB&T are required to comply with Koch's "Objectives and Purposes": the provision that binds all of the "Affiliated Programs and Positions" in the MOU. The 2008 and 2013 MOU state the Koch foundation's Objectives and Purposes:

1. Objectives and Purposes. (a) The purpose of the Affiliated Programs and Positions is to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely. ([2008 MOU](#), Section 1.a).

The emphasized text above is identical to (and appears to be directly quoted by) the language in the department's public facing description of the Koch/BB&T fellowships:

The BB&T and CKF fellowships are part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE). Their purposes and objectives are “to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely.” Therefore, these fellowships are to support students who wish to pursue a course of study that combines rigorous technical economic training in the core areas of applied economic theory and applied econometrics with a focus on the political economy of contemporary economic issues, and particularly, on the roles and impacts of institutions on market processes and economic well-being ([External CKF/BB&T fellowship description](#)). (Emphasis added.)

In keeping with the rest of Koch's programming, the donor retains the right to approve the renewal of funding on an annual basis:

The Department of Economics at Florida State University has received grants from the Charles G. Koch Charitable Foundation (CGK) and the BB&T Bank Foundation (BB&T) to support four-year fellowships for students entering the PhD program in economics. Grant proposals must be submitted each year to obtain CGK fellowships as they are subject to annual funding decisions by CGK ([External CKF/BB&T fellowship description](#)) (Emphasis added.)

An internal department description of the Koch/BB&T doctoral fellowships reveals details of the fellowships that are not found elsewhere, including the fact that dissertation topics of Koch/BB&T fellows must comply with Koch's Objectives and Purposes 1.a:

The student must be advised by a faculty member who is a SPEFE associate. This means that a SPEFE-faculty associate must chair, co-chair, or be an active member of the student's dissertation committee. At this point, the SPEFE faculty associates are: Bruce Benson, James Gwartney, Randall Holcombe, Mark Isaac, Shi Qi, and Danila Serra . . .

The dissertation project must be one that is considered by the selection committee to be consistent with the purposes and objectives of the SPEFE program discussed above ([Internal CKF/BB&T fellowship description](#)).

## ii. Fellows screened by donor advisory board

An internal university report describes the fellowships screening process, including the “Fellowship Screening Committee”:

The Graduate Committee then screens this group for applicants that might be eligible for a Koch Fellowship. Any such applicants are then forwarded to the Fellowship Screening Committee (made up solely of department faculty in the Markets and Institutions group, none of whom currently serve on the Graduate Committee), which then reviews and selects applicants for funding. The department states that no applicant has ever been denied admission and/or funding because of interests that were inconsistent with those of the Koch Foundation. Students on Koch funding are also instructed that should their interest ever change, they will be switched to a department teaching assistantship (provided they are in good academic standing) ([GPC report](#), pg. 8).

In addition to monitoring fellows for compliance, the requirements of compliance are narrow enough that “students on Koch funding are also instructed that should their interest ever change, they will be switched to a department teaching assistantship.” This is severe consequence according to the report, resulting in a substantial pay cut and a doubled workload ([GPC report](#), pg. 8).

The selection process is described as a screening committee made up of SPEFE faculty, whose scholarly actions are tied to Koch’s Objectives and Purposes 1(a). This is revealed in a publicly available description of the Koch/BB&T fellowships:

After the Graduate Committee decides on admission and eligibility for funding, the Graduate Director will forward the application files for Fellowship candidates to the Principal Investigator (PI) on the CKF and BB&T grants, currently Bruce Benson. These files will include those applicants who have been chosen for admission with funding and who: (a) indicate in the application that they want to be considered for the fellowships, (b) are recommended for fellowship consideration in a letter of recommendation, or (c) appear to have goals or interests that are consistent with the purpose and objective of the SPEFE-EEE programs quoted above. The PI will then distribute the files or relevant information from the files to the rest of the SPEFE Fellowship Committee. This

committee will review the files and choose the applicants who are to be awarded the fellowships ([External CKF/BB&T fellowship description](#)). (Emphasis added.)

In direct conflict with both the GPC's description and the public facing description, records requests reveal that the "SPEFE Screening Committee" contains a Koch representative, as well as the full SPEFE advisory board:

The PI will then distribute the files or relevant information from the files to the rest of the CGKBB&T Fellowship Committee made up of senior SPEFE faculty associates (currently Benson, Gwartney, Holcombe, and Isaac) and members of the SPEFE-EEE advisory committee (currently Mark Isaac, David Macpherson and Anne Bradley but Isaac and Macpherson will soon be replaced by other FSU faculty members, and Bradley, who no longer works at CGK, will be replaced by a CGK representative) ([Internal CKF/BB&T fellowship description](#), pg. 7).

The voting rule for this fellowship committee is made clear in the text above, but both the 2008 and 2013 MOU stipulate that "[t]he decision rule of the SPEFE-EEE advisory board in all matters will be a unanimous vote of all three members" ([2008](#) and [2013](#) MOU, Section 7.b).

### iii. Donor controls number of fellowships each year

A [Graduate Policy Committee report](#) on the Department of Economics revealed that the Charles Koch Foundation controls how many new fellows they annually fund:

Each year the Koch Foundation decides how many fellowships it wishes to provide to the department. This "number" is the only input of the Koch Foundation, and is determined before the admissions process starts.

