

INSTITUTIONAL CONFLICTS OF INTEREST IN ACADEMIA

Model Policies to Protect Against
Donor Interference

2018

UNKOCH
MY CAMPUS

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 necessary resources and support to turn the academic principles they value into actionable policy solutions.

We hope this report will serve as an advocacy tool for campuses that already have funding from any over-reaching donor, and as a reference for anyone who is eager to prevent *any* donor from buying control over the production of knowledge.

UnKoch My Campus is dedicated to exposing and expelling undue donor influence from institutions of higher education. Our vision is to preserve our democracy through protecting academia from actors whose expressed intent is to place private interests over the common good.

¹ <https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2015/06/federal-and-state-funding-of-higher-education>

² Kezar, A. (2005). *Higher Education for the Public Good: Emerging Voices from the National Movement*. San Francisco, CA: John Wiley & Sons, Inc.

³ <https://www.aaup.org/report/1940-statement-principles-academic-freedom-and-tenure>

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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 States, Koch Industries.

The brothers have become well known for coordinating a [network](#) of the nation’s wealthiest free-market fundamentalists to spend hundreds of millions of dollars each year to seat legislators and enact self-interested policy at the state and national levels. While this has increased attention to their funding of think-tanks (like the Cato Institute and the Heritage Foundation), activist organizations (like Americans for Prosperity), and their large campaign contributions to politicians, less consideration has been given to the Koch network’s donations to colleges and universities.

Since 2005, the Charles Koch Foundation has spent over \$255 million on programs at almost 500 distinct institutions of higher education.

KOCH’S STRATEGY

Charles Koch is well aware of the impact state and federal regulations can have on his wealth and his company’s profit margins.

Since the early 1970’s, Koch has [admitted](#) that he seeks to implement policies designed to rollback “taxation, wage and price controls, commodity allocation programs, trade barriers, restrictions on foreign investments, so-called equal opportunity requirements, safety and health regulations, land use controls, licensing laws, outright government ownership of businesses and industries, and may more interventions.”

Following his own [advice](#) to businessmen to use a “company’s money to insure against the political loss of any opportunity to make a profit,” Koch has worked alongside his donor network to build an infrastructure of universities, think-tanks, and advocacy organizations to protect his corporate bottom-line.

Using a strategy known as the [Structure of Social Change](#), Koch and his donor partners invest annually in this infrastructure to produce ideas, policy papers, and advocacy networks, all of which are designed to facilitate the eventual implementation of favorable state and federal policies.

By his own [admission](#), Koch’s university investments are the most crucial components of this infrastructure. The policy papers produced by his think-tanks are used to inform his political advocacy groups, and neither would be possible without the research produced within the universities receiving his money.

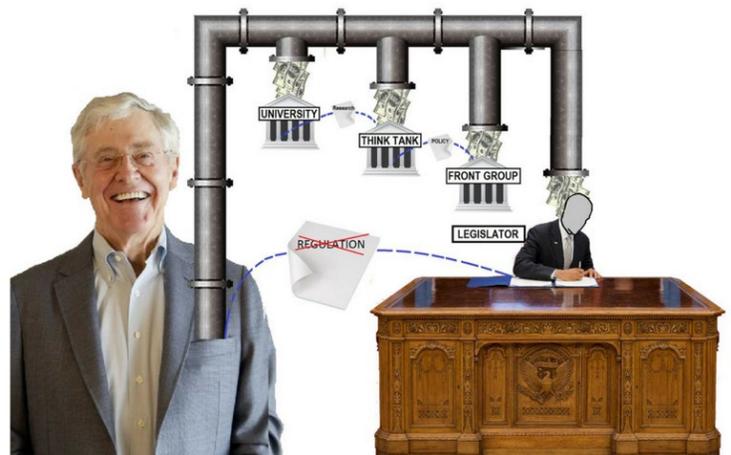
[According to Koch](#), investing in education supports the production of “scholarly research and writing which will provide [businessmen] with better understanding of the market system and better arguments in favor of this system.” Additionally, education will allow the business community to “develop additional talent capable of doing the research and writing that undergird the popularizing of capitalist ideas.”

Universities provide Koch with a “recruiting ground” to introduce young people to the “liberty movement,” effectively aiding Koch in building consumer support for his policy products. In 2014, the Charles Koch Foundation [described](#) the motivations of its university investments to other wealthy donors as a means to “building state-based capabilities and election capabilities” by developing an “integrated” “talent pipeline” to achieve widespread support for, and adoption of, favorable policies at the state and federal levels.

To this end, Koch has [advised](#) businessmen to support “only those programs, departments or schools that contribute in some way to [their] individual companies or to the general welfare of [the] free enterprise system.”

