

A Case Study In Academic Crime



The **Charles Koch Foundation** at Florida State University

A Joint Report by FSU Progress Coalition and UnKoch My Campus
Spring 2017

“Academic Crime”

Academic Crime is listed in the [Department of Justice](#) appendix of white collar crimes among Fraud Offences; False Pretenses/Swindle/Confidence Game:

the intentional perversion of the truth for the purpose of inducing another person or other entity in reliance upon it to part with something of value or to surrender a legal right.

David Friedrichs' *Trusted Criminals: White Collar Crime in Contemporary Society* includes a chapter on Academic Crime:

The principle types of academic crimes of professors and research scientists include plagiarism; misuse of or embezzlement of university discretionary funds or research grants; forgery or fraudulent claims about credentials; unresolved conflicts of interest in connections with grants, peer reviews, or evaluation of students; pilfering and unauthorized photocopying; gross negligence in the fulfillment of teaching responsibilities (e.g., failure to teach the course for which students enrolled);

[...]

Some of this activity is “exogenous,” or pertinent to occupational opportunities, and some of it is “endogenous,” or a violation of professional norms.

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Introduction

Based on the work of students, faculty, and alumni of Florida State University (FSU), this report exposes the academic influence bought by the to the Charles Koch Foundation (CKF). We analyze FSU's Koch-affiliated programs, the circumstances surrounding their implementation, and their present-day expansion. Between 2014 and 2016, student record requests produced several hundred pages of correspondence and documents. Our investigation examines these records, as well as public records from the university, colleges, and departments involved. We contextualize our findings with recordings and documents that explain the broader vision of Charles Koch, Koch foundation officials, and members of Koch's academic network.

This document provides the most complete account to date of any university's relationship with the Charles Koch Foundation. We present evidence revealing:

1. Contrary to statements made by FSU officials, the university granted undue influence to the Koch foundation and its partner donors through an agreement that violated academic freedom, faculty governance, the faculty's Collective Bargaining Agreement, as well as departmental and university donor policies.
2. Some of the wrongdoing was revealed during a faculty senate investigation in 2011, but the primary findings and recommendations of this investigation were omitted the final public report. This censored account has served as the basis of internal and public statements made by FSU, contributing considerably to a public misunderstanding of the events and the oversteps of the Koch foundation.

Among the omitted findings was an account of how "administrative dictate" was established using "threats," and "an atmosphere of intimidation," in conjunction with clearly defined conflicts of interest.

Concerns about the Koch/BB&T graduate fellowships were also omitted. Our findings reveal that these fellowships are required to comply with the donor's objectives by subjecting them to to the approval of the *Koch-appointed* advisory board that went so far as to examine dissertation topics.

3. A second Faculty Senate review (performed by the Steering Committee) in 2014 was rushed, and fell short due to limited access to sources and authors with a foregone conclusion. The "review" consists of a single paragraph press-statement with no account of process, sources, or findings.
4. The influence of Koch at FSU expanded under current administration, including two new centers not subjected to faculty review or approval - the L. Charles Hilton Center and the Project on Accountable Justice. Both have direct ties to the State Policy Network (SPN) - a politically driven group of free-market think tanks funded by Koch and their donor partners. Notable SPN members in Florida are the James Madison Institute and Florida TaxWatch.
5. The Koch Foundation's programs at FSU are part of a model strategy designed to leverage academia for influencing public policy that suits the ideological interests of donors. Koch has organized a large network of corporate and private donors to carry out this model.

We have recently obtained recordings of Koch foundation officials and members of their professor network openly speaking about executing Koch’s political strategy, evading institutional and faculty resistance, and recruiting students into Koch’s “Liberty Movement.”

These findings, and many more, are expanded in this report with additional background in the appendices. We also include recommendations for action and university policy revisions to resolve these and future issues.

For FSU faculty, the information found in this report is of utmost relevance during the 2016-2017 academic year, as there are ongoing searches to select the Deans of several colleges affiliated with Koch aligned programs, namely; the College of Social Sciences, College of Business, and College of Law. The report intends to avoid condemnation of free-market ideology, but we wish to highlight that the Koch foundation’s brand of free-market ideology is directly aligned with financial interests of Koch Industries and their network of political donors.

In solidarity,

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Tallahassee, Florida
January 11, 2017



For Dr. Kent Miller and Dr. Ray Bellamy,
whose work has shown the way to a critical and rigorous resistance.

For Charles Koch and Richard Fink,
without whom the unraveling of American democracy would be a far less orderly affair.

Acknowledgements

The authors would like to thank just a few of the *many* individuals whose passion, bravery, and wisdom have contributed invaluablely to this work, and our efforts nationwide; Lindsey Berger, Kalin Jordan, Samantha Parsons, Lakey, Emma Norfolk, Lauren Windsor, and in particular, Gladys Nobriga, Colleen O’Neill, Sarah Bardolph, Pat Bartlet, Connor Gibson, and Charlie Spatz for their critical assistance in preparing this report.

We also thank the national network of students and faculty who are standing up to protect their universities against donor influence. You are on the front lines of resistance, and the last line of defense.

This work would scarcely have been possible without the support of Greenpeace, the Solidaire Network, and Lisa Graves at the Center for Media and Democracy.

Executive Summary

Chapter 1 - Koch, FSU, and Critical Context

Chapter 1 provides the foundational knowledge for the entirety of this report.

Chapter 1.A describes the political motives behind the academic programs of the Charles Koch Foundation (CKF). We explain the funding strategy used by Koch's network of wealthy donors, and how they coordinate donations to universities, think tanks, and political efforts for the "implementation of policy change." We also describe the network of academics, the Association of Private Enterprise Education (APEE), who are carrying out this Koch's agenda within universities.

Chapter 1.B sheds new light into history of FSU and CKF from 2007 to present.

Key findings: A 2011 faculty investigation was censored before public release, suppressing a vast majority of the findings and recommendations. These findings include how Koch's 2008 agreement was forced into place by the (Koch-funded) Chair of Economics and Dean of the College of Social Sciences, using "threats" and an "atmosphere of intimidation" to quell the faculty's "extreme dissent." The suppressed findings also detailed problems with a system of graduate fellowships, which is shown to give the donor approval power over fellows and dissertation topics. We also describe the dramatic expansion of Koch's programming and influence at FSU.

Chapter 1.C provides context critical to understanding the intent and future of the agreements between FSU and CKF. In response to criticisms that they are violating academic policies and principles, the Koch Foundation and affiliated groups are literally attempting to redefine the principles of academic freedom and shared governance, openly condemning the principles of the American Association of University Professors. Meanwhile, Koch's privately funded free-market programs follow a pattern of bypassing established university policies and procedures, often with little or no faculty knowledge until the deal is done. Meaningful action at FSU has never been more critical.

Chapter 2 - Previous Reviews of the Koch Agreement

Chapter 2 is an account of the circumstances surrounding the 2011 and 2014 reviews of the Koch agreement at FSU.

Chapter 2.A compares the findings of the suppressed 2011 report to the censored version released to the public.

Chapter 2.B examines the circumstances leading up to the release of a 2014 statement by the Faculty Senate Steering Committee, which not only used the censored 2011 as the basis of a sparse and hurried process, but appears to mirror a predetermined outcome communicated by administration.

Chapter 2.C explores other instances where Koch programs have undergone some kind of review, all of which defer to the (censored) 2011 faculty review.

Chapter 3 - Mechanisms of Donor Control

Chapter 3 describes the actual ways in which a private donor can exert influence over academic activities.

Chapter 3.A describes ways in which private donors were given contractual power over hiring and programming.

Chapter 3.B discusses the donor appointed advisory board created through the agreements.

Chapter 3.C spotlights the stacking of curriculum committees to gain control over large principles courses.

Chapter 3.D shows how these agreements have been overseen by university personnel with deep connections to Koch at all levels of FSU's administrative structure, including the Board of Trustees, the Office of the President, the Dean of the College of Social Sciences, and the Chair of the Department of Economics.

Chapter 4 - Examples of Influence

Chapter 4 presents examples of what undue donor influence looked like at Florida State University.

Chapter 4.A focuses on Koch's influence on hiring. Interference in early hiring included approval of position advertisements and the independent "parallel" screening of candidates. Influence over the actual hiring process included; the use of the donor appointed advisory board to veto 34 tenure track candidates, Koch's partner donors providing funding for hires under Koch's agreement, and Koch dictating the appointment of the Chair of the Department of Economics.

Chapter 4.B focuses on influence in scholarly activity of faculty. The faculty hired through Koch's agreement (like all aspects of the program) are required to comply with Koch's free-market "Objectives and Purposes," and are monitored by the *donor* advisory board. The requirement for compliance spans two programs created through the agreement, as well as programs set up through partner donors such as BB&T. The agreements and criticisms of them have hurt the department's reputation and has heightened skepticism of research produced at FSU within the economics discipline.

