

EXECUTIVE SUMMARY

State funding for higher education has declined over recent years. While funding sources vary across states and institutions, many colleges and universities have turned to private philanthropy to supplant this state disinvestment.¹ These private donations have allowed universities to build new classrooms, offer new programs, and grow their research capacity, but outside sponsorships also introduce new threats to the principled independence of our academic institutions.

Early conceptions of higher education emphasized the university's role in advancing knowledge and educating students to preserve civic and democratic values.² Colleges and universities exist to serve the common good, and the preservation of this mission requires that the academy remain independent from outside influence.³

The Charles Koch Foundation's model of philanthropy offers a unique case study on how private donors, particularly those that seek to manipulate academia to serve private interests, threaten the original purpose of the academy.

UnKoch My Campus has exposed several ways in which gifts from the Charles Koch Foundation violate academic freedom and faculty governance at academic institutions across the country. From there, we have witnessed faculty and students confront these violations and advocate for the implementation of protective policies in order to preserve their university's independence from *all* private donors.

We see an urgent need to ensure these advocates have access to the

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BACKGROUND

Billionaire industrialists Charles and David Koch, collectively known as the “Koch brothers,” operate the second-largest privately-owned corporation in the United

VIOLATIONS OF ACADEMIC PRINCIPLES

In 2011, documents released by faculty at Florida State University [revealed](#) that a multi-million dollar gift provided the Charles Koch Foundation veto power over

FACULTY ACTION

- x Suffolk University disaffiliated from the Beacon Hill Institute after documents [revealed](#) it promised the Searle Freedom Trust research intended to prompt “legislative activity that will pare back or repeal the [Regional Greenhouse Gas Initiative].”
- x Troy University’s Koch-funded center was censured after the Professional Firefighters of Alabama & UnKoch My Campus exposed the chair of the Department of Economics [bragging](#) about how the Center was able to “take over” several departments, “ram through” curricular changes, and “bring down the [Alabama] state pension system.”
- x When Western Carolina University’s administration ignored a nearly unanimous vote by its Faculty Senate to reject the creation of a Koch-funded academic center, faculty developed new guidelines for their involvement in the approval of new centers and revised their donor policies (Policy [104](#) and [105](#)).

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DEFINITIONS

Gift: a voluntary, irrevocable transfer of money, real property, or tangible or intangible personal property, including securities, for philanthropic purposes, without the expectation of payment, services, goods or other consideration given in return.⁴

Restricted Gift: any gift, philanthropic grant, or pledge that does not go to the general fund or University Endowment.⁵

Donor-Driven Program: a program that would not exist in the absence of outside donor funding.

Indirect Costs: sometimes called overhead, facilities and administrative (F&A) costs, or shared expenses — are costs incurred in the conduct of externally-sponsored research that are shared across a large number of projects as well as other functions of the University. Indirect costs include grant administrative services, lab operations and maintenance, depreciation and debt services taken on for new construction to provide researchers with modern facilities.⁶

Center: a center is an organized unit of a single college of the University whose mission is to sponsor, coordinate, and promote research, training, instruction, or service.⁷

Institute: an institute is an organized unit staffed, supported, and governed by several colleges of the University whose mission is to sponsor, coordinate, and promote research, training, instruction, or service to enhance by collaboration the University's strength in specific areas.⁷

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Institutional Conflicts of Interest (COI) Model Motions

According to the American Association of University Professors, “an institutional COI occurs when the financial interests of an institution or institutional officials, acting within their authority on behalf of the institution, may affect or appear to affect the research, education, clinical care, business transactions, or other governing activities of the institution.”⁹

It is the responsibility of [*insert university*] to update and implement policies that seek to mitigate these institutional conflicts of interest by prioritizing transparency, protecting academic freedom and faculty governance, and ensuring such principles are consistently honored and implemented across campus.

ADOPTING AN INSTITUTIONAL CONFLICTS OF INTEREST POLICY:

WHEREAS [*insert university name*] is committed to preserving its academic autonomy—including the academic freedom rights of faculty, students, postdoctoral fellows, and academic professionals—in all its relationships with industry and other funding sources by maintaining exclusive academic control over core academic functions (such as faculty research evaluations, faculty hiring and promotion decisions, classroom teaching, curriculum development, and course content);⁹ and

WHEREAS [*insert university name*] is committed to preserving the primacy of shared academic governance in establishing campus-

[] **RESOLVES THAT IT WILL:**

1. Amend its Gift Acceptance Policy to:
 - a. place ultimate decision-making authority for accepting or rejecting restricted gifts

Model Policy for Gift Acceptance

I. Policy Statement

[University] and its associated support organizations, including, but not limited to, the Office of Advancement and the University's fundraising foundation, acknowledge that recent shifts in higher education funding generally have resulted in increased focus and reliance on private charitable gifts and donations. The University and its support organizations acknowledge that reliance on private philanthropy requires the University to strike the appropriate balance between its fiscal welfare and its independence.

Accordingly, it is this policy of the University to conduct its fundraising activities transparently and with the utmost respect for the principles of academic freedom and shared faculty governance.

II. Scope

This policy applies to all restricted gifts given to the University.