Koch’s university investments are not philanthropic, but are driven instead by his own profit-seeking and political motivations.

Koch’s Structure of Social Change. Graphic credit: Ralph Wilson



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 hiring through a Koch-appointed advisory board. The “gift” was conditional on the selection of the department chair, and granted donor influence over curricular and extracurricular programming, graduate fellowships, post-doctoral programming, and the creation of a certificate program. The faculty investigation [concluded](#):

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

The release of this agreement provided the first critical insight into how the Charles Koch Foundation leverages its financial contributions to universities to ensure Koch’s motivations are realized.

A common feature of Koch’s multi-year “gifts” is the break-down of large pledges into annual installments. This allows the Koch Foundation to provide funding only after the donor is allowed to review the programming, hires, and research to ensure it is compliant with donor intent.

Oftentimes Koch requires universities to hire tenured or tenure-track faculty using these annual installments. Once the initial pledge runs out, or if the Koch Foundation decides to pull its funding, the university is left paying for that permanent position, thus providing the donor influence over the use of the university’s long-term instructional budget.

Other examples of Koch interference in hiring include: the Foundation retaining authority to withhold funding if a candidate for a Professor position is not first approved by the Charles Koch Foundation (Utah State U.); the Foundation requiring the approval of candidate credentials before an offer can be made (Clemson U.); Koch appointing members of faculty selection committees (George Mason U.); making gifts contingent upon the retention of certain individuals (George Mason U.); and interfering with the search process by using Koch-affiliated talent recruiters (Wake Forest U.).

Many gift agreements with the Charles Koch Foundation also require universities to conform to specific programming and research requirements. This includes specifying the expected outcomes of scholarly inquiry to “advance the practice” of “economic freedom” and to promote the “virtues of free enterprise.”

The Charles Koch Foundation has placed constraints on students supported through their programs. This includes screening graduate recipients through the Foundation’s annual funding-renewal process and reserving veto power over the dissertation topics for Ph.D. fellowships (Florida State U.).

Anti-transparency clauses are often built into the Koch Foundation’s donor agreements with universities. This includes not only prohibiting universities from disclosing the contents of an agreement, but prohibiting the university from acknowledging the very existence of an agreement without prior consent from the Koch Foundation.

See Appendix A for a more detailed examples of these contractual terms and conditions.

These examples of interference in hiring, promotion, and retention of faculty and individuals in academic leadership positions, along with the donor’s influence over the outcomes of scholarly inquiry, programming, and student research, violate the long-standing [principles](#) of academic freedom and faculty governance that exist to protect the independence of the university.

Furthermore, the leveraging of annual payments makes it difficult for universities to fully exercise their independence, as it allows the donor to determine the measurables by which a program is deemed a success. This limits the freedom of the institution.

“But if the universities are to render any such service toward the right solution of the social problems of the future, it is the first essential that the scholars who carry on the work of universities shall not be in a position of dependence upon the favor of any social class or group, that the disinterestedness and impartiality of their inquiries and their conclusions shall be, so far as is humanly possible, beyond the reach of suspicion.”

-The American Association of University Professors ([cite](#))

FACULTY ACTION

- 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].”
- 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.”
- 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](#)).
- After investigating the creation of a Koch center on their campus, the Wake Forest University faculty senate [moved](#) for the university cut all ties with Koch and his network of political donors.
- Raising concerns over Koch’s history of manipulating curriculum and their intent to use universities to convert students to a “free market ideology,” the Faculty Senate at Montana State University [voted against](#) the establishment of a Koch-backed academic center on campus.
- After years of pressure from students, the release of affiliation agreements between George Mason University and the Koch-controlled Mercatus Center at GMU revealed [donor influence over hiring](#) within the university’s economics department. A subsequent investigation into all active gift agreements supporting faculty positions revealed additional violations of academic freedom and governance. The Faculty Senate [passed motions](#) requesting all restricted gift agreements be subject to faculty review before enactment and published in a public online database 30 days after enactment.

NOT JUST KOCH

It is important to acknowledge that attaching conditions that violate standard academic principles is not entirely unique to the Charles Koch Foundation’s “philanthropy,” nor is it unique to the United States alone.

- A \$50 million gift to Saint Louis University provided philanthropists Rex and Jeanne Sinquefield with a role in [selecting the director](#) of the Center their donation would support.
- A \$1 million donation from the BB&T Foundation to Western Carolina was questioned once it was revealed that a [condition](#) of the gift required the College of Business to make *Atlas Shrugged* by Ayn Rand required reading for students.
- As a condition of a \$14 million gift from the Engelstad Family Foundation, the [University of Nevada at Las Vegas](#) agreed to keep their President until 2022. The pledge was revoked when the university announced that the President would be leaving.
- In Canada, Carleton University had to [revise a \\$15-million donor agreement](#) with businessman Clayton Riddell after the gift agreement revealed that the Riddell Foundation was provided appointment authority over three of the five members of a steering committee that had power over the graduate program’s budget, academic hiring, executive director and curriculum.
- The Ramsay Center for Western Civilizations’ funding proposals to Australian universities have [sparked faculty resistance](#) to conditions requiring a periodic review of funding and Ramsay participation in hiring decisions.