In this way, the Koch foundation is given control of the program's growth. According to an [internal budget document](#) obtained through records requests, the Koch foundation's annual support for graduate fellowships has grown from \$21,500 to \$436,414 between 2009 and 2015. The 2009 funding would have supported a single full fellowship, whereas a [2015 grant letter](#) proposed support for twenty-one fellows with Koch, BB&T, and Manley Johnson Fellowships for Fall 2015.

### iV. Koch Stipulations applied to non-koch fellowships

Student research has uncovered that donor-controlled selection procedures are extended to fellowships that are not subject to the agreement. [Internal emails](#) reveal the discussion,



with Bruce Benson (Principal Investigator of the FSU/Koch agreement) asking the Department Chair and the Dean about offering a non-Koch fellowship to a “Koch-type” student. (Note to the reader: in the following text, a “top up” refers to a smaller fellowship awarded in addition to department funding, thus raising the pay near or to the level of the Koch fellows). Bruce Benson asks clearly:

I want to ask about the Manley Johnson money. In particular, both students who got the \$4000 top ups are in their 4th year (one, [redacted] , is graduating this semester), so we could offer one of these fellowships to a 2015 entrant (recall that the flow of funds should cover one, and that we gave two before because we had enough spendable funds built up to pay for it). Should we? If the answer is yes, then should it go to a "Koch-type" student or to some other student? ([Benson email](#), October 27, 2014)

In [another exchange](#), Benson clearly states that this would serve to please the donor:

I just got an e-mail from [CKF director of university relations] John Hardin indicating that he needs our fellowship funding request by next week. If we are going to offer a Manley Johnson fellowship (top up) to a Koch-type student saying so in the proposal will be helpful. If we are not going to offer the fellowship or we are going to make it a non-Koch-related fellowship it would be better not to mention it. What are your plans for these funds?

Ultimately, the [Dean responds](#), clarifying that “the gift is for a graduate student but we might want to have a modest preference for free market type.” The department chair finally suggests that they split the fellowships between Koch and non-Koch types:

The issue that arose in the Department last time was that the corpus of this fund includes not only contributions from the Johnsons but also contributions from Department faculty and alumni, not all of who would find themselves aligned with the mission of [Koch’s] SPEFE/M & I. I propose that we deal with this issue by having the M&I group (i.e. Bruce’s committee) choose one of the Johnson top-up candidates and the Graduate Committee and Chair choose the other Johnson top-up candidate. I checked with Jesse Colvin as to whether he thought this would satisfy donor intent and he was fine with it. Please let me know if this is OK with all of you because Bruce needs to convey this information in his grant proposal which has a deadline of next week. ([Isaac email](#), Oct. 21, 2014)

According to the Dean, one set of donors, specifically “Department faculty and alumni,

not all of who would find themselves aligned with the mission of SPEFE/M&I” have had the intent of their gift compromised in order to marginally bolster Koch’s intent.

## V. Departmental harms of fellowships

The Koch and BB&T fellows who are told “should their interest ever change, they will be switched to a department teaching assistantship” ([GPC](#), pg. 8). While this may seem trivial, such a decision results in a severe consequence, leading to a substantial pay cut and a doubled workload.

Koch fellows work a maximum of 10 hours a week, under a Koch-affiliated professor, generally making up to \$25,000 a year. Non-Koch fellows make approximately \$17,000 a year, and work at least 20 hours. In other words, those identified as a “Koch-type” work 50% less, and earn nearly 50% more, than their peers.

In the Graduate Policy Committee report, they identify a problem with the “significant disparity between the stipends and duties of department teaching assistants and those on doctoral fellowships.” The committee’s finding noted ideological requirements on the larger stipends ultimately made recruitment of “first-choice” students more difficult because many were not ready to decide on a dissertation topic compliant with Koch’s Objectives and Purposes:

The lower stipend on department teaching assistantships made it harder to recruit first-choice candidates with undecided interests, or interests in fields like macroeconomics or industrial organization, which are not the primary focus of the largest research groups ([GPC report](#), pg. 8).

An FSU official describes [in an email](#) how Graduate Teaching Assistant guidelines had been “streamlined,” with teaching assistants not being required to attend FSU’s Program for Instructional Excellence (PIE), which graduate teaching assistants are required to complete as indicated in the [University-wide TA Standards](#).

## VI. Problems according to External Review

An external reviewer who performed a [departmental review](#) parallel to that of the GPC found that:

The major issue with the PhD program is the seemingly low retention and graduation rates. Approximately 50% of those entering leave the program or exit with a Masters degree. These numbers did decline with the class entering in 2011 (33%) but have risen again for the class entering in 2012 (41% with possibly more to

come). There are two main reasons students who enter a PhD program in economics do not continue: they cannot do the work – indicated by failing to pass the core exams – or they find out it is simply not what they thought graduate economics would be.

The reviewer states “although I have not looked carefully at national numbers in some years, it does seem that the drop-out rate at FSU is somewhat above average, [sic] reasons for that are not be entirely the fault of the department.” He lists three potential reasons “not under the control of the department,” the second of which:

2. TAs are paid significantly less than students on fellowships. A fellowship pays \$25,000 while a TA pays only \$17,000. The fellowship rate is competitive with other programs; the TA rate is not. [...] Item 2 implies that the department loses many more 1st round admits who are offered TAs than those offered a fellowship. Thus, the quality of those on TA will be less than those on fellowships. Items 1 and 3 together imply that those on fellowship will generally be more prepared to begin graduate study and focus on that study than those on TA. [...] Item 2, the disparity in pay between fellowship and TA, can and should be addressed by increasing the TA stipend (FSU Economics 2014 QER, [External Reviewer](#), pg. 5-6)

In [2013](#), DonorsTrust contributed \$207, 140 from an anonymous donor to the FSU foundation for “for (4) four-year PhD fellowships in economics.” In [2014](#), DonorsTrust gave \$109, 116 for the same purpose.