Chapter 4.C focuses on influence in university curriculum. The agreements with Koch and BB&T allowed donor influence over at least nine courses. Donors stacked the membership of the committee overseeing the “principles” courses, required for economics and finance majors, serving as the economics course for non-majors, estimated to reach 7,000 students a year. The textbooks for these courses include inaccurate information about climate change and the financial crash of 2008 (both of which are connected to the fossil-fuel/financial-sector activities of Koch Industries). Donors also created a certificate program the College of Social Sciences and a minor in the College of Business.

Several donor-created student groups and extracurricular programs serve as part of Koch’s “talent pipeline,” including an anti-Obama Care group whose website showed legislative initiatives, an activity specifically prohibited by the agreement. A faculty investigation found that “[t]he ‘Economics Club’ conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry.”

Chapter 4.D focuses on influence in graduate fellowships and post doctoral programs.

Chapter 4.D.1 shows graduate fellowship applicants are screened for compliance with the objectives found in Koch’s MOU by a committee of SPEFE faculty and the donor advisory board (whose voting rule is unanimous in all matters). Compliant students are labeled “Koch-types.” Koch retains the right to discontinue funding on an annual basis, and fellows are told that the donor’s withdrawal would revert them to department funding. Koch fellows can make 50% more than department funded students, and are only required work half of the department’s 20 hrs/week workload. Dissertation fellows have their dissertation topics approved for compliance by Koch. Koch’s compliance standards have been applied to other graduate fellowships not bound by Koch’s contract. Fellowships have also been funded by DonorsTrust, the Koch network’s donor advised fund.

Chapter 4.D.2 describe how Koch’s post doctoral positions were ultimately funded by the Searle Freedom Trust, who joins Koch as a top funder of climate change denial. The recipients of the post docs were former Koch/BB&T dissertation fellows.

Chapter 5 – Violations of Florida State Policies

Chapter 5 details which policies have been violated through the negotiation, adoption, review, renewal, and protection of these agreements. We describe violations of academic freedom, faculty governance, the faculty collective bargaining agreement, various departmental/university approval procedures, and the FSU Foundation’s donor policy. We also address ethical violations, including the “egregious” conflicts of interest and intentionally misleading information to the FSU Foundation to classify a grant as a “gift.”

Chapter 6 - Misinformation

Chapter 6 describes a history of FSU’s consistent public misinformation regarding the Koch agreements, as well as our corrections to misleading or false public statements by university administrators.

Chapter 6.A describes the suppression of the faculty’s 2011 findings, as well as the sudden removal of all statements about Koch and BB&T from the Foundation’s website.

Chapter 6.B outlines public statements made by FSU administrators, both publicly and internally, that were inaccurate or misleading. Records requests reveal that administration provided false information to a journalist.

Chapter 6.C outlines inaccuracies and misleading aspects of several internal statements made by FSU administrators.

Recommendations

We recommend that the Faculty Senate at FSU conduct an open and independent review of the issues presented in FSU’s past and present relationship with the Koch Foundation, as well as the weaknesses in the university’s gift acceptance policies.

Given past circumstances, it is critical that the review process is taken up with the senate at large, wholly independent of administrative influence.

We recommend that university administration implement the suggestions of the Faculty Senate, including changes to gift acceptance policies, without objection.

Additional Appendices

Appendix 1: Recommendations

Appendix 2: President Barron’s Collected 2011 Statements

Appendix 3: Email Records of 2014 Faculty “Review”

Appendix 4: The DeVoe Moore Center’s Curricular Impact

Appendix 5: Thrasher’s 2015 Letter

Glossary of Critical Findings

Chapter 1: Koch, FSU, and Critical Context

1.A - Koch and their Donor Network

- The Charles Koch Foundation's academic programs are designed to carry out the political agenda of a large network of donors coordinated by Charles Koch, with aims of "[leveraging science and universities](#)" for the "[implementation of policy change.](#)" This is revealed by documents and recordings of Koch funded professors, and officials from Koch Industries and the Koch foundation.

1.B - Background of the Charles Koch Foundation and FSU

- An FSU Faculty Senate investigation found that the Koch agreement was implemented despite widespread faculty attempts to exercise appropriate governance. Dean Rasmussen and economics department chair Bruce Benson used "threats" to create an "atmosphere of intimidation and administrative dictate" ([Standley report](#), 2011)

- The agreement with the Charles Koch Foundation involved several conflicts of interest, including a graduate student who was paid over \$500,000 by the Koch foundation ([2007](#), [2008](#), [2009](#)) to negotiate an agreement his doctoral adviser and department chair, Bruce Benson. Benson received a \$105,000 "administrative cost," as payment for agreeing to serve a second term as chair ([Benson memo](#), [2008 MOU](#)).

-Among the programming established by Koch was a system of graduate fellowships whose recipients are [required to comply with Koch's Objectives and Purposes](#), and whose [dissertation topics are vetted for compliance with Koch's Objectives and Purposes](#) by a Koch representative.

- The [findings of a 2011 investigation](#) by the faculty were censored. In cooperation with President Eric Barron, the publicly released report omitted the vast majority of the investigation's findings and recommendations, ultimately conforming to [Barron's statements](#) prior to the investigation. This [false account](#) serves as the basis for internal and public perception of FSU's relationship with the Koch foundation, still cited today by nearly all national or local media reports on Koch elsewhere.

- The Koch [Memorandum of Understanding](#) was amended and re-signed in 2013 without departmental, university, or public notice. It retained many provisions that had been criticized by President Barron and faculty senators.

- The Koch program for the Study of Political Economy and Free Enterprise was [quietly sunset by administration](#), and re-formed into the Hilton Center for the Study of Economic Prosperity and Individual Opportunity without faculty notice or input.

- A 2016 donation of [\\$800,000 from the Koch Foundation](#) to FSU funds two new centers, neither of which were or disclosed to, or approved by faculty. Both the [Hilton center](#) and the Project on Accountable Justice have considerable ties to think tanks from Koch's network of think tanks, the State Policy Network, whose Florida members include the James Madison Institute and Florida Taxwatch. Our [June 2016](#) report on the Project for Accountable Justice revealed direct ties to corrupt private corrections contractors in Florida, the American Legislative Exchange Council, and Koch's corporate funded criminal justice movement.
- A conflict in the summer of 2015 between [FSU Progress Coalition](#) and [administrators](#) and revealed [Koch's violations of FSU's donor policy](#), as well as weaknesses in the policy that leave the university open to donor influence.
- A wave of money from Koch's donor network has flooded in to support programming initiated by the Koch foundation, including post doctoral positions, graduate fellowships, and K-12 programming from the [Searle Freedom Trust](#) and the Koch network's anonymous donor-advised funds, the [DonorsTrust](#), and [Donors Capital Fund](#).

1.C - Critical Context

- FSU is one of many universities where Koch foundation programs are created against the will of the faculty. In addition, the Koch network is funding an effort to reject and [redefine academic freedom](#) as formulated by the American Association of University Professors.
- The Koch-funded American Council of Trustees and Alumni (ACTA) has openly called for the violation of shared governance practices in a [2014 report](#).
- [Leaked documents](#) from a 2010 Koch foundation event reveal the donor's true intent, in the belief that "free enterprise is more than an economic system - it is a moral imperative, and we must defend it at all costs." This is contrary to any good faith academic study of economic systems, and reflects the political intent of the donors.
- Academics that are funded by Koch's donor network largely coordinate research and funding through the Association of Private Enterprise Educators (APEE). [Recordings from the 2016 APEE conference](#) show multiple Koch-affiliated faculty members from other institutions describe their intent to "take over" departments, among other things.

Chapter 2: Past Reviews

- Public records requests show that the [initial report](#) of the faculty's investigation into the Koch agreement was censored, with a majority of its findings and recommendations completely missing from the [final public version](#).
- When [reduced to independent clauses](#), the original 2011 Faculty Senate report consists of thirty-six findings and twenty-one recommendations. Only sixteen of thirty-six findings remain, ten of which were watered down. Of the twenty-one recommendations, only four remain, two of which are watered down. See [this graphic](#) to see how much of the report was suppressed.
- The 2014 Faculty Senate Steering Committee review of the CKF/FSU agreement was based on the censored 2011 review and statements from [Dean Rasmussen](#) and Economics Department Chair [Mark Isaac](#). Records requests reveal that the [final \(half page\) statement](#) misrepresented faculty deliberations, and appears to mirror a predetermined administrative consensus that predated faculty deliberations. See [Chapter 2.B](#) and [Appendix 3](#).
- The misleading remarks from Dean Rasmussen and Mark Isaac came after [Rasmussen met with the Koch foundation's](#) Director of University Relations John Hardin. Rasmussen assured Hardin that he would "make the case for academic freedom." In the end, [Rasmussen's statement](#) does not mention academic freedom, while [Mark Isaac's statement](#) argues that criticisms of the Koch foundation are "at a minimum, a gross violation of academic freedom."