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

Consortium: a consortium is an organized unit of the University formed by several campuses, institutes, and/or centers whose mission is to coordinate the efforts of its individual components and in which no single component leads.⁷

Special Initiative: a special initiative is used to define an occasion when the University has a special opportunity to partner with a governmental entity or the private sector in projects that do not fall within the category of a center, institute, or consortium.⁷ This would include public-private partnerships and strategic corporate alliances.

Public Private-Partnerships: a cooperative arrangement between the public and private sector.

Strategic Corporate Alliances: a comprehensive, formally managed company-university agreement centered around a major, multi-year financial commitment involving research, programmatic interactions, intellectual property licensing, and other services.⁸

Programming: programming includes curriculum, textbooks, certificates, minors, majors, centers, institutes, consortia, and special initiatives.

⁴ <https://www.wcu.edu/discover/leadership/office-of-the-chancellor/legal-counsel-office/university-policies/numerical-index/university-policy-104.asp>

⁵ http://www.gmu.edu/resources/facstaff/senate/FS_MINUTES_4-25-18_cont_5-2-18%20.pdf

⁶ <https://www.ucop.edu/research-policy-analysis-coordination/policies-guidance/indirect-cost-recovery/index.html>

⁷ http://policy.cuny.edu/policyimport/manual_of_general_policy/article_i_academic_policy_programs_and_research/policy_1.09_centers_institutes_consortia_and_special_initiatives/document.pdf

⁸ http://archive.theuniversityfaculty.cornell.edu/meetings/agendas_minutes/04_05/041305/SCArpt413.pdf

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-wide policies for planning, developing, implementing, monitoring, and assessing all donor agreements and collaborations, whether with private industry, government, or nonprofit groups;⁹ and

WHEREAS *[insert university name]* acknowledges that faculty senates should be fully involved in the planning, negotiation, approval, execution, and ongoing oversight of donor-driven programs; and

WHEREAS *[insert university name]* acknowledges that there is a real danger that pressure from vested interests may, sometimes deliberately and sometimes unconsciously, sometimes openly and sometimes subtly, be brought to bear upon academic authorities;¹⁰ and

WHEREAS *[insert university name]* acknowledges that there are real examples of universities without effective safeguards providing donors undue influence over hiring, promotion, and tenure processes, as well as programming and research; and

WHEREAS *[insert university name]* acknowledges that the existence of institutional conflicts of interest cannot be fully known without reviewing the terms and conditions of restricted gifts that are presently supporting current faculty positions, student scholarships, or academic programs or curriculum; and

WHEREAS *[insert university name]* acknowledges that a culture of transparency is necessary to both identify real or perceived conflicts of interest and maintain the public trust; and

WHEREAS *[insert university name]* acknowledges that university conflict of interest policies are most effective when adopted consistently across the whole institution, including affiliated institutes, centers, and fundraising foundations

⁹ <https://www.aaup.org/sites/default/files/files/Principles-summary.pdf>

¹⁰ <https://www.aaup.org/NR/rdonlyres/A6520A9D-0A9A-47B3-B550-C006B5B224E7/0/1915Declaration.pdf>

[UNIVERSITY] RESOLVES THAT IT WILL:

1. Amend its Gift Acceptance Policy to:
 - a. place ultimate decision-making authority for accepting or rejecting restricted gifts in the hands of the faculty;
 - b. reject any restricted gift that includes terms/conditions that violate academic freedom, shared faculty governance, threatens the mission of the university as an institution for the common good, or otherwise poses a conflict of interest;
 - c. require the Faculty Senate's approval for the establishment of all donor-driven programs;
 - d. require that all gifts for donor-driven programs cover the full cost of those programs;
 - e. reject short-term, annual funding for permanent faculty positions;
 - f. make all restricted gift agreements public within 30 days of formal enactment.

2. Conduct a comprehensive review of all existing restricted gift agreements that support current faculty positions, student scholarships, or academic programs/curriculum for violations of academic freedom and other conflicts of interest;

3. Amend its Centers and Institutes Policy to:
 - a. require that all new centers, institutes, consortia, and special initiatives undergo planning, establishment, and management periods;
 - b. require the Faculty Senate's approval for all centers, institutes, consortia, and special initiatives that are considered to be a donor-driven program;
 - c. require that all centers, institutes, consortia, and special initiatives be held to the same standards of academic freedom and shared faculty governance as other university programs;
 - d. require that all centers institutes, consortia, and special initiatives be approved for continuation one year after its creation and at least every five years following;
 - e. reject all association with centers, institutes, consortia, and special initiatives that seek to remain independent of the university's oversight and accountability mechanisms.