**At the University of Louisville**, the a [2015 agreement](#) with the Koch foundation created a Ph.D. Fellowship program, affiliated with the donor created Center for Free Enterprise. Within the proposal attached to the agreement, the fellowships are described:

The Ph.D. Fellowships will be available for doctoral students in the College's Entrepreneurship program whose research interests coincide with the Center's Mission. The Ph.D. Fellowships will cover tuition and provide a stipend and may be renewed annually. The estimated cost of the tuition and stipend for four fellowships is \$132,000 per year. ([2015 MOU](#), Attachment A)

The agreement describes the role these fellowships play:

Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being. ([2015 MOU](#), Attachment A)

**At Texas Tech University**, a grant proposal between several Koch funded academics and the John Templeton Foundation revealed explicit outcomes that include policy change and shifting student's views on political issues:

This research project will study what causes countries or U.S. states to adopt institutions that support an environment of economic freedom that causes prosperity. Measurable outputs will include scholarly journal articles, edited volumes, dissertations research seminars, and newly minted Ph.D.'s who will have an appreciation of the benefits of free markets and were trained while researching this topic.

How economic freedom is improved is much less understood than the benefits freedom provides. . . Ph.D. Students will research the topic as assistants and in their own dissertations. (Benjamin Powell's [TTU Templeton grant](#), 2013)

The project would employ these graduate students as a cadre of free market advocates:

Outcome 2:

. . . We will have trained successful new scholars (4 Ph.D. students and 3 post -doc fellows) who support economic freedom and private enterprise and who continue to research these topics while being successful academics and inspiring students to follow in their footsteps.

Short term outcomes during the period of the grant that provide evidence of this:

. . . the four Ph.D. students each formulate research papers on the topic that lead to dissertation proposals that their committee accepts.

Long run Outcomes after completion of the grant:

. . . All seven (post-doc and Ph.D. students) earn tenure and continue to publish research related to economic freedom.

All seven inspire their students to become academics that do research related to free markets and private enterprise. Evidence of this will be students of theirs getting Ph.D.s and publishing pro free enterprise research ([TTU Templeton grant](#), 2013)

These academics would be expected to have an immediate and measurable impact on student public policy views through their work in the classroom:

Outcome 3:

Assuming a normal academic teaching load of 6 courses per academic year and an average of 25 students in each course, these 7 newly trained academics should reach 1,050 students per academic year after they graduate. We could measure how much they change their students' views by administering a quiz on the students' public policy beliefs at the beginning and end of each semester to see how their views change after having been exposed to these faculty members (I've done this in some of my classes). ([TTU Templeton grant](#), 2013)

The grant specifies policy change as an explicit objective:

Outcome 5:

Countries and the U.S. states will become freer as a result of this research.

Indicators:

Long Run: we observe increased in the economic freedom score of countries and U.S. states where our work has had an influence (as evidenced by outcome 4). We can measure changes in the economic freedom within the Economic Freedom of the World Annual Report the Economic Freedom of North America Report.

Enduring Impact:

The enduring outcome this research hopes to achieve is the ability to achieve a freer and more prosperous society through the knowledge generated by this research. . . Some factors may be beyond human control (geography, history) but other economic forces can be a policy choice. . . .

Evidence of an enduring impact from this research could be observing free-market think-tanks change their strategy of promoting social change to more closely mirror the findings of our research. Other evidence may include pro-freedom policy makers changing their strategies to mirror the findings of our research. Ultimate measurable evidence of our long-term enduring impact would be increases in the economic freedom scores of countries and U.S. states. ([TTU Templeton grant](#), 2013)

These scholars are not just encouraged to collaborate with free-market think tanks to effect policy change, but specifically with the State Policy Network, a network of think

tanks funded by Koch's network of donors:

Outcome 4:

This research will change the way that supporters of private enterprise and free markets agitate for more freedom.

Indicators:

Short Run: research scholars associated with this project are invited to lecture on this topic at major conferences concerned with freedom, such as the Mont Pelerin Society at the international level, and the State Policy Network at the domestic level.

Long Run: think-tanks concerned with increasing freedoms cite our research when establishing their strategies for social change. We can measure this by canvassing members of the Atlas Foundations internal think-tank network and the State Policy Network's domestic think tanks. ([TTU Templeton grant](#), 2013)

**At Syracuse University**, the Koch foundation [donated \\$1.75 million](#) in 2017 to create the Institute for an Entrepreneurial Society (IES).

According to the website of the Institute for an Entrepreneurial Society, the program is based around what appears to be a donor created Ph.D program:

Syracuse University now offers a political economy track as part of its well-established Ph.D. program in entrepreneurship, currently accepting applications . . . to recruit an elite group of four Ph.D. students for this new track in its Ph.D. program. ([IES webpage](#))

Documentation of Koch's relationship with Syracuse has not been made public, but similar programs at Florida State University may shed light on the specific donor stipulations of the IES.

Political economy students will be fellows of the Institute for an Entrepreneurial Society (IES). ([IES webpage](#))

This would require fellows to abide by the mission of the institute, which according to the IES website:

IES fellows will examine the legal, social, and political institutions that foster societal well-being by unleashing human creativity and productivity. (IES webpage)

As noted by several internal departmental self studies at Florida State University, was that

the Koch fellows made up to 50% more than fellows on departmental support. The income inequality had a negative impact on the program's retention ([Academic Crime](#), pg 147).