Chapter 3: Mechanisms of Donor Control

- The agreement between FSU and the Koch foundation requires that all parts of the program comply with Koch's "Objectives and Purposes." The Koch foundation retains the right to "discontinue or revoke" any part of the agreement ([2008 MOU](#), [2013 MOU](#), Section 12).
- The Koch appointed advisory board acts to "ensure compliance" with the Koch's Objectives and Principles "through appropriate administrative or legal channels." The board contains one Koch foundation representative, and operates only by unanimous vote, allowing the Koch foundation to have veto power over all decisions ([2008 MOU](#), [2013 MOU](#), Section 7.b).
- The Advisory board maintains implicit and explicit control over all "Affiliated Programs and Positions" as the final authority on the annual renewal of funding for programs, hires, and graduate fellowships ([2008 MOU](#), [2013 MOU](#), Section 7).
- The "Undergraduate Program" set forth in the CKF/FSU agreement was to be overseen by a committee of faculty approved by Koch as well as a Koch representative. There is no evidence of such a committee

convening, but the donor was able to create a course, have influence on lower-level gateway courses, establish undergraduate extra-curricular programs, and set up a certificate program. The donor was described as staking a “very broad interest in the undergraduate component of the academic program of the Economics department.” See [Chapter 3.B](#) and [Chapter 3.C](#).

- The 2011 Faculty Senate investigation identified two conflicts of interest with the donors, but this report will show that more existed (and still exist) at various levels of FSU’s administration. This includes the Board of Trustees, the Office of the President, the Dean of the College of Social Sciences, and the Chair of the Department of Economics. See [Chapter 3.D](#).

- “Principles Courses” in the Department of Economics, which are estimated to reach approximately 7,000 students per year, were overtaken by faculty affiliated with Koch’s donor agreement. The faculty investigation found that these gateway courses were “being ceded to a subset of the department that was not representative of the diverse intellectual interests of the department” ([Walker report](#), 2011).

- We observe that key administrators at all levels of administration had connections to the donors while the Koch/BB&T agreement was being negotiated, including the department chair, college dean, FSU Foundation Board, FSU Board of Trustees, and President at the time. This is an instance of “administrative capture,” where the regulatory authority of public administrators is undermined for the benefit of a private entity.

- BB&T’s Nan Hillis sits on the board of the FSU Foundation and [presented FSU with the donation](#) on behalf of the company. Her husband Mark Hillis sat with her on the [FSU Foundation's Board of Trustees](#) as well as on FSU’s [Board of Trustees](#).

-From 2005-2009, the chair of FSU's Board of Trustees was Jim Smith. In [2007](#) his son James "Clark" Smith, became a registered lobbyist for Koch Industries. Both Jim and Clark Smith are lobbyists with Southern Strategy Group, a lobbying firm [co-founded](#) by FSU President John Thrasher. Southern Strategy Group currently houses all of Koch's lobbyists in Florida, specifically lobbyists for Koch Industries, Flint Hills Resources LP, and Georgia Pacific (Koch subsidiaries).

-Then President T.K Wetherell [was a partner](#) of Southern Strategies immediately before and after serving as FSU president, and signing the first Koch agreement.

Chapter 4: Examples of Influence

4.A - Hiring

- Koch Foundation officials were found to have interfered extensively with the early hiring process of faculty, including requirement of approval on the advertisement used prior to posting ([Standley Report](#), 2011) and the conduction of parallel interviews at the professional conference where the search

committee was interviewing applicants, against the stated opposition of department officials ([Walker report](#), 2011).

- The SPEFE/EEE advisory board, which included at least one Koch Foundation representative and whose unanimous approval was required for any hires associated with the 2008 MOU, in effect gave Koch veto power over hiring of faculty. Former President Eric Barron at one point admitted that the advisory board culled a list of potential hires from 50 to 16, exercising veto power 34 times ([WCTV](#), 2011).

- The powers of the SPEFE/EEE advisory board were changed in the 2013 MOU so the advisory board's influence over hiring would change from direct veto ability to instead deciding whether a position can be funded after the university had already made a job offer to a candidate. This means the university would be on the hook for whatever offers it makes potential hires whether or not the Koch Foundation decides to fund the position, incentivizing the department to pursue more candidates that the department would find agreeable and maintaining the foundation's influence ([2013 MOU](#), Section 3.d).

- The SPEFE/EEE advisory board also had influence over the hiring of the "Teaching Specialist Position" and, through the power to decide whether or not to renew funding on an annual basis, was able to consistently maintain such influence throughout the funding period described in the agreement ([2008 MOU](#), [2013 MOU](#), Section 4).

- Hiring powers in the EEE program were extended to donor partners who took on the funding for these positions ([2008 MOU](#), [2013 MOU](#), Section 4.c).

- The Koch Foundation had influence over selection of the Department of Economics Chair, providing Dr. Bruce Benson \$105,000 to remain in the position rather than step down, which was his original intent ([Benson Memo](#)).

- A 2011 article in the Tampa Bay Times refers to Dr. Benson's explanation that Florida State University will maintain the funding for any tenure-track positions hired under the Koch agreement if the foundation draws support ([Tampa Bay Times](#), 2011).

4.B - Faculty Scholarly Activity

- The 2008 MOU stipulates the requirements for positions and programs associated with the agreement, including requirements on research and education. All programs and positions related to the agreement must also abide by Koch's Objectives and Purposes as set out in the agreement ([2008 MOU, Section 1](#)).

- Donor partner BB&T was also able to create two professorships to develop and promote a "free-enterprise curriculum" which included a donor designed speaker series and additional courses with donor required reading. ([BB&T Letter](#))

- The integrity of research from FSU's Department of Economics was called into question by members of the larger discipline of economics, calling for heightened skepticism of their peers in the peer review process when FSU research is submitted to journals ([Standley Report](#), 2011).

4.C - Donor Created Curriculum

- BB&T required the Department of Finance to add additional content associated with a "free-enterprise curriculum" to its already existent required coursework ([BB&T Letter](#)).

- Undue donor influence exists/existed in as many as 9 courses, including 3 principles courses in the Department of Economics, 2 through BB&T's program in the Departments of Finance and Economics, and 4 related to the Certificate Program established through the Koch agreement in the Department of Economics. See [Chapter 4.C](#).

- Introductory courses that were affected by the agreement all made use of some version of the same textbook, which was [ranked last](#) in economist Yoram Bauman's ranking of climate change accuracy in economics textbooks. Versions of the textbook created after 2008 include a chapter on the 2008 financial collapse that goes against generally accepted understandings of the causes of the collapse and opens with a quote from the specifically debunked (and Koch-Funded) American Enterprise Institute on this matter. See [Chapter 4.C.2](#).

- The "undergraduate program," ambiguously defined in the [2008 MOU](#), led to the creation of an undergraduate certificate program in the College of Social Sciences, and a minor in the College of Business required many of the courses created or controlled by the donor. The certificate programs were established outside of standard procedures. See [Chapter 4.C.4](#).

- Partner donor BB&T established a Minor in Free Enterprise and Ethics in the College of Business. The minor requires completion of both Principles Courses that are led by EEE (Koch-funded) faculty and includes courses that were created through the agreement. See [Chapter 4.C.4](#).

- Donors were able to pursue several extracurricular initiatives. A [faculty investigation](#) found that "The 'Economics Club' conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding". See [Chapter 4.C.5](#).

- Involvement in student activities by the donor is for the purpose of pulling students into a "talent pipeline," guiding them from introductory economics classes into the Kochs' vast academic, professional,

and political network. This has occurred at FSU through various initiatives supported by the donor; See [Chapter 4.C.5.B.](#)

4.D - Graduate Fellowships and Post Docs

- A [screening committee](#) made up of SPEFE faculty and the donor advisory board (with a CKF representative) filter for “Koch-types” who are required to comply with the Objectives and Purposes exactly as in Koch’s MOU. Koch can discontinue funding on an annual basis, and [fellows are told that the donor’s withdrawal would revert them to department funding](#); a substantial pay cut (from ~\$25,000 to ~\$17,000 per year) and a doubled workload.

- Koch/BB&T doctoral fellows [have their dissertation topics approved for compliance](#), and Koch’s standards have been applied to other graduate fellowships not related to Koch’s contract. See [Chapter 4.D.1.d.](#)

- The Charles Koch Foundation [decides on an annual basis](#) how many fellowships it wants to fund, which allowed it to control to growth of the fellowship program year-to-year.

- An internal review by [the Graduate Policy Committee](#) described several harms of the fellowships including a recruitment disparity on the basis of research topic, and an external review done along with the GPC report noted that [retention was harmed](#) by tying the highest stipends to ideologically constrained positions.

- Several post doctoral positions proposed by Koch were ultimately [funded by a partner donor, the Searle Freedom Trust](#), to support Koch fellowship recipients who went on in careers at Koch funded programs. See [Chapter 4.D.2.](#)

-Emails reveal that additional fellowships are being reserved for “Koch-types.” Administrators are seen [discussing](#) a non-Koch fellowship fund, “If we are going to offer a Manley Johnson fellowship . . . to a Koch-type student saying so in the [Koch] proposal will be helpful.” Dean Rasmussen ultimately [answers](#) “the gift is for a graduate student but we might want to have a modest preference for free market type,” ultimately allowing half of the fellows to be chosen by Koch’s screening process, and letting the department choose the other.

Chapter 5: Violations of Florida State Policies

- The faculty investigation’s [primary finding](#) was that the Koch agreement allows undue donor influence over hiring, curricular, and extracurricular programs in ways that violate academic freedom and faculty governance. They found that administrators violated faculty governance and bypassed department and university policies in order implement this. Our findings further verify this, especially revelations about the graduate fellowships.