4. Conduct a comprehensive review of all centers, institutes, consortia, and special initiatives that existed before the passage of these motions.

5. Create a standing Institutional Conflict of Interest Committee that is responsible for ongoing oversight and consideration of new challenges posed by the financial relationships required to operate the University.

To review the motions put forth by the Faculty Senate at George Mason University that inspired this model, see [meeting minutes, 5-2-2018](#) (pages 11-14) and [meeting minutes, 5-4-2018](#) (pages 7-8).

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, or on behalf of, the [*University*]. We define a restricted gift as any gift, philanthropic grant, or pledge that does not go to the general fund or University Endowment.

III. Accepting Restricted Gifts

Restricted gifts will not be accepted by the university or its support organizations without the prior approval of the faculty. A Gift Acceptance Committee will include two faculty members elected by the Faculty Senate. These faculty will not require approval from the University or any of its support organizations to serve on the Gift Acceptance Committee.⁵

The faculty representatives on the Gift Acceptance Committee will evaluate all restricted gift agreements for real or perceived conflicts of interest with regard to faculty governance and academic freedom and autonomy.⁵ In the event that the full Gift Acceptance Committee seeks to approve a restricted gift in spite of concerns raised by these faculty representatives, the full Faculty Senate will be responsible for reviewing the restricted gift agreement and deciding, by majority vote, whether the gift will be accepted or rejected.

Any restricted gift for the establishment of a donor-driven program, or a program that would not exist in the absence of outside donor funding, must always be approved by the Faculty Senate before the gift may be accepted.

Unrestricted gifts that go to a general fund or University Endowment may be approved by the university and its support organizations without Gift Acceptance Committee review.

IV. Transparency

All restricted gift agreements must be made accessible to the public. The Office of Advancement will be responsible for the creation and maintenance of an online database that

houses all approved and recorded gift agreements and related documentation attached to a restricted gift, pledge, or grant. All restricted gift agreements will be uploaded to this database within 30 days of formal enactment.⁵

V. Grounds for Veto

The Gift Acceptance committee should reject restricted gifts contingent upon the donor's ability to:

- maintain control over the dispersal of funds;
- provide short-term funding for permanent faculty positions;
- retain the ability to withdraw funding after the agreement is signed;
- require the creation of student clubs or specific student programming;
- screen student recipients of funding;
- access student information, including email addresses;
- control or reject visiting speakers or speaker topics;
- control the publicity of their donation;
- control or influence the publicity of the program they are donating to;
- influence the creation or staffing of an advisory board;
- influence or veto the hiring of faculty;
- influence or veto the retention of faculty;
- influence or veto the hiring of staff, including directors of programs;
- draft or approve job descriptions;
- influence or veto the content of the curriculum;
- influence, approve or reject dissertation topics;
- influence, approve or reject reading lists, textbooks, or other educational materials used inside of classrooms or by student organizations;
- review research before publication.

A restricted gift for a donor-driven program that does not cover the indirect costs of the program should also be vetoed. Covering these indirect costs, such as administrative and facilities costs, prevents the university from subsidizing a private donor's initiative. This allows the university to maintain true decision-making over its allocation of resources. Furthermore, freeing the university from subsidizing donor-driven programs will open additional university funds to support programs that may not necessarily be desired by wealthy donors.

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

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

II. Scope

This policy applies to all centers, institutes, consortia, and other special initiatives affiliated or in partnership with the university. Public-Private Partnerships and Strategic Corporate Alliances are considered forms of special initiatives and fall under the scope of this policy.

This policy prohibits the university's affiliation with all centers, institutes, consortia, or special initiatives that seek to remain independent of the university's oversight and usual accountability mechanisms.

III. Planning, Establishment, and Management Periods

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

- Planning period -- demonstration of the validity of the concept, defining partner relationships and roles, and/or identifying fiscal and other resources required for sustainability
- Establishment period -- demonstration of the concept's viability
- 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 [Policy 105.](#)*]

The "Oversight Committee" on Centers and Institutes will include at least two tenured faculty members elected by the Faculty Senate. These faculty will not require approval from the University or any of its support organizations to serve on the Committee.

The Oversight Committee will evaluate all requests for authorization to plan and establish a new center, institute, consortium, or special initiative. In the event that the full Oversight Committee seeks to authorize a planning period or establish a new center, institute, consortium, or special initiative in spite of concerns raised by its faculty representatives, the full Faculty Senate will be responsible for reviewing the proposals and deciding, by majority vote, whether the new center or institute will be granted authorization.