The IES fellows are advertised in such a way that these concerns appear to be relevant:

Institute fellows will receive full-tuition coverage, a stipend for the whole calendar year, i.e. 12 months, plus generous benefit. ([IES webpage](#))

## B. EXTRACURRICULAR STUDENT GROUPS

There are widespread examples of donor influence extending beyond the classroom into campus student groups.

### EXAMPLES

**At Florida State University**, the FSU Faculty Senate revealed that part of CKF's agreement required the creation of a student club:

The "Economics Club" conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding. ([Standley Report](#), 1.g)

Furthermore, the FSU faculty investigation recommended that the Economics Club be discontinued or restructured:

2. The Economics Club as constituted is in danger of promoting dogma vs. stimulating economic inquiry. There are 3 alternatives: terminate the "Economics" Club, retain the club in its present format but label it appropriately, i.e. "Free Market Economics Interest Group," or keep the Economics club but ensure that it is representative of all types of Economic principles. If it continues to exist in any format, faculty should be charged to:



- a. ensure that Economics students are taught academic discourse (formal rules of debate or deliberate, nonjudgmental voicing of pro and con opinions of issues under discussion)
- b. ensure that all reading lists for scholarship money are determined by the entire departmental faculty without undue, outside influence ([Standley Report](#), Recommendation 2)

**At Florida Gulf Coast University**, the activities of the BB&T Distinguished Professorship of Free Enterprise Economics, Dr. Bradley Hobbs, are stipulated by donor partnership between BB&T and the Charles Koch Foundation. According to Hobbs' [2009](#) report that "With the encouragement of our faculty, FGCU students started a local chapter of Students For Liberty (SFL) which they named Eagles For Liberty."

**At Troy University**, the Manuel Johnson Center for Political Economy was founded in a donor partnership with the Charles Koch Foundation. A student activity, now called the "[Liberty, Markets, and the Great Books](#) Reading Group, pays students \$1000 to participate. The program initially bragged about its diversity, in that it [included Marx](#). And yet, it is [not currently listed](#) as part of the curriculum.

At Utah State University, the reading group is called the [Koch Scholar Program](#). The group meets:

meet on a weekly basis to discuss an assortment of select books, movies and podcasts. Students apply for the opportunity to become "Koch Scholars" and, if accepted, are given a \$1,000 stipend. The program is guided by USU faculty members Dr. Chris Fawson, Dr. Randy Simmons and Dr. William Shughart of the Jon M. Huntsman School of Business.

These professors oversee the Koch funded Institute of Political Economy.

**At Michigan State University**, a program inside of James Madison College offers known as the [Koch Scholars](#) meets:

weekly on Monday evenings during both the fall and spring semesters to discuss selections from at least a dozen important books on our topic. The agenda of these discussions is to engage critically the ideas in the books. Each Koch Scholar will receive a stipend and all texts. A light meal will be served each week, prior to the discussion.

## 5. Bypassing Transparency and Dissent

### A. ANTI-TRANSPARENCY PROVISIONS

As with the rest of their political operation, the Koch foundation's academic programs are held very closely under considerable secrecy. Often there are anti-transparency clauses built into the donor agreements.

### EXAMPLES

**At Florida State University**, the 2008 MOU requires that “FSU will allow CGK Foundation to review and approve the text of any proposed publicity which includes mention of the CGK Foundation” ([2008 MOU](#), Sec 14). In addition, the MOU establishes a confidentiality clause:

To the extent permitted by Florida law, FSU will not use, disseminate or any Way disclose confidential information obtained by or provided to FSU by CGK Foundation or a “disqualified person” as that term is defined under Section 4946(a)(1) of the Code. For purposes of this Section, confidential information will include all information reasonably considered by the Parties to be confidential to one another including but not limited to research, financial strategies, correspondence, minutes, intellectual property, programs and other similar information. Notwithstanding the above, confidential information will not include such information the CGK Foundation is required to make available for public inspection including a copy of its annual returns (Forms 990), its exemption application (Form 1023) and any documents issued by the IRS concerning the application. ([2008 MOU](#), Sec 15)

**At Utah State University**, the agreement with the Charles Koch Foundation required that the university “allow CGK Foundation to review and approve the text of any proposed publicity that includes mention of CGK Foundation or the Funding Amount.”

Additionally, the agreements’ “Confidentiality” section stipulates “USU will not use, disseminate or any way disclose confidential information obtained by or provided to USU by CGK Foundation [...]. ([USU 2008 MOU](#), Section 13)

**At West Virginia University**, the agreement with the Charles Koch Foundation required that the university “allow CGK Foundation to review and approve the text of any proposed publicity which includes or mentions of CGK Foundation or the amount to be contributed pursuant to this Agreement.” ([WVU 2009 MOU](#), Section V).

**At Clemson University**, the agreement with the Charles Koch Foundation required that the university “allow CGK Foundation to review and approve the text of any proposed publicity that includes mention of CGK Foundation or the Funding Amount ([Clemson 2009 MOU](#), Section VI.D).