- The Koch agreement violates numerous university donor policies, many times over.
- The donor had influence over several of the parties who negotiated the agreement, representing a conflict of interest. Other conflicts of interest include relationships between decision makers with ties to donors, including FSU's Board of Trustees and departmental review committee.
- Bruce Benson and administrators in the College of Social Sciences obscured the purpose of a \$38,000 Koch foundation grant to ensure that it would go through the FSU Foundation (tax deductible) rather than the FSU Research Foundation (not tax deductible). Though the grant was for Benson to write a book, it was [decided](#) that he "should not mention any particular output or deliverables."

Chapter 6: Misinformation

- The 2008 and 2013 MOUs "allow CKF to review and approve the text of any proposed publicity which includes mention of CKF" ([2013 MOU](#), Section 13).
- The university censored information pertaining to the relationship between the Koch Foundation and FSU, including the findings of the 2011 faculty investigation, as well as a variety of resources on the FSU Foundation's website.
- The university released information about the agreements that was misleading or false, including a ["Q&A" statement](#) on its website (since removed).
- [Emails reveal](#) FSU administrators providing false responses to questions from a Kentucky journalist.
- The statements provided to the faculty senate steering committee in 2014 by Dean [David Rasmussen](#) and economics chair [Mark Isaac](#) contained misinformation about changes made to the Koch program, and about the ["consultation"](#) role of the advisory board.

Chapter 1: Koch, FSU, and Critical Context

A. Background on Koch and Their Donor Network

1. Koch Industries

Charles and David Koch (“the Koch brothers”) own Koch Industries, the second largest private corporation in the United States, with an estimated annual revenue of \$100 billion according to [Forbes](#). Koch Industries is a highly diversified conglomerate, with interests in fossil fuels, petrochemicals, cattle, forestry, hedge funds, and commodity trading. Many critics point to the corporation’s history of flaunting regulations and political maneuvering as major reason behind its success. In fact, Koch Industries has a criminal record that dwarfs virtually every major corporation currently operating in the United States.

Over the last few decades, numerous government entities have found Koch Industries in violation of the law. The [Department of Justice](#) found that Koch elaborately covered up the illegal dumping of at least 91 tons of benzene into Texas waterways in 1995. The [Environmental Protection Agency](#) found in March of 2000 that Koch Petroleum concealed and underreported the dumping of high ammonia wastewater and jet fuel in Minnesota. A [U.S. Senate investigation](#) found Koch Oil, a Koch Industries’ subsidiary, to be “a widespread and sophisticated scheme to steal crude oil from Indians and others through fraudulent mis-measuring and reporting.” The report ultimately found the theft of at least \$31 million dollars’ worth of oil from Native American lands. In a 1999 civil trial, the jury found [Koch Industries guilty for negligence and malice](#) after two Texas teenagers were killed when a decaying gas pipeline owned by Koch exploded.

Regulations interfered with the Koch business model and as increasing penalties dogged the corporation in the 2000’s, the Kochs stepped up their elaborate political struggle against government oversight. The most well-known of these activities has been a wave of “dark money” flooding into elections in order to elect corporate-friendly politicians. In 2016, the [Federal Election Commission](#) announced it would “fine three [Koch affiliated] dark money groups a total of \$233,000 for concealing the sources of funds spent on political ads in 2010.”

Koch has facilitated a network of political and corporate donors who spent hundreds of millions of dollars on an “integrated strategy” that orchestrates political spending, political front groups, think tanks, and universities in order to advance a deregulatory (“free-market,” “free enterprise”) political agenda.

The Koch foundation's Charlie Ruger described the motivations of their partner donors:

CKF and our partners put together have committed about 170 million dollars in resources over, let's say, the next 5 or 6 years to these center projects. Only about 40% of that comes from the Charles Koch Foundation. The rest comes from **a network of business leaders from across the country who see our system of free enterprise as being in great peril, and they're willing to put all of their resources, their fortunes, on the line, to help that not happen** (Ruger, [Successful Models of Programs in Private Enterprise](#), APEE 2016). (Emphasis added.)

2. Charles Koch and the Charles Koch Foundation

In 1974, as President and Chairman of the Institute for Humane Studies, Charles Koch spoke on the urgency of U.S. businesses to politicize the universities in favor of free-enterprise:

Although much of our support has been involuntary through taxes, we have also contributed voluntarily to colleges and universities on the erroneous assumption that this assistance benefits businesses and the free enterprise system, even though these institutions encourage extreme hostility to American business. **We should cease financing our own destruction ... by supporting only those programs, departments or schools that "contribute in some way to our individual companies or to the general welfare of our free enterprise system."** (Charles Koch, 1974, [Anti-capitalism and Business](#), pg 4) (Emphasis added.)

The Chair of Florida State University's Department of Economics, Dr. Bruce Benson, was the lead recipient of Koch funding at FSU. In a 2007 memo, he corroborates the Koch foundation's political agenda, and the ultimatum he accepted:

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 ([Benson Memo](#), pg 1).

3. Structure of Social Change

The strategy currently employed by Koch Industries for political change was developed for Charles Koch in the late 1970's by Richard Fink.

Fink has served as an Executive Vice President of Koch Industries, CEO of Koch Companies Public Sector (Koch's lobbying arm), President of the Charles Koch Foundation, and was a co-founder (with Charles Koch) of the Mercatus Center at George Mason University in 1978.

He created a strategy, "[the Structure of Social Change](#)", based on a model of industrial production created by Austrian economist Friedrich Hayek. Instead of a company making a product as described in Hayek's model, Fink's version provides the method for a private donor to produce policy change.

Fink's adapted three-part model is funded entirely by private donors. The first step is the production of desired academic research ("intellectual raw materials"), which in the next step a think tank molds into policy recommendations ("usable form"), and finally, corporate funded front groups ("citizen activist groups") give the appearance of public support for the policies.

According to the model, the end result is "the implementation of policy change," which they also call "transforming ideas into action."

4. Koch and Donor Network

The Kochs have successfully implemented the Fink model of creating social change. Since 2003, the orchestration of Fink's "integrated strategy" has taken place at highly secretive, bi-annual "donor summits" hosted by the Kochs. An organization called the [Freedom Partners Chamber of Commerce](#) emerged from the summit in 2011, and its members fund the various parts of Fink's model: a *network of universities, think tanks* (the [State Policy Network](#)), and *astroturf ("grassroots") groups*, the most prominent of which is [Americans for Prosperity](#).

In the beginning of 2016, Koch officials projected that Freedom Partners would raise \$899 million for the 2016 election year. Charles Koch told [USA Today](#) that about a third, \$300 million, would put towards direct political spending, saying "a good part of the rest is education and research."

In a [2007 memo](#), the chair of Florida State University's Department of Economics, Bruce Benson, described the Koch agreement to faculty, including the role that the political donor network plays and the way in which university faculty are invited to participate at donor summits:

Koch is not proposing to provide all \$7 million. Charles Koch has organized a group of Foundations with similar agendas that meet twice a year to discuss funding strategies, etc. If some version of this proposal is agreed to, Koch will invite representatives from FSU to these meetings, introduce us, allow us to make our pitch, and encourage others to join them in funding the program. Koch has a huge endowment, and if this works out, they are likely to provide more support in the future . . .

However, they also want FSU to demonstrate a commitment to the program (e.g., make a sincere effort to raise other money from their network of foundations). Note in this regard, that a similar arrangement was worked out at George Mason University recently, with a \$7 million objective, and they ended up getting over \$8 million ([Benson Memo](#), pg 1).

5. Political Intent of Academic Programs

Koch's donor summits are highly secretive, but on several occasions, documents and recordings have leaked to the public.

The [Center for Public Integrity](#) published leaked recordings from inside a 2014 summit where Koch officials explain the political intent of their campus "philanthropy." On a panel entitled "[Leveraging Science and Universities](#)," the Vice President of the Charles Koch Foundation (and Koch Industries' Vice President of Special Projects), Kevin Gentry, bragged about training and recruiting students for Koch's political activities, and how they fit into the Structure of Social Change:

So, you can see that higher education is not just limited to impact on higher education. Students who aren't interested in becoming professors, but are interested in what we're -- got to be careful how I say this -- more broadly, are very interested and then they, they populate our, our program these think tanks, and grassroots. And as we pointed out, that group of students taught in these centers, that we've been able to produce two million or so grassroots.

[...]

The network is fully integrated, so it's not just work at the universities with the students, but it's also building state-based capabilities and election capabilities and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it (Gentry, [session transcript](#), pg 32). (**Emphasis added.**)

Gentry's next statement underscores the degree to which the "integrated strategy" is executed-- university donations were solicited in the same room as political contributions:

And because we're (inaudible) well-being, a lot of our current resources are focused on economic freedom and are focusing on electoral process. We're trying to launch a new institution focusing on experimentation with well-being (inaudible) population. **So I hope that those of you that are excited about the electoral process, you'll invest there. Those of you who are excited about universities, invest there. . .**

[T]his network is focused on 32 priority states which the population, **the culture of freedom, that will not just change the policies of those states, but also have a significant impact on the federal government** (Gentry, [session transcript](#), pg 32). (Emphasis added.)