A s h a r e d i s c a l l h - 1

houses all approved and recorded gift agreements and related documentation attached to a

Model Policy for the Approval & Oversight of Centers, Institutes, Consortia, and Other Special Initiatives

I. Policy Statement

As in most institutions of higher education, the normal locus for instruction and research is the academic department. Additional instruction is delivered through the University's continuing education programs. At the same time, the University benefits greatly from the activities of centers, institutes, consortia, and special initiatives. These play an important role in the University's endeavors by meeting needs that fall outside the customary domains of academic departments. Since these organized research, instruction, and training initiatives often do not operate under the established rules and regulations that govern departments, it is necessary to set policies to provide for their administration to ensure they are held to the same standards of academic freedom and shared faculty governance as other university programming.⁷

Centers, institutes, consortia, and other special initiatives should supplement, not supplant, activities of academic and administrative departments. Consequently, these entities should be prohibited from duplicating functions of, or exercising routine prerogatives of, academic and administrative departments. In particular, they are not to be viewed as alternate routes to faculty appointment. Specifically, they should be explicitly debarred from:⁷

- x offering regular courses;
- x conferring degrees;
- x appointing faculty members through their agency alone, or without adequate faculty consultation;
- x conferring tenure or providing certificates of continuous employment;
- x acquiring capital equipment not inventoried to an academic or administrative department;
- x negotiating legal contracts on their own authority;
- x operating outside of the scope of public records requests, if affiliated with a public college or university.

II. Scope

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To ensure all centers, institutes, consortia, and special initiatives appropriately meet the needs of the university and are provided proper oversight, they must all undergo planning, establishment, and management periods.¹¹

- x Planning period -- demonstration of the validity of the concept, defining partner relationships and roles, and/or identifying fiscal and other resources required for sustainability
- x Establishment period -- demonstration of the concept's viability
- x Management period -- evaluation of the program's ongoing alignment with departmental, college and/or institutional missions and resources, success in accomplishing stated objectives, and of sound fiscal status and practices.

IV. Oversight Committee

An Oversight Committee on Centers and Institutes will oversee the planning, establishment, and management of all new centers, institutes, consortia, and other special initiatives, and it will audit all existing centers, institutes, consortia, and special initiatives within five years of the adoption of this policy. [*To see an example of the potential composition of such a committee, see Western Carolina University's*

proposed collaboration on the instructional, research and/or public service programs of all participating campuses;¹¹

5. Statement on immediate financial needs, including the amount of general fund, non-general fund, and in-kind support that will be required;¹¹
6. S

- d. fiscal oversight;
 - e. analysis and assurance that the entity does not duplicate other institutional or state entities;
 - f. analysis and consideration as to whether the entity's work can be effectively accomplished by a single department or program; and
 - g. stakeholder feedback (stakeholder defined as appropriate per the unit's mission);
4. Listing of other considerations, outside of the above perform (f)-1.3 f4 (a si)n3 (.7 (o)-3.8 (lnw ()TjEMC

Disaffiliation with the Charles Koch Foundation Model Motion

WHEREAS Charles Koch has long acknowledged the profit and political

ACKNOWLEDGEMENTS

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To the scholars and staff at the American Association of University Professors and the American Federation of Teachers— thank you for your commitment to critical inquiry and collective action, and for almost always answering our emails/phone calls.

To the brave faculty at Florida State University, Western Carolina University, Wake Forest University, and George Mason University—this report was fully inspired by your efforts in paving the way for so many others to not only ask the questions and analyze the problems, but to organize, fearlessly, towards the solutions.

To David Rapach, for an ever-growing collection2 (e)4Dgorles anser (e)4 (c)-1 (t)-2c(s)-1 (s)4e (e)4 (s)4 rnizs,v

APPENDIX A

Examples of Donor Influence

Interference in Hiring

An investigation by the Faculty Senate at **Florida State University** revealed the university's 2008 Memorandum of Understanding signed with the Charles Koch Foundation gave the Foundation influence over hiring and promotion processes, including:

“Koch control over selection of FSU tenure-track faculty for funded positions via veto power,

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 MOUs).

At Clemson University, a 2009 memorandum of understanding with the Charles Koch Foundation

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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](#)).

Fellows funded by Koch/BB&T are required to comply with Koch's "Ob

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 Tc 0 Tw -25.481.153 TD[(fesh)-3.7 7 (e)2.4 (n)-1.t 7 (in)-1. (f)0.7 (o)-1.8 (r)

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 ([TTU Templeton Grant, 2013](#)).

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

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.

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:

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 ([TTU Templeton Grant, 2013](#)).

The grant specifies policy change as an explicit objective:

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

Indicators:

Long Run: we observe

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](#)).

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 fellow of the Institute for an Entrepreneurial Society ([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](#)).

Annual Payments & Withdrawal of Funding

At **Florida State University**, the 2008 and 2013 MOUs allow the Koch foundation veto power through a donor appointed Advisory Board, whose “periodic assessments” served 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 retained the ability to withhold funding for any part of the program at any time. As

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 only 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

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)

Influence Over Programming & Introductory Courses

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 institutiou sopmi& BDCh21.83ciTc 0 T1 (EMC)-3jEMCg

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

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APPENDIX B

Examples of Faculty Senate Committee Charges

GEORGE MASON UNIVERSITY

Resolution Calling for the Creation of a Committee to Develop a Conflict of Interest Policy that Addresses Institutional COIs that may Arise from Private Donations, Ownership in Licensed Intellectual Property, or Other Circumstances¹²

Background

GMU currently has an Office of Research Integrity and Assurance (O5.1 (h)-T1.4 (en)6(s2/(ce)L5LD()Tj.002 Tw 0.t66(s2