The Koch foundation required the university avoid as much transparency as possible, requiring:

To the extent permitted by South Carolina law, University will not use, disseminate or any way disclose confidential information obtained by or provided to University by CGK Foundation. [...] For purposes of this Section, confidential information will include all information reasonable considered by the Parties to be confidential to one another including but not limited to research, financial strategies, correspondence, minutes, intellectual property, programs and other similar information. ([Clemson 2009 MOU](#), Section VI.E)

**At the University of Louisville**, the 2015 MOU requires substantial confidentiality:

The Foundation and the University agree to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, except as otherwise may be required by law. The Parties acknowledge that the University must adhere to the open records laws that exist for public institutions in the Commonwealth of Kentucky. If the Foundation or the University is required to disclose the existence of or the content of this Agreement to any third party, the Foundation and the University agree to provide the Donor with at least ten (10) days' advance written notice of such disclosure, except as otherwise may be required by law. ([UL 2015 MOU](#), Section 8.b)

## B. CIRCUMVENTING FACULTY GOVERNANCE AND DISSENT

The Koch foundation's programs are consistently created without faculty approval and behind closed doors. In other instances, faculty and/or administrators have helped the Koch foundation force the programs on the campuses against the dissent of the faculty, at times overtly using misinformation to obscure the Koch foundation's objectives.

## EXAMPLES

**At Florida State University**, [a 2011 faculty investigation](#) found that, despite “extreme

dissent” from faculty in the Department of Economics, the agreement with the Koch foundation was forced through “threats” and “intimidation” of the faculty. The Koch “gift” violated academic freedom and faculty governance. A “two-fold conflict of interest,” it was executed through “administrative dictate,” with the dean and department chair Bruce Benson (former APEE president):

The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

It should be noted that each department within the university establishes its own by-laws for faculty governance. Traditionally, the Economics department has elected an Executive Committee and left all issues of curricular development, faculty hiring, and departmental development to this group. This trusting, governance at a distance process functioned well when issues were within established, traditional bounds, but was inadequate to handle the intense controversy of the Koch issue. Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean’s wishes.

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones. ([2011 Standley report](#), Finding 2)

The extent of donor influence has included the ability to veto tenure hires, or any programming, with as little as 15 days notice, aside from an annual donor review of curricular/extra-curricular programs, and the annual ability to withhold funding for non-tenure track hires and graduate fellowships.

**At Auburn University**, a Koch center established under Dr. Robert Lawson (former APEE President, now at Southern Methodist University) was [found to have been the result of a](#)

[foregone hiring process](#) that took place without faculty knowledge, largely outside of Auburn's hiring procedures.

Among the "irregularities" found in the Koch foundation's hire was the near absence of a job announcement, as reported by the Auburn Villager:

When they learned of the center, some faculty members asked if a national search had taken place and started looking for the job announcement. The job was not advertised on the AU Web site or on any of the recognized venues where economics faculty are usually recruited, they say".

One professor said he finally found the job advertised only once on a Web site called Social Science Research Network. The advertisement was posted Nov. 4, 2007, with enquiries to go to [Dean] Jahera. Review of applications was to take place Dec. 1, 2007. On Nov. 9, however, [Robert] Lawson was already going to be on campus to give a seminar, according to an e-mail to a College of Business faculty member on Nov. 5, one day after the job was advertised.

In light of this, it does not seem likely or possible that there was a search committee mandated by Auburn's own policies:

According to a faculty recruitment checklist posted online by AU's Office of Affirmative Action and Equal Employment Opportunity, a search committee is mandatory. The search committee reviews the advertisement and sets a timetable to review applications. The search committee then screens applications on the basis of advertised criteria, requests letters of reference and prepares a short list of candidates to be interviewed. Then candidates are interviewed and a candidate is selected.

[...]

After learning of the center in December and finding out that many senior faculty did not even know about the project in January, Gogue purportedly urged more openness. On Feb. 12, the center was included on the agenda for that month's University Senate meeting.

[...]

By that time, however, Lawson had already been hired and the center was a fait accompli. He is now an associate professor in the department of finance. ([Auburn Villager](#), Sept 2008)

**At Western Carolina University**, the agreement to accept \$2 million from the Charles Koch Foundation to create the Center for the Study of Free Enterprise was made despite

overwhelming faculty dissent. The Smoky Mountain News reported:

Western Carolina University leaders bucked concerns of faculty when they voted last week to create a free enterprise center funded with outside money from politically-charged mega donors.

The WCU faculty senate voted overwhelmingly against the creation of such a free enterprise center in October — three in favor and 21 opposed. The majority who weighed in during a faculty forum and written comment period also opposed the free enterprise center. ([SMN Dec 2015](#))

During the campus deliberation, Dr. Ed Lopez (former APEE president) [misinformed faculty and administrators](#) by sharing a “campus version” of the Koch center proposal, omitting key deliverables that were [shared with the Koch Foundation](#), including language about a student “pipeline.”

**At George Mason University** in May 2016, faculty asked for the ability to review a \$30 million Koch-backed deal so that they could review the terms:

The grant agreements require the university to make complex organizational changes the exact nature and implications of which are not clear. . .

The grant agreements link the funding of the promised scholarships to the ongoing service of the current Dean, Dr. Henry N. Butler: “if the individual holding the Dean position changes, the University shall immediately notify the Donor.” This constitutes a violation of longstanding practices of faculty governance.

It is the responsibility of the Law School Faculty and the GMU Administration, not outside donors, to determine who is appointed and continues to serve as Dean. To tie gifts totaling thirty (30) millions of dollars to the ongoing tenure of Dean Butler is unacceptable. . .