This “talent pipeline,” referred to by Gentry in the recording, is constructed and maintained by several organizations funded by the Koch network, with funding provided by Koch’s network of donors and donor advised funds.

6. The Association of Private Enterprise Education (APEE)

The Association of Private Enterprise Education (APEE, pronounced like “happy”) is an organization critical to expanding the Koch network’s academic programs. It also serves to coordinate academics with think tanks in the State Policy Network.

[APEE’s website](#) lists its mission as “Revealing the Invisible Hand through Education.” Perhaps more clearly, on the APEE 990 tax forms, under “briefly describe the organization’s mission,” the response is spelled out clearly: “PROMOTE FREE ENTERPRISE.”

The group [self-describes](#) as “an association of teachers and scholars from colleges and universities, public policy institutes, and industry with a common interest in studying and supporting the system of private enterprise.”

The most prominent “industry” member is Koch Industries, with Koch foundation’s VP of Higher Education, Ryan Stowers, sitting on with APEE’s executive committee from 2012-2016. The rest of the committee is made up primarily of professors funded by the Koch Foundation.

APEE’s [website claims](#) to be “instrumental in establishing Chairs and Centers of Private Enterprise in colleges and universities, which in turn develop courses and programs reaching tens of thousands of students each year.” APEE’s “[m]embers serve in advisory capacities to governmental bodies dealing with economic policy, taxation, and other issues on national, state, and local levels.”

Members of UnKoch My Campus and FSU Progress Coalition attended the 2016 APEE conference, recording many sessions. Aside from providing “program support” for the conference, the Charles Koch Foundation guided much of the discussion, moderating five sessions.

The Charles Koch Foundation’s Director of University Investments, Charlie Ruger, acknowledged Fink's model and the explicit political goals of Koch’s academic programming on an APEE 2016 panel with Koch funded professors:

We do this because, professors with certain classical liberal sympathies are outnumbered in the academy about 125 to 1, [...] you know, those 125 professors aren’t just quietly stewing about how much they dislike classical liberal ideas. They’re actively taking the opportunity to fight against liberty, against freedom.

So, when we go to build new academic institutions in partnership with the universities, we're doing it because **in order to, you know, make a dent we're gonna need to have a disproportionate impact.**

[...]

it's not just funding summer salaries or funding for individual research projects, it's got to do with taking those ideas, taking that research, and bringing them out of the academy. So, we want these great ideas of the APEE network to be applied the way we think about it at least, across sort of an integrated structure of production for culture change.

[...]

They can also play an interesting role in engaging with different kinds of stakeholders in these social institutions. **That can mean arranging state legislative testimony to make sure that, you know, these kinds of ideas have a seat on the table in public policy.**

[...]

And it's not just the money, we also bring a network with us. So, the Charles Koch Foundation does a lot of funding of universities and higher education institutions over all, but **we've got a constellation of network organizations that are focused on applying what comes out of universities to change the world.** And so, that's sort of the core of the partnership. Money plus the network (Ruger, APEE 2016, [Successful Models](#)).

At the 2015 APEE conference, Richard Fink presented his model, the Structure of Social Change, using the visualization below to describe to the students and faculty in the room the role that academics play in transforming "Ideas into Action."

In this report, we utilize remarks by Koch-funded professors and Koch foundation officials from the APEE 2016 conference to illustrate Koch's higher education agenda. These quotes will be used throughout the report to confirm intent behind certain practices implemented by the Koch network and participating academics.

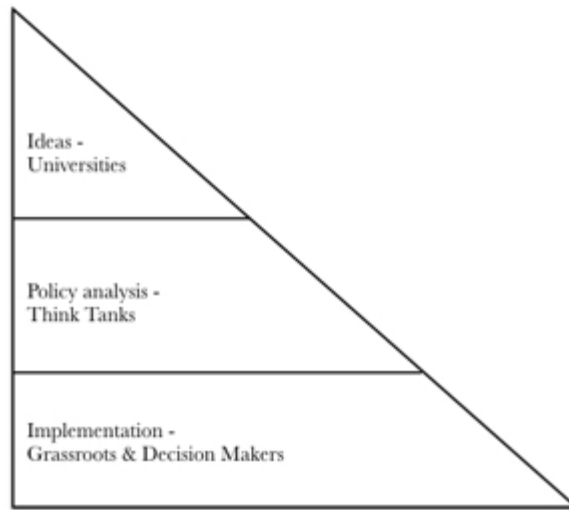


Figure 1 shows the diagram presented by Richard Fink at APEE 2015, on the Structure of Social Change, “Ideas Into Action: Applying Hayek,” as reproduced by the Liberty Fund’s [David Hart](#).

Chapter 1.B: Timeline of Koch at FSU (2007-2016)

1. Conflicts of Interest, Threats, and Intimidation

The original agreement between Florida State University and the Charles Koch Foundation was negotiated in 2007 between the Koch foundation's Director of Policy Research, Matt Brown, and the chair of the FSU's department of economics, Dr. Bruce Benson. The lead recipient of the Koch funding was to be Benson.

During this time, Matt Brown was also a graduate student in Florida State's department of economics, and Dr. Benson was his adviser. According to CKF tax documents, Matt Brown made over \$500,000 between [2007-2009](#), and was CKF's highest paid employee in [2008](#).

In a 2007 memo describing an \$105,000 budget line item, "Benson as chair," Benson includes a conditional payment to himself:

Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so and this line item reflects that effort ([Benson memo](#), pg 2).

A faculty investigation found that Matt Brown also received a Koch fellowship:

A further egregious conflict of interest was apparent in the development and implementation of the Koch agreement. An FSU PhD student for whom the department chair was major professor worked for Koch, wrote the initial proposal, received a Koch fellowship funded via the agreement, helped negotiate the agreement proposing that Benson remain chair and be given administrative pay raises, and reported to Benson on Koch interests in faculty selection and hiring, etc. ([Standley report](#), finding 3.e).

One co-chair of the faculty investigation described this as a "two-fold conflict-of-interest" ([Walker report](#), finding 5, pg. 7). This was affirmed in a [2011 letter](#) from President Eric Barron to the Dean of the Faculties, calling it "a clear conflict of interest that should have been revealed and avoided." See [Chapter 5.D](#) for more details.

A Faculty Senate investigation found that, despite "extreme dissent" from faculty in the Department of Economics, the agreement with the Koch foundation was forced through as a "done deal," using "threats" and "intimidation" of the faculty:

The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function ([Standley report](#), Finding 2).

The faculty investigation also found that the economics department’s own internal governance was so minimal that it did not allow for faculty to protect themselves against what they perceived as violations of governance and academic freedom, or potential retaliation. The donor secured their intent through administrative force:

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

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

2. Scope of CKF Programs

In the summer of 2008, a [Memorandum of Understanding](#) (MOU) between the FSU Board of Trustees, the FSU Foundation, and the Charles Koch Foundation (CKF) was signed.

This agreement established the Program for the Study of Political Economy and Free Enterprise (SPEFE) and the Program for Excellence in Economic Education (EEE). These programs are housed in the [Gus Stavros Center](#), a standalone center within FSU’s College of Social Sciences.

The Professorship Positions affiliated with SPEFE consist five positions over the course of six years; \$2.097 million for two Assistant Professorship Positions and \$3.455 million for three Advanced Professorship Positions.

In aggregate, these programs are referred to as the “Affiliated Programs and Positions,” all of which are contractually obligated to comply with CKF’s “Objectives and Purposes” as stated in section 1.a of the MOU.

In a statement from FSU President Eric Barron, it is revealed that the Koch foundation (which he calls “KCF,” for “Koch Charitable Foundation”) exercised veto power 34 times during the hiring process, culling a list of fifty applicants down to a list of sixteen:

[F]aculty did send this list of 50 potential candidates to the three-person advisory committee, and the advisory committee narrowed the list to 16. Yes, the KCF representative [Anne Bradley] weighed in on who on the list of 50 candidates she thought were qualified. The three-person advisory board had to be unanimous in its choices of finalists, so yes, any one of the board members could have denied a candidate. And yes, members of our faculty worried out loud about what criteria the KCF representative might apply. But the faculty interviewed some of the 16 recommended by the advisory board, and they also interviewed others not on this list.

In the end, the faculty offered the job to one individual of the 16, but that person took a job at Cornell University instead. The faculty also proposed hiring one person who was not one of the 16 from the list of 50 candidates, and no objection was offered by the advisory board. At the same time, the faculty had a separate candidate search going on involving a position funded by the university’s Pathways of Excellence hiring initiative. The faculty proposed to offer a position to an individual from this group of candidates using KCF funds, and this too received no objection from the advisory board. So in both cases, the choice of the faculty was honored ([WCTV](#), May 17 2011).

Barron maintains that “the economics department controlled the search,” which glosses over the failed initial search controlled by the Koch foundation.