If a new center, institute, consortia, or special initiative is deemed by the Oversight Committee to be a donor-driven program, or a program that would not exist in the absence of outside donor funding, the full Faculty Senate must authorize its request to plan and establish.

The Oversight Committee will also conduct a comprehensive review of each center, institute, consortium, and special initiative at least once every five (5) years to evaluate ongoing alignment with departmental, college and/or institutional missions and resources, success in accomplishing stated objectives, and maintaining sound fiscal status and practices.¹¹ Should the Oversight Committee disagree on the continuation of the program, the full Faculty Senate will be responsible for deciding, by majority vote, whether or not the program will be discontinued.

If a center, institute, consortium, or special initiative is rejected during the planning or establishment periods, or if it is designated for discontinuation by either the Oversight Committee or the Faculty Senate, appeals may be made to the Provost.

V. Planning

¹¹ <https://www.wcu.edu/discover/leadership/office-of-the-chancellor/legal-counsel-office/university-policies/numerical-index/university-policy-105.asp>

A written request for authorization to plan a new center or institute must be submitted to the Oversight Committee on Centers and Institutes [*insert time frame that works best for your respective institution*].

This request must include the following information, at minimum:

1. The relevance of the proposed center, institute, consortium, or special initiative to the mission of the University;¹¹
2. The mission, vision, and objectives of the proposed center, institute, consortia, or special initiative and why the objectives cannot be achieved within existing University colleges, schools, departments, and/or programs;¹¹
3. A discussion of differentiation from similar centers, institutes, or units at the University, and proposed relationships with them;¹¹
4. Potential sources and estimates of funding to initiate and sustain the proposed center, institute, consortia, or special initiative, presented as a five-year projection, including the amounts of general fund support, non-general fund support, and in-kind support;¹¹
5. A discussion of the proposed governance of the center, institute, consortia, or special initiative;
6. A discussion of the steps the applicant has taken to consult members of the department(s), college(s), or other entities the new center, institute, consortium, or special initiative will be related to;
7. A statement on the way the idea for the proposed center, institute, consortium, or special initiative came to be;
8. A discussion of differentiation from similar centers, institutes, or units at other universities, and proposed relationships with them.

The Committee should provide the applicant with a written determination regarding whether the applicant is authorized to plan the center or institute within [*insert time frame most appropriate for your institution*].

VI. Establishment

When a center or institute approved for planning is ready and able to demonstrate its viability, a formal request for authorization to establish must be prepared.¹¹ The applicant shall submit his/her written request for authorization to establish a center or institute to the Oversight Committee on Centers and Institutes no later than [*insert time frame most appropriate for your institution*].

The request must include the following information at a minimum:

1. Name of the proposed center, institute, consortia, or special initiative, which appropriately reflects its mission and scope;¹¹
2. Identification of the proposed center, institute, consortia, or special initiative as either a research, public service, or instructional unit, in accordance with its primary mission and core activities;¹¹
3. Organizational structure of the proposed center or institute, including name of a proposed director, description of the membership and function of any proposed advisory or policy boards, and proposed responsibility structure;¹¹
4. Statement on the anticipated effects of the proposed unit on the instructional, research and/or public service programs of the administrative campus; and, when inter-institutional arrangements are involved, a statement on the anticipated effects of the

- 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. Statement on immediate operating needs, such as equipment, library resources, and physical space, and five-year projections of future physical space needs;¹¹
 7. When relevant, evidence that inter-institutional arrangements regarding leadership, governance, activities, funding, or other aspects have been reached by the cooperating chancellors or designees;¹¹
 8. An accountability plan that complies with policy of the administrative campus, noting specific dates for the initial director and center reviews;¹¹ and
 9. A statement on the hiring or appointment processes the proposed center, institute, consortia, or special initiative will follow to fill positions for its director and/or advisory or policy boards.
 10. If substantial changes have been made that alter the responses outlined in the original planning request, please attach a discussion of those changes as they relate to points 1-8 of Section V.

The Committee should provide the applicant with a written determination regarding whether the applicant is authorized to establish the center or institute within [*insert time frame most appropriate for your institution*].