The grant agreements also appear to be somewhat risky for the University and to give too much leverage to the Donors. All of the money is not given up front: it is to be made in five annual installments. If the Donors decide the Foundation and/or University are not living up to any of the “provisions set forth in the agreement,” then the Donors can end the agreement within 30 days and demand the return of “all unexpended Contributed Amounts” within an additional 15 days. ([GMU Faculty Senate Resolution](#), April 2016)

**At the University of Kentucky**, ([October 2016](#)) administrators disregarded two consecutive faculty votes ([one](#)) ([two](#)) against proposed governance in the contract for the new Koch center.

**At Texas Tech University**, [journalists found](#) that the Free Market Institute, under Dr. Ben Powell (former APEE President), was established in the business college after being rejected by three departments. Economics faculty said Powell “didn’t satisfy the minimum criteria for a tenure position,” had a “weak vita,” and an “Austrian bent” that “wasn’t consistent with the culture in our department. We are mainstream economists.”

**At Troy University**, Koch, BB&T, and Manley Johnson founded the Manley Johnson Center in 2010. That same year, Manley Johnson attended the [2010 Koch summit](#). The [mission statement](#) of the Johnson center mirrors the content of the summit, which included a session on “the moral imperatives of free markets”:

Winning the Fight between Free Enterprise and Big Government:

America was built on the free enterprise system. That’s how America became a prosperous nation with abounding opportunities for all. Now, freedom is under a relentless attack. What happens if it slips away? Arthur Brooks will share with us how free enterprise is more than an economic system - it is a moral imperative, and we must defend it at all costs.

Arthur Brooks, American Enterprise Institute

Troy’s [now infamous](#) George Crowley [remarked](#) at APEE 2016 how “We had a big gift...that let us hire a whole bunch of people all at once, and we kind of were able to take over, for lack of a better term.”

**At Montana State University**, there are concerns that a Koch center “[bypassed the standard public review process and public input](#),” as had been operating without having received Board of Regents approval.



## 6. Overt political activity

### A. POLITICAL ACTIVITY OF KOCH FOUNDATION ACADEMICS

As expressed clearly by the Koch foundation, academic programming is essential to their "integrated strategy" for the "implementation of policy change." Many of these academics engage in overtly political activities in ways that benefit the policy agenda of Koch's political network.

### EXAMPLES

**At West Virginia University**, the Charles Koch Foundation's donation of \$965,000 to create the Center for Free Enterprise came with some strings attached. The foundation required the school to give the foundation a say over the professors it funded, in violation of traditional standards of academic independence. The Kochs' investment had an outsized impact in the small, poor state where coal, in which the Kochs had a financial interest, ruled. One of the WVU professors approved for funding, Russell Sobel, edited a 2007 book called *Unleashing Capitalism: Why Prosperity Stops at the West Virginia Border and How to Fix It*, arguing that mine safety and clean water regulations only hurt workers. "Are workers really better off being safer but making less income?" it asked. Soon, Sobel was briefing West Virginia's governor and cabinet, as well as a joint session of the Senate and the House Finance Committees. The state Republican Party chairman declared Sobel's a deregulatory book the blueprint for its party platform. (Dark Money, pp.154-155)

**At the University of Kansas**, various foundations controlled by Charles Koch, the Fred and Mary Koch Foundation, the Charles Koch Foundation, and the Claude R. Lambe Foundation, have provided at least \$1.2 million to the University of Kansas (KU) School of Business, including the creation of the Center for Applied Economics (CAE) in 2004. The director, Art Hall, describes the Center as "a self-funding economic research organization staffed by an executive director." CAE is inside the School of Business, but entirely independent of the KU Department of Economics. (KU records request, pg 9)

From 1997 to 2004, Hall was chief economist of Koch Industries' lobbying subsidiary, Koch Companies Public Sector. In his capacity with CAE, Hall has worked in collaboration with other Koch affiliates to advance state policy change that reflect Kochs' agenda, while assuming the academic credentials of KU. In fact, several reports Hall has published under the CAE are co-authored by Koch-funded economists.

Public records released by the University of Kansas show include only a few emails between Hall and Koch officials between 2007 and 2013. In one document, Art Hall describes the CAE's overtly political goal of influencing public policy in favor of "free-enterprise."

In a 2007 letter to the Charles Koch Foundation, Art Hall states that “[t]he research team’s goal is to create intellectual products that will enlighten public policy debates in a way that helps promote smaller government and a more robust free-enterprise policy platform.” ([KU records](#), pg 4). Hall describes the Center’s model of delivering policy-products for money:

The Center has focused on targeted, high-quality research projects that hold the promise of major structural reform across different policy areas, and has adopted a policy of paying scholars only upon delivery of work product ready for final publication. ([KU records](#), pg 2)

[Additional records](#) show at least one example of how Art Hall failed to disclose his funding from the Koch Foundation with the sole purpose of lobbying against clean energy incentives. Koch Industries holds significant interests in fossil fuels, it was actively lobbying against these incentives. In a November 2013 email to Koch officials, Hall describes the Center’s use of funding from the Fred and Mary Koch Foundation (FMK) in 2013:

A substantial portion of that sum financed [1] background research on Renewable Portfolio Standard and (2) work on a survey project related to the local "business environment" in Lawrence.

[...]

I suppose this might be an appropriate time to ask if the fund can be used in 2014 to support another \$40,000 of payroll—primary the summer portion of the Center's payroll?

On Dec 11 2013, a FMK official, Laura Hands, responds “Yes, FMK would like to authorize an additional \$40k for 2014 payroll” ([KU records request](#), pg 15).