Koch proposed \$544,000 over 5 years to create a “Teaching Specialist Position” that would be “affiliated with both the FSU Economics Department and the EEE program.” The DeVoe Moore Center is named as a donor partner in a three-year provision of \$90,000 for the “Undergraduate Program.”

The 2008 MOU also includes \$300,000 for a “Post Doctoral Program,” though it was not defined elsewhere in the MOU. This program has been supported by other members of Koch’s donor network. See [Chapter 4.D](#) for more information.

The \$105,000 line item that previously read “Benson as chair” in [Benson’s memo](#) still exists in the final MOU, but was changed to read “Administrative Costs.” Benson did serve as chair for three years, as stipulated by the Koch foundation.

Though not included in the MOU, Koch established a program of Graduate Fellowships whose recipients are [required to comply with Koch’s Objectives and Purposes](#). Records requests show that a Koch foundation representative sits on the fellowship screening committee, which is made up of SPEFE faculty and the SPEFE advisory board, and that [doctoral fellows have their dissertation topics vetted for compliance with Koch’s Objectives and Purposes](#). This is covered in greater detail in [Chapter 4.D.1](#).

Prospective fellows are informed that if their topics do not comply, they will lose their funding and be switched to departmental support, amounting to a substantial pay cut and a doubled workload See [Chapter 4.D](#).

Koch’s “Undergraduate Program” included the creation of a Certificate Program in Markets and Institutions, allowing Koch and BB&T to influence at least eight courses (see [Chapter 4.C](#)). A 2015 [internal budget document](#) reveals that, since 2008, the Koch foundation has contributed \$3,168,816 in total: \$1.5 million for faculty support, \$1,530,166 in graduate fellowships, \$88,650 in undergraduate programming, and \$50,000 in course support.

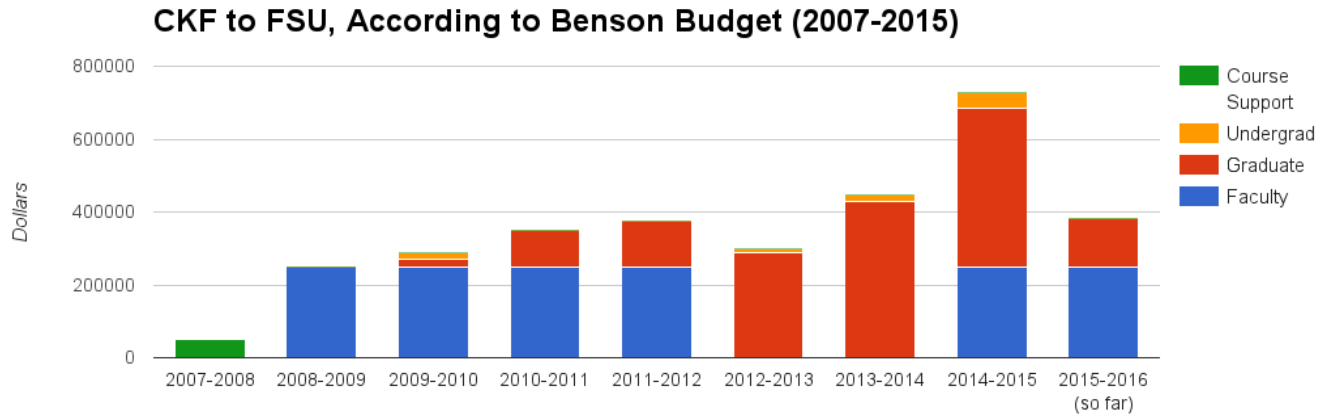


Figure 2 depicts Bruce Benson’s account of Koch Foundation funding from 2007 to mid-2015

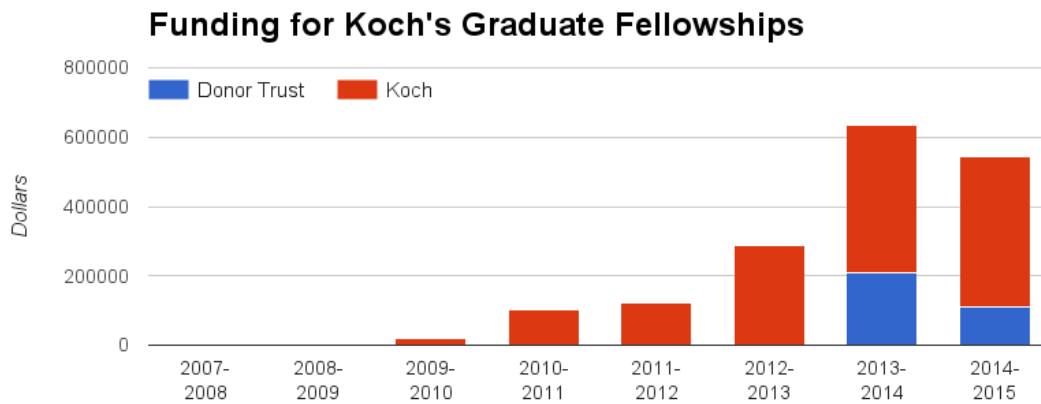


Figure 3 depicts funding for Koch’s Graduate Fellowships 2007-2015

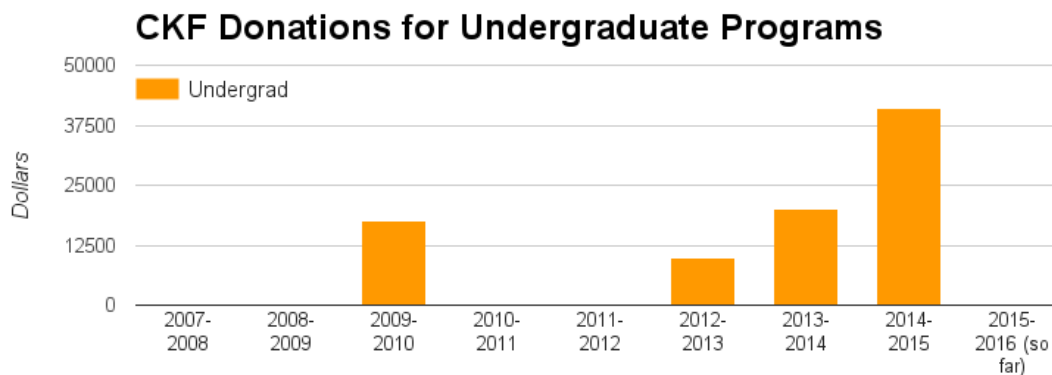


Figure 4 depicts Bruce Benson’s account of Koch’s funding for the “Undergraduate Program”

3. Censorship, Misinformation, and Media Coverage

The Koch and BB&T agreements were made public in 2011 by FSU faculty members, and nationally criticized for allowing donor influence over tenure track hiring. President Eric Barron, who was not in office when the agreement was signed, initially made a statement denying that any influence existed. From the beginning, Barron narrowed the focus of his response to the tenure track hires, as seen in his response to Kris Hundley's Tampa Bay Times article:

She wrote that the agreement has given the Koch Foundation "the right to interfere in faculty hiring" and goes so far as to say faculty only retain an "illusion of control" with regard to hiring decisions [...] Hundley has misconstrued the facts.

[...]

To be crystal clear: The Economics Department Executive Committee initially screened the candidates, and the Economics Department Executive Committee had the final vote. The Koch Foundation does not hire faculty. Nor does it exercise control over course curricula. Academic freedom has not been compromised in any way ([Tampa Bay Times](#), 12 May 2011).

As a result of public outcry and student protests following the announcement, Barron released a more detailed statement that only served to praise faculty and staff involved:

Clearly, Florida State University did not sell its academic soul, as some seem to eagerly want to contend. Clearly, much of what has been written has been distortion of reality. We did not deserve the attack on our integrity. Certainly, our Economics faculty deserve much more credit for actively debating their concerns and then for committing themselves never to compromise their high scholarly standards, and university leadership through Dr. Bradley deserves credit for supporting the independence of our institution ([WCTV](#), 17 May 2011).

The next day, President Barron asked FSU's Faculty Senate to review the agreement:

As you know, my interviews indicated that, even though there was the potential for interference, our faculty played expected and appropriate roles, and the faculty searches yielded candidates that are true scholars. [...] However, I also know that some faculty members worried about outside influence, that the level of influence was actively discussed by the department, and that some may have felt that the level of influence was problematic.

Given the importance of the issue of academic integrity, **I would like to formally ask that the Faculty Senate set up a committee to examine the issues surrounding the Koch Foundation agreement and its implementation** to ensure that the integrity of Florida State University was protected ([WCTV](#), May 18, 2011). (Emphasis added.)

The Faculty Senate Steering Committee formed an Ad Hoc committee to perform the investigation with co-chairs Dr. Jayne Standley and Dr. Eric Walker at the lead. The report's primary findings were counter to the position of President Barron:

The committee determined that **the Koch Memorandum of Understanding as currently written allows undue, outside influence over FSU's academic content and processes**, a codified "danger that the doctrine of academic freedom is designed to avoid" ([Standley report](#), Finding 3) (Emphasis added).