VII. Management

Each year, the director of the active center, institute, consortium, or special initiative must submit an annual report at the end of each fiscal year to the Oversight Committee on Centers and Institutes. This review should include:¹¹

- a summary of center activities for the year ended;
- objectives and goals for the upcoming year;
- the fiscal year-end financial report; and
- the proposed budget for the upcoming year

After its first year in operation and every five years following, the active center, institute, consortium, or special initiative must be approved by the Oversight Committee on Centers and Institutes for continuation via a comprehensive review to evaluate ongoing alignment with departmental, college and/or institutional missions and resources, success in accomplishing stated objectives, and maintaining sound fiscal status and practices.¹¹

This review should include:¹¹

1. The process for director searches, including steps of the process, participants and responsible parties, and appropriate decision-making procedures;
2. Cycle(s) for annual and comprehensive reviews of center and institute activities, including designation of the responsible office or offices;
3. Evaluation criteria to include at a minimum:
 - a. performance against specific objectives and goals;
 - b. quality and quantity of scholarly activity, teaching and other instructional activity, and service, all as appropriate per the University mission;
 - c. sufficient budget to continue operation, including the amount and proportion of funds received from general fund and non-general fund sources as well as in-kind support;

- 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 performance review criteria, to be discussed during review periods, including facilities, personnel, or other operational needs;
 5. Cycle(s) for reviews of center and institute directors, including designation of the office or offices responsible for conducting the review;
 6. Criteria for director review, to include at minimum:
 - a. Performance against individual objectives and goals;
 - b. Feedback on leadership and communication from center/institute staff, partners and/or clients;
 - c. Management of fiscal and human resources;
 - d. Standard practices and procedures for involving other UNC constituent institutions in review processes, when relevant;
 - e. Articulation of the type of unsatisfactory performance that could merit conditions for discontinuation of a center, institute, director, or others; and
 - f. Clear plans for occasions when centers, institutes or directors do not meet minimum review expectations, including process, milestones, and responsible parties.

VIII. Existing Centers, Institutes, Consortia, and Special Initiatives

All existing centers, institutes, consortia, and special initiatives should be approved for continuation by the Oversight Committee on Centers and Institutes within five years of the adoption of this policy. We recommend this audit include the review of an application that includes all relevant components of the planning, establishment, and management periods listed above.

To see the policies that inspired this model, see [CUNY Policy 1.09](#) and [Western Carolina University Policy 105](#).

Disaffiliation with the Charles Koch Foundation Model Motion

WHEREAS Charles Koch has long acknowledged the profit and political motivations behind his university investments by advising businessmen to support “only those programs, departments or schools that contribute in some way to [their] individual companies or to the general welfare of [the] free enterprise system” and to use “the company’s money to insure against the political loss of any opportunity to make a profit” (Koch, [Anti-Capitalism and Business](#)); and

WHEREAS Charles Koch has further revealed his ideological motivations behind university investments by describing his plan to use the “educational route” to produce “scholarly research and writing which will provide us with better understanding of the market system and better arguments in favor of this system” and “develop additional talent capable of doing the research and writing that undergird the popularizing of capitalist ideas” (Koch, [Anti-Capitalism and Business](#)); and

WHEREAS the Charles Koch Foundation follows a philanthropic strategy designed to produce academic research that can be leveraged by Koch-funded think-tanks and activist organizations to achieve the “implementation of policy change” (Fink, [Structure of Social Change](#)); and

WHEREAS Charles Koch Foundation executives have described the political motivations of their university investments as to underpin “building state-based capabilities and election capabilities” by developing an “integrated” “talent pipeline” to staff their think-tanks and activist organizations (Gentry, [Leveraging Science and the Universities](#)); and

WHEREAS the policy changes Charles Koch seeks to implement will rollback “taxation, wage and price controls, commodity allocation programs, trade barriers, restrictions on foreign investments, so-called equal opportunity requirements, safety and health regulations, land use controls, licensing laws, outright government ownership of businesses and industries, and may more interventions” that will undoubtedly provide considerable financial returns for his corporation with an estimated \$110 billion annual revenue (Forbes, [America’s Largest Private Companies 2018](#)); and

WHEREAS the Charles Koch Foundation’s motivation to support the corporate bottom-line of Koch Industries through university investments presents a financial conflict of interest and violates the university’s commitment to the common good; and

WHEREAS the Charles Koch Foundation’s history of interfering in the selection of faculty, the promotion and tenure process, scope of scholarly inquiry, the creation of new programs, majors, and minors, making annual payments contingent upon the donor’s review of the program, and maintaining the right to withdraw funding at its “sole and absolute discretion” violate the principles of academic freedom and shared faculty governance (*see Appendix A*).

BE IT RESOLVED THAT [University]

- Moves to sever all connections to the Charles Koch Foundation.

To see Wake Forest University’s Faculty Senate Ad-hoc Committee Report that served as the inspiration for this model, [click here](#).

ACKNOWLEDGEMENTS

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 collection of notes and news articles related to “[academic capture](#)”—a resource that is much-needed to highlight how these problems exist beyond Koch.

To Western Carolina University and the City University of New York for having some of the best policies related to Centers and Institutes that we could find, and to Cornell University for their policy on Strategic Corporate Alliances—thank you for leading by example.