During the 2014 Kansas legislative session, Art Hall provided testimony in opposition to SB 433, Kansas Renewable Portfolio Standards. Hall not only failed to disclose his funding from the Koch foundation, but Hall provided written bullet points as part of his testimony which read:

The viewpoints expressed by Art Hall are his alone, based on his research and independent judgement; they should in no way be interpreted as representing the viewpoints of the University of Kansas (or any sub-unit thereof) or the Kansas Board of Regents. (Hall’s [Written Testimony](#))

In 2015, journalists reporting on the revelations revealed that this testimony was the sole

product of the funding:

Hall testified in favor of repeal at a Senate hearing in March 2014, after his center had produced Koch-funded research on the standards.

Hall said in an email to a reporter that the testimony was the only published work that came from his investigation into the standards.

At Suffolk University the administration were first alerted to the Beacon Hill Institute's activities in 2013 when the *Guardian* revealed grant proposals where BHI "appeared to have already arrived at its conclusions in advance, admitting from the outset that the aim of the research was to arm opponents of cap-and-trade with data for their arguments, and to weaken or destroy the initiative." The proposal read, "Success will take the form of media recognition, dissemination to stakeholders, and legislative activity that will pare back or repeal [Regional Greenhouse Gas Initiative]."

Suffolk officials told the *Guardian* that it had not been consulted about Beacon Hill's research, "and would not have authorized the grant proposal if it had been." In an email from Suffolk's vice-president for marketing and communications, Greg Gatlin, clarified "The stated research goals, as written, were inconsistent with Suffolk University's mission."

**Suffolk University** [announced](#) late in 2015 that it will cut ties with the Koch funded Beacon Hill Institute. The center has received over \$800,000 from the Charles Koch Foundation since 2008 and has been criticized by economists and scientists for its inaccurate and faulty research, especially around energy policy. The center director cited newly enforced academic protections for the closure, "I think the entire administration made up their mind that they were troubled by what we were doing in some way, where we were getting money, how we were using the money, what we were saying, and they wanted things to change. [...] I couldn't raise money under the guidelines that were being issued."

**At George Mason University**, academic research predominantly underwritten by Koch has resulted in professors lobbying on topics related to Koch's financial interests, including energy issues and state-level politics. George Mason University's Mercatus Center has been cited repeatedly in the Congressional record, as [reported](#) by the Center for Public Integrity:

Congress is also paying more attention to the Mercatus Center, which from 1999 to 2008 was mentioned by name 32 times in either the Congressional Record or congressional committee reports. Since 2009, it's been mentioned 93 times, often in reference to Mercatus Center faculty who were testifying before Congress. This

year, Congress even cited Mercatus Center research in the text of budget bills. House Concurrent Resolution 27 and Senate Concurrent Resolution 11 note that a Mercatus Center study "estimates that Obamacare will reduce employment by up to 3 percent, or about 4 million full-time equivalent workers." In North Carolina, the Mercatus Center published a [report cited by Koch's flagship lobbying group](#), Americans for Prosperity, in a push against health care expansion.

**At Arizona State University** a Koch-funded campus center has advanced the priorities of Governor Doug Ducey. The Koch-funded Center for the Study of Economic Liberty appears to have [laid the groundwork](#) for Governor Ducey's plan to [raid his state's education trust](#) and prematurely spend \$2 billion in savings. Ducey, a regular attendee of the Koch brothers Freedom Partners political summits, has ignored the warnings of defunded future education from Arizona state treasurer.

## B. TIES TO THE FREEDOM PARTNERS CHAMBER OF COMMERCE

Charles Koch's network of political donors, many of whom make up the Freedom Partners Chamber of Commerce, have joined in the use of Koch's integrated strategy. We see several instances of these donors joining the Koch foundation in jointly financing academic programming to further their joint political agenda.

## EXAMPLES

**At the University of Kansas**, several emails between Koch Foundation officials and the director of Koch's Center for Applied Economics have surfaced as a result of a public records request. In addition to revealing details about how the Koch foundation funds academics to act as corporate lobbyists, the documents released show how Charles Koch's Freedom Partners Chamber of Commerce is jointly funding these research initiatives. A 2007 email describes a partner donorship:

To help underwrite the proposed project, the Center respectfully requests a grant of \$108,400 from the Charles G. Koch Charitable Foundation. This sum represents one-third of the total projected cost of the project. The Center hopes to acquire an equal underwriting commitment from two other foundations.

[...]

The Center has submitted an identical proposal to the John William Pope Foundation and The Cortopassi Institute. The Center's goal is to secure equal funding from each grant request. ([KU records](#), pg 4)

These two foundations are run by Art Pope and Dean Cortopassi respectively. Both men have been identified as actively involved in Koch's Freedom Partners Chamber of Commerce through documents leaked from inside Koch's secretive donor summits.

**At Arizona State University** the \$5 million Center for the Study of Economic Liberty was co-financed with the W.P. Carey Foundation.

**At Troy University**, the Manuel Johnson Center of Political Economy is a partner donorship with Manuel Johnson, who has attended at least one donor summit.

**At Creighton University**, the \$4.5 million Institute for Economic Inquiry, co-financed with Gail Werner-Robertson in Nebraska.

**At the University of Arizona**, the \$2.5 million Center for the Philosophy of Freedom, co-financed by Ken and Randy Kendricks and Karl Eller.

**At the University of Kentucky**, the \$12 million Institute for the Study of Free Enterprise, co-financed with Papa Johns CEO John Schnatter.

**At the University of Louisville**, the \$6 million Center for Free Enterprise, co-financed with Papa Johns CEO John Schnatter in Kentucky.