The report's primary recommendation was to cut the university's relationship with the Koch foundation:

To protect and restore the academic integrity of The Florida State University, we recommend the following actions:

1. Consider terminating the Koch amendment. It is very tainted by having crossed the line on giving undue influence in return for money and the receipt of negative national publicity on this issue. It may not be "fixable" since FSU's academic integrity has been jeopardized ([Standley report](#), Recommendation 1).

On July 15, 2011, the final faculty senate ad hoc committee [report](#) was published. Omitted was the vast majority of the investigation's findings and recommendations, including the reversal of the primary finding and recommendation that the contract be terminated for violating academic freedom and faculty governance. The figure below shows how much of the original findings and recommendations were suppressed.

In an interview with FSU Progress Coalition, Dr. Walker said that he and President Barron revised the report. According to 2014 [email correspondence](#), it appears that Dr. Standley was not aware of the drastic differences between her draft, and the final report:

Here is the file on my computer. Unfortunately, I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations. Eric Walker may have the later file that is the official final report ([Standley to Tyson](#), November 18 2014).

Despite being in direct contradiction with Jayne Standley’s version of the report, the main finding of the [Walker/Barron version](#) states that “the faculty hiring to date associated with the agreement has been appropriately governed and managed by FSU faculty and administration,” which aligns with Barron’s narrow viewpoint. It also contradicts the omitted findings of the Standley report. See the figure below for a sense of how much of the initial report was suppressed.

**This is the report of the 2011 faculty investigation.
The **BLACKED OUT** information was suppressed entirely.**

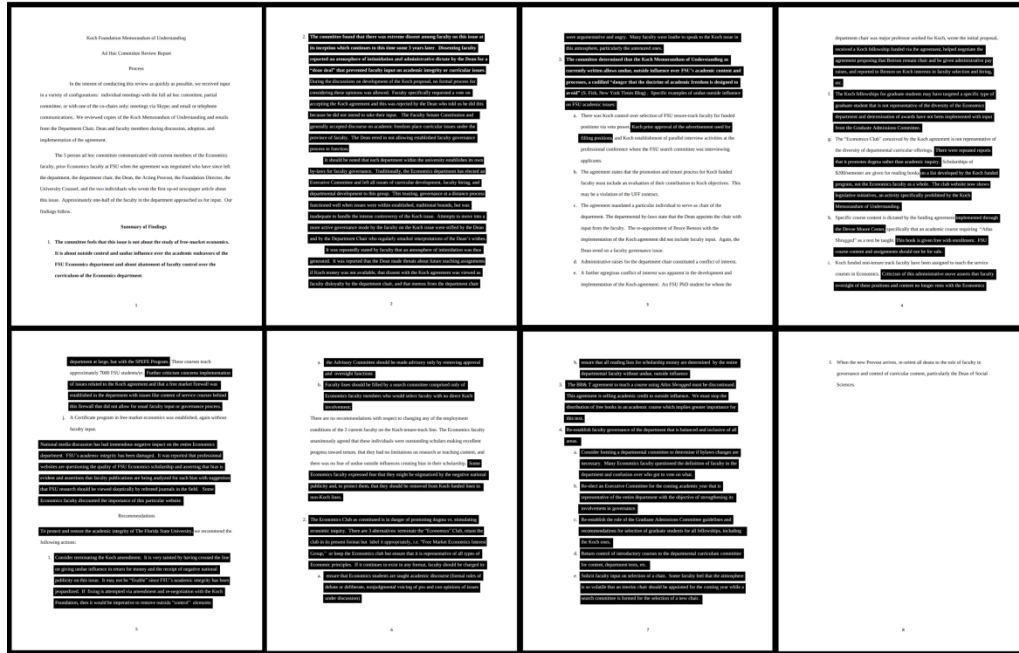


Figure 5 depicts the missing findings and recommendations.
[Click here](#) to view an interactive version.

The next major finding, also narrowed, states a watered-down account of the facts: “the donor Memorandum of Understanding (MOU) elsewhere **contains several phrases that could open the possibility of undue outside influence** in the hiring process” (Emphasis added).

President Barron affirmed the edited findings, stating “[t]his report confirms my assessment that Florida State maintained a high level of academic integrity in the process of searching for two new faculty members in the economics department three years ago” ([WCTV](#), 18 July 2011).

Though it was not announced publicly, [faculty emails](#) reveal that Dean Rasmussen was sent a letter of reprimand for his missteps during the creation of the agreement, and Bruce Benson resigned as chair. Benson was replaced by Dr. Mark Isaac, an affiliate of Koch’s SPEFE program.

The Tampa Bay Times reported on the release of the faculty report the day it was published:

Nothing went wrong, but it could have. That was the conclusion of a Florida State University review of a controversial contract with a conservative billionaire that came under fire earlier this year ([Tampa Bay Times](#), 15 July 2011).

The News Service of Florida's headline "FSU Faculty approves Koch deal, with caveats" (Lily Rockwell [News Service of Florida](#), 18 July 2011).

By July 19, four days after the release of the faculty report, the Chronicle of Philanthropy's headline read "Florida State U: Review Finds No Undue Donor Influence," explaining:

A Florida State University review has concluded that the libertarian billionaire Charles G. Koch's foundation did not influence the institution's hiring of faculty members to fill positions paid for with the philanthropist's money...[...]Eric Barron, the university's president, said the review "repudiates the claim" that the school ceded academic integrity in hiring professors to teach a Koch-financed class on free-market principles ([Chron. of Philanthropy](#), 19 July 2011)

In 2014, FSU representative Dennis Schnittker, the Director of University News & Digital Communications, would tell the Center for Public Integrity that "[o]ur work with CKF has always upheld university standards" (Center for Public Integrity, [September 2014](#)). See [Chapter 5](#) for full account of Explicitly Violated University Policies.

4. Revival of the Agreement

Two years after the 2011 review, and without departmental, university, or public notice, the CKF/FSU agreement was amended and re-signed ([2013 MOU](#)). This was discovered in 2014 by members of FSU Progress Coalition, who were the first to point out that:

The new agreement with Koch, signed by both ex-President Barron and current Interim President Garnett Stokes, still contains many provisions from the original agreement that were explicitly rejected by the faculty senators who reviewed it (Progress Coalition, [Tallahassee Democrat](#) op-ed, 7 April 2014).

Throughout 2014, incoming FSU President John Thrasher was under mounting public scrutiny regarding the flawed presidential search and his political contributions from Koch Industries and ties to Koch backed groups like the [American Legislative Exchange Council](#) (ALEC).

Among the several demands FSU Progress Coalition made upon his taking office was that a second faculty review of the new Koch agreement take place, and that Thrasher schedule a follow up public meeting.

In January of 2015, a graduate [student Op Ed](#) was published in the Tallahassee Democrat describing exactly which recommendations of the 2011 faculty report had not been implemented. In response, Thrasher canceled the meeting with students and faculty, and released a statement dismissing the criticisms:

Contrary to misinformation being circulated, the current version of the agreement contains no provisions that violate the academic freedom of the faculty or the students or threaten the integrity of the university's policies regarding faculty governance ([Thrasher letter](#), January 2015).

In a three-page letter, he cites statements provided to him by Dean Rasmussen, Mark Isaac (chair of the economics department), and faculty senate president Gary Tyson on behalf of the Faculty Senate Steering Committee. Find the entire letter in [Appendix: John Thrasher's Letter](#).

Records requests produced considerable detail into the processes involved in the collection of these statements.

5. A Second Faculty “Review”

(To find a complete account, see [Chapter 2.B](#). For a timeline of email correspondence, see [Appendix 3](#))

As early as [November 10, 2014](#), John Thrasher's administration had [drafted](#) a response to student demands, including the demand to have the faculty senate examine “circumstances leading up to” the 2013 contract, “including administration's failure to follow through with Faculty Senate and presidential recommendations.”

Faculty Senate President Gary Tyson wrote to the faculty senate steering committee that “[w]e have been asked to provide our opinion on the second agreement to indicate whether we feel that the changes made addressed the concerns and recommendations in the report.” ([Tyson to faculty](#), Nov 24 2014).

Provost Stokes and VP of Faculty Advancement McRorie conveyed their early assurances that the rest of the students' demands “[have] been addressed in policies adopted over the past few years” ([FSSC Correspondence](#), November 26 2014). (This may refer to the changes in gift acceptance policy that were requested by President Barron in 2013).

The second review was based on the recommendations of the censored report, not the findings of the faculty investigation.

On November 18, Dr. Tyson asked Jayne Standley for a copy of the 2011 faculty report. As quoted above, she [responded](#) with an attachment of her original version, explaining that “I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations ([Standley to Tyson](#), Nov 11, 2014). Tyson withheld this version from the committee, sending the edited version to the steering committee two days later.

Upon seeing this version (apparently for the first time), Standley sent an email to Walker, clearly indicating she was not aware of the differences in the two versions, asking about several missing recommendations including “[w]hat happened to the recommendations to reprimand the Dean [Rasmussen] and to fix the conflict of interest with the Chair [Benson] and the PhD student [Brown]?” ([Standley to Walker](#), Nov 21 2014).

Despite this revelation, Standley is not seen discussing the issue again, writing to the steering committee that “the Koch agreement issues related to faculty control of curriculum and academic freedom were addressed and there is no longer a conflict” ([Standley to FSSC](#), Nov 24 2014).