To every faculty member who took time to read this report in its draft forms and provide feedback—this project would not have come to fruition without you.

And to everyone reading this report today—we want this to remain a living document that can be improved and expanded for years to come. As you work to implement one or all of the points outlined above, please share your ongoing experiences, feedback, and ideas with us.

We’re stronger together.

*Samantha, Ralph, Jasmine, and Connor
The UnKoch Team*

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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, 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. The agreement states that the promotion and tenure process for Koch funded faculty must include an evaluation of their contribution to Koch objectives... The agreement mandated a particular individual to serve as chair of the department” ([Standley Report](#), 3.a).

Another **Florida State University** report revealed how the Charles Koch Foundation ignored 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 **Utah State University**, a 2008 Memorandum of Understanding allowed the Charles Koch Foundation the ability to withhold funding if a candidate for a Professor position was not first approved by the Charles Koch Foundation.

“CGK Foundation will not be obligated to pay any of the Funding Amount with respect to a candidate for a Professor position that has not been approved by the 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 arrangement between the parties regarding such Professor positions” ([2008 MOU](#), 3.c.iv).

At **Clemson University**, a 2009 grant agreement to support the Clemson Institute for the Study of Capitalism required Koch Foundation approval of candidate's credentials.

“Prior to the extension of any offer for the Donor Supported Professorship Position, Dr. C. Bradley Thompson shall present the candidates credentials to CGK Foundation” ([2009 MOU](#), II.c).

At **George Mason University**, affiliation agreements between the university and the GMU-branded, Koch-funded and -funded Mercatus Center revealed Koch’s influence over the selection committee for Professorship positions.

“The members of the Initial Selection Committee will be: the President or Executive Director of Mercatus or the most closely corresponding positions, two (2) members designated by Koch, one of whom must be a member of the GMU faculty, the Chair of the GMU department where it is anticipated the Professor will receive the majority of all of his appointment, and one (1) member of the same department, to be designated by the department Chair” ([2009 Affiliation Agreement](#), Section 2).

At **Wake Forest University**, a 2017 Faculty Senate investigation found that the search for the Associate Director position of their Koch-funded Eudaimonia Institute was posted on a Koch-network talent website called TalentMarket.org before being posted by the university.

The posting on Talent Market shows that candidates for the positions at Wake Forest University went through Talent Market directly:

“Qualified candidates should submit the following in one PDF file with your name in the file: résumé and 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” ([Center for Media and Democracy](#), June 2017).

Talent Market was founded in 2009 as an “owned entity” of [DonorsTrust](#), a donor-advised fund that has received millions of dollars from Charles Koch’s Knowledge and Progress Fund, the Charles Koch Foundation, members of Charles Koch’s donor network. Before founding Talent Market, Executive Director Claire Kittle 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.

Influence Over the Outcomes of Scholarly Inquiry

At **Ball State University**, a 2016 agreement with the Charles Koch Foundation created the Schnatter Institute for Entrepreneurship and Free Enterprise. The agreement specifies the scope of scholarly inquiry through the Institute’s Objectives and Mission. The mission is (key language is underlined):

“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” ([BSU Agreement](#), Attachment A).

At **Florida State University**, the “Affiliated Programs and Positions” established by the Charles Koch Foundation are required to comply with the following Objectives and Purposes (key language is underlined):

“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 MOUs).

At Clemson University, a 2009 memorandum of understanding with the Charles Koch Foundation sought to support the university’s Institute for the Study of Capitalism (CISC). The Koch Foundation’s agreement required that the “Donor Supported Faculty Positions” work to advance a very specific scholarly outcomes (key language is underlined):

“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 2009 MOU](#), Section I.a).

At Utah State University, a 2008 memorandum of understanding with the Charles Koch Foundation created donor-funded positions called “the Professors” and outlines the expectation that faculty in those positions comply with Koch’s own Objectives and Purposes. To do so, faculty would have to engage in research and education with pre-determined scholarly outcomes (key language is underlined):

“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” ([2008 MOU](#), Section 1).

Influence Over Student Activities

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 ([Stadley Report, pg. 4](#)).

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 "Objectives and Purposes:"

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](#)).

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](#)).

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](#)).

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).

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 ([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 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](#)).

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 for hires, the board 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)

While reserving the right to evaluate the program's ongoing compliance through these annual payments, the Koch foundation also reserved the right to withdraw funding should the program not honor the donor's intent. All aspects of the programs set forward in the MOU are obligated to comply with the Koch Foundation's "Objectives and Purposes," and compliance was 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 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 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 outlines how the Koch foundation would be "augmenting funding for five professors" through annual payments:

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).

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.

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)

At **Clemson University**, their 2009 MOU with the Charles Koch Foundation 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).