**At the University of Maryland at College Park**, the \$6 million Center for Enterprise and Markets, co-financed with Philadelphia Flyers owner Ed Snider.

**At West Virginia University**, the \$5 million Center for Free Enterprise, co-financed by Ken Kendricks.

### C. CALLS TO REDEFINE ACADEMIC FREEDOM AND VIOLATE SHARED GOVERNANCE

In October 2014, seemingly in response to the increasing criticism of their academic programs, the Charles Koch Foundation published "[academic giving principles](#)" including a completely unique definition of academic freedom that is infused with Koch's own personal vision of a free market of ideas:

Academic Freedom: We are committed to advancing a marketplace of ideas and supporting a "Republic of Science" where scholarship is free, open, and subject to rigorous and honest intellectual challenge. We seek university partners who are committed to realizing this ideal.

"Republic of Science" is a reference to an obscure philosopher, Michael Polanyi, who is prominently featured in Charles Koch's 2005 book, *The Science of Success*. The "republic of science" is a reimagining of academia such that research funding is determined by a

market based process. Koch's book elaborates on this, as well as his own pet philosophy, "Market Based Management™."

After this bizarre definition was exposed by the [Washington Post](#), the Koch foundation changed their definition again. Their [current site](#) reads:

Academic Freedom: Universities thrive when there is a diversity of ideas and scholarship is subject to rigorous and honest intellectual challenge. We are committed to the ideal of academic freedom and seek university partners who encourage civil debate.

In 2008, the American Association of University Professors (AAUP) wrote very clearly that:

Academic institutions relinquish autonomy and the primary authority of their faculty over the curriculum when they accept outside funding that comes with such stipulations attached. [We believe] that the solicitation and acceptance of gifts, conditioned on a requirement to assign specific course material that the faculty would not otherwise assign, is inconsistent with principles of academic freedom. ([Jones](#), 2010)

A 2015 report defending free-market centers was published by a think tank founded by Koch insider, Art Pope's Pope Center for Higher Education Policy. The report quotes and rebukes the above AAUP statement, calling for the abandonment of their definition of academic freedom:

[N]ew developments have turned the AAUP's definition of academic freedom on its head. Today, the issue of academic freedom is not only about protection against administrative intrusion into the objective inquiry of faculty but also about the faculty evolving over time into a special interest group that limits the range of ideas expressed on campus. In this new scenario, the faculty often are the threat to the free exchange of ideas. Surely the academy is not free if faculty are preventing relatively mainstream ideas from entering the campus dialogue. (Schalin, [Renewal in the University](#), pg 7)

The report continues, spelling out that the preservation of the donor's viewpoint is the true test of academic freedom:

Faculty claim that starting a program with an explicit viewpoint violates their academic freedom to follow the facts according to their conscience. This supposed violation of academic freedom gives faculty members a basis to demand control over the program because, with its predetermined perspective, it is not sufficiently neutral and open to free inquiry.

But free inquiry is not the faculty's real objective—it is instead to keep certain views off campus. If the faculty is given control, they will replace the donor's views with their own—meaning that the missing viewpoints will remain missing. This would defeat the spirit of open inquiry for without inclusion of those views in the intellectual discussion, there can be no truly open inquiry. (Schalin, [Renewal in the University](#), pg 12) (Emphasis added.)

A 2016 Pope Center report, entitled [Academic Freedom in the Age of Political Correctness](#), specifically takes aim at the AAUP's definition of academic freedom (referring to "AAUP" over one hundred times in just thirty pages):

Academic freedom--the right to seek the truth without fear of retribution—is an enigmatic concept in the modern American university. . . . Competing claims about what academic freedom is and to whom it applies are nothing new.

[...]

Today, however, the need for redefinition is becoming clear as other interests push back. . . . This report argues that the health of the modern American university depends on deciding the proper limits, checks, and balances of scholarly inquiry, teaching, and commentary in academia. It reviews several methods that may empower administrators, students, and other higher education stakeholders. Legal action—in which all interests involved have an opportunity to present their cases—may be the best, most impartial means to balance the rights of faculty against other interests.

The John William Pope Center for Higher Education Policy was founded and is largely funded by Art Pope, a prominent member of the Koch network. Until 2015, Jane Shaw served as the President of the Pope center. Shaw also served as the [2003](#) president of the Association of Private Enterprise Education, the [immediate successor](#) of FSU's Bruce Benson.

### [Calls to Violate Shared Governance](#)

Another organization funded by the Charles Koch Foundation and the Koch network is the American Council of Trustees and Alumni (ACTA). In a 2014 report, entitled "[Governance for a New Era](#)," specifically calls on university trustees to take drastic measures to ensure donor freedoms, including the willful violation of shared governance:

New realities require new strategies.

Shared governance—which demands an inclusive decision-making process—cannot and must not be an excuse for board inaction at a time when America's pre-eminent role in higher education is threatened. [...] That is why trustees must

have the last word when it comes to guarding the central values of American higher education—academic excellence and academic freedom.

[...]

Professional organizations such as the American Association of University Professors (AAUP) and the American Federation of Teachers (AFT) are embracing an expansive definition of academic freedom that emphasizes rights, job security, and collective bargaining but which deemphasizes faculty accountability and responsibility. Governance for a new era requires trustees to have the final authority and responsibility to protect academic freedom ([Governance for a New Era](#), pg 4)

The same year that this report was published, ACTA received \$34,495 from the Charles Koch Foundation, and \$1,375,000 from Koch’s Donors Capital Fund (according to [Conservative Transparency](#)).