The second review was based largely on statements prepared by Dean Rasmussen in collaboration with the Koch foundation.

Further discussion is based almost entirely on statements from Dean Rasmussen and economics chair Mark Isaac sent on Dec 1.

A question was raised by the steering committee on December 4 regarding the definition of “consultation” in the description of Koch’s advisory board. A response sent by McRorie on December 5 was drafted by Dean Rasmussen.

If Standley’s findings had been known by the steering committee or other administrators, it would have been apparent that Rasmussen was not an objective source of information on the Koch agreement.

The remarks of Dean David Rasmussen and Chair of the Department of Economics Mark Isaac were both cited both John Thrasher, and were provided as resources for the faculty review.

Documents obtained through records requests show that Dean Rasmussen travelled to Arlington, Virginia to speak with the Charles Koch Foundation’s John Hardin on November 19. Rasmussen wrote, “[w]e have something substantive to discuss tomorrow as a result of our new president's "information" session with some student protesters. I think you will find it interesting.”

Two days after their visit, Rasmussen wrote “The president has called [a] meeting on Monday and I will make the case for supporting academic freedom” ([Rasmussen to Hardin](#), November 2014).

[Rasmussen’s statement](#) to the faculty does not mention “academic freedom,” but Mark Isaac’s does:

Speaking officially only for myself (although my sentiments would surely be shared by the vast majority of other members of our department) I believe that any attempt by anyone (students, faculty, external pressure groups) to tell a member of my department "You may not make a grant application to Foundation X because we don't like Foundation X," is, at a minimum, a gross violation of academic freedom ([Isaac to McRorie](#), 1 December 2014).

As a SPEFE professor, Mark Isaac abides by the donor’s Objectives and Purposes.

The findings of the review appear to have been largely predetermined through conversations with administrators outside of the steering committee.

The “review” did not consist of a report, or a methodology, resulting in a [\(half page\) statement](#) that mirrors the original administrative position.

On November 18, Tyson asked Standley for a copy of the faculty report, explaining that “[t]he administration wants to put out a press release and I would like to refer to the report before commenting” ([Tyson to Standley](#), November 18 2014).

On [December 1](#), Sally McRorie wrote to Tyson, Rasmussen, and Isaac that “it’s clear from all conversations what the judgment from you and your colleagues is.” This suggests that Tyson had made assurances that faculty would favor the administration’s position well before the steering committee had met in person to discuss the matter on December 3. This was before faculty had seen the remarks of Rasmussen or Isaac on December 1, or asked and received clarification (ultimately from Rasmussen) on the function of the CKF advisory board on December 5.

On December 5, McRorie provided Tyson with an answer ([drafted by Rasmussen](#)) to the faculty’s “consultation” question. Tyson [informed](#) McRorie that he would forward it to the other members of the committee and return a short message, assuring her that their conclusion “will be that we are fine with it.”

A very short statement of blanket approval of the agreement was drafted by Tyson and sent to Walker on [December 12](#). On [December 18](#) Tyson sent it to the steering committee, asking for their opinions by December 25. December 18, McRorie [urged Tyson](#) to deliver a faculty statement “as soon as possible.”

Tyson [responds](#) that he sent a draft and was waiting to hear back from two more members. Grammatical edits were made to the statement by FSSC members [Kristine Harper](#) and [Sandra Lewis](#).

On December 22, steering committee member Nancy Rogers called into question the spirit and letter of Tyson's statement:

I apologize for not responding sooner; I haven't had time to check my e-mail regularly. [...] I'm wondering why we would want to state that the Koch agreement is fine without even mentioning our reservations. Unless I seriously misunderstood our conversations about the agreement, not one of us thinks it is a good idea. Even if it technically meets the minimum standard for faculty governance (and we don't actually know whether it's being followed to the letter, let alone exactly what some of the strategically vague language means), I was under the impression that we wouldn't want to endorse it. I personally do not want to send a memo that declares the Koch agreement acceptable without also stating legitimate concerns ([Rogers to FSSC](#), December 22 2014).

Unfortunately, Rogers' objections were too late, as Tyson had already [submitted the statement](#) to administrators three days earlier (December 19), just one day after the steering committee was given a week to approve it.

6. The Quiet Transition of SPEFE to Hilton

One month earlier, during the first week of Thrasher's presidency, records request revealed that his administration asked Mark Isaac how he "would react to just canning the MOU." Isaac claimed to have responded; "as long as it didn't threaten our ability to get Fellowship grants I didn't have any problem with it." Dean Rasmussen, who visited the Charles Koch Foundation the next day, confirmed that he would propose to Koch "that we (or they) sunset the MOU" ([Isaac to Rasmussen](#), Nov 18, 2014).

The director of Koch's SPEFE/EEE program, Dr. Bruce Benson, was leaving in 2016, but other parts of the program continued to exist under new Koch hires and the new Hilton program. In the same email, Mark Isaac seemed to suggest that the Hilton hire was related to replacing Bruce Benson, recounting his meeting with Provost Garnett Stokes, "I just didn't think I could start a side conversation about Bruce's retirement, then hiring early, then not hiring early because of Hilton, etc."

According to archival searches of the College of Social Sciences website, the SPEFE program was renamed the "Markets and Institutions Group" sometime between [November 18](#) and [December 20, 2014](#). Between [September 19, 2015](#) and [April 4, 2016](#), the Markets and Institutions Group disappeared from the COSS website, and its affiliated faculty are shown instead as affiliates for a newly created L. Charles Hilton Jr. Center for the Study of Economic Prosperity and Individual Opportunity.

The Hilton Center originally began as the L. Charles Hilton Distinguished professorship in Economic Prosperity and Individual Opportunity, established by a \$600,000 recurring appropriation from the state

legislature in June 2014, described as “a joint initiative of Senate President Don Gaetz and House Speaker Will Weatherford:

to recruit and employ a nationally-renowned academic leader who will teach in Florida State University’s College of Social Sciences and Public Policy with a tenure home in its Department of Economics and an appointment within the DeVoe Moore Center. In this capacity **this scholar will conduct research on markets and the institutions that play an important role in determining economic prosperity and individual opportunity**. The Hilton Professor will also coordinate a national symposium to discuss and share best practices among the states in achieving these goals ([Senate Press Release](#), June 2014).

A 2015 COSS report explained that “[r]esearch in markets and institutions has a long tradition in our Department of Economics. . . The new Hilton Professorship promises to advance this research even further” ([COSS](#), 2015).

The 2014 [College of Social Sciences release](#) added that “in addition to [the professor]’s salary and the annual symposium, the funding will also support graduate student research and travel.” See [Chapter 4.D](#) for details on Koch graduate fellowships.

It was announced in the summer of 2016 that the Hilton center would receive \$539,000 from the Charles Koch Foundation to “support a post-doctoral fellow, three Ph.D. students over five years, and research **in the area of markets and institutions**” ([FSU News](#), 21 June 2016). (Emphasis added.)

It stands to reason that the findings in [Chapter 4.D.1](#) continue to apply to this growing system of fellowships, namely that Koch foundation representatives sit on the fellowship screening committee, made up of SPEFE faculty and the donor advisory committee, and that doctoral fellows have their dissertation topics vetted for compliance with Koch’s Objectives and Purposes.

7. Donor Policy Skirmish

In 2011, on the same day that the faculty senate report was published, President Barron sent a series of letters to administrators regarding the faculty findings. In a [letter to Dean Rasmussen](#), Barron wrote that “I have tasked Vice President Jennings to review Foundation policies and to take actions to ensure that all gift agreements adhere to our academic principles.” These recommendations are found in Barron’s [letter to Tom Jennings](#), the President of the FSU Foundation.

Several revisions were approved and implemented as FSU’s [2013 Gift Acceptance Policy](#).

In the spring of 2015, FSU Progress Coalition discovered that the FSU Foundation was revising this policy again, without having notified the campus’ academic community. The FSView reported:

Dr. Matthew Lata, a professor at the College of Music and president of the FSU chapter of the United Faculty of Florida, said he was also caught off-guard by the Foundation's policy review. Lata says he has grown increasingly concerned as most of the faculty and student body were not informed of the process.

"We're worried about the changes being made because they give administrators greater leeway to define conditions under which contributions are made," Lata said. "We're concerned that changes are being proposed to the gift policy that could affect academic freedom" ([FSView](#), 4 June 2015).

Progress Coalition prepared [a report on FSU's donor policy](#) as public comment, outlining the problems with the Foundation's proposed revisions, as well as weaknesses in existing policy.

The report also specifies the numerous donor policy provisions clearly violated by the Koch foundation agreements. The report recommended several revisions to the donor policy. Several [were adopted](#) by the FSU Foundation, but these were minor revisions, and the meaningful recommendations were disregarded.

The Koch program at FSU has allowed several partner donors to share in the undue influence, including BB&T and Manuel Johnson (2010 summit attendee). Funding has also come from Donors Trust and Donors Capital Fund, two "donor advised funds" controlled by members of Koch's network, as well as the Searle Freedom Trust