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.

^[1]_{SEP}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 2009 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 2009 MOU](#), Section VI.I)

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)

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 any time, 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 **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)

The MOU further clarifies that the donor has “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 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)

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)

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 institutions that lead to well-being. ([UL 2015 MOU](#), Preamble).

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 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. The Johnson Center's George Crowley remarked:

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](#))

[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](#))

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)

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 (ORIA) which “promotes ethical and responsible conduct of research” and “provides policies, procedures, support, training and advice to aid researchers with compliance related to federal, state, university, and local regulations,” “identifies compliance risk,” and “monitors and investigates instances of noncompliance.” This office, along with other offices on campus, administers the University’s Conflict of Interest policies for employees.

However, the University does not currently have a policy that addresses potential institutional conflicts of interest that may arise due to gifts to the University from private donors, ownership in licensed intellectual property, or other circumstances. Given that these scenarios are increasing in frequency, it is important that the University now create such a policy to ensure that it carefully oversees its intangible assets such as its intellectual prestige, integrity in teaching and research, and reputation of service to the public good.

Faculty members have the primary responsibility for preserving the integrity of their university’s teaching and research as well as its mission to serve the greater good; and the GMU Faculty Senate has the “fundamental general responsibility to speak and act for the General Faculty on matters affecting the University as a whole” as well as the “particular responsibility to formulate proposals on matters affecting the welfare of the University and on university-wide academic policy.”

Therefore, be it resolved that:

1. The Faculty Senate and the Administration collaborate to develop a detailed policy for dealing with conflicts of interest arising from private donations, ownership in licensed intellectual property, and other relevant circumstances;
2. The committee consist of three to five faculty from at least three different schools/colleges (at least one of whom will be a Senator, and one of whom will serve as chair) elected by the Faculty Senate, as well as one or more administrators (as the Administration sees fit) appointed by the President or Provost — and to ensure faculty governance, elected faculty should compose the majority of the committee;
3. The resulting policy include instructions for how its provisions are to be implemented;
4. The resulting policy be consistent with AAUP guidelines (or, if not, the Committee’s report should explain why one or more of these guidelines are inappropriate);
5. The committee complete its work and provide a final report no later than the Senate’s scheduled meeting on February 1, 2017.

¹² http://www.gmu.edu/resources/facstaff/senate/MINUTES_FS_2016-17/FS_MINUTES_9-7-16_FINAL.pdf

WAKE FOREST UNIVERSITY

Ad Hoc Committee of the Senate of Wake Forest University on the Eudaimonia Institute¹³

In accordance with the minutes of the WFU Faculty Senate meeting from January 18, 2017, the Senate passed unanimously a motion to “ratify the President’s creation of an Ad Hoc committee to review the Eudaimonia Institute (EI) and report recommendations for the future directions to the Faculty Senate in the March 2017 meeting.” As reported in this same meeting by Ad Hoc Committee Chair Jay Ford, areas of the review were to include:

1. The Charles Koch foundation, its history, agenda, and Wake Forest connection;
2. The timeline of the Eudemonia Institute, history, and approval process;
3. University Institutes in general. What is the review process and proposal guidelines? Is this something the Faculty Senate can make new policy recommendations for?
4. AAUP guidelines for Academic-Industry engagement. That is how Academic Institutions engage with Foundations like the Koch Foundation. There are some AAUP recommendations that WFU is not following.

SAINT LOUIS UNIVERSITY

Faculty Senate Ad Hoc Committee on Donor Influence Policy¹⁴

Established October 2018

September 2018 Faculty Senate motion:

- It is consistent with ethical norms governing donor influence as well as the sense of numerous faculty that donors should not participate in employment matters of the University, nor should they play a role in determining the curriculum or in the direction of funding to particular students, faculty, or individual research projects.
- I therefore move that an ad hoc committee of the senate shall be formed to formulate a policy consistent with these norms and this sense, in collaboration with the administration.

Committee charge:

- The charge of the ad Hoc Committee on Policy Concerning Donor Influence Over Academic Matters is to examine current Faculty Manual provisions, current University Policies, and best practices of other research universities and institutions, and to consult with SLU administration in order to develop recommendations to the Faculty Senate Executive Committee and the Faculty Senate concerning any modifications to existing policy or the development of new University policies which will clarify or define the role or influence of donors in (1) Faculty hiring; (2) staff hiring; (3) academic programs; (4) curriculum; and (5) research.

¹³ <https://ia601608.us.archive.org/20/items/SenateAdHocReport.FINAL.March152016/Senate%20Ad%20Hoc%20Report.FINAL.March%2015,%202016.pdf>

¹⁴ https://sites.google.com/a/slu.edu/bonnie_wilson/other/fs_donors?pli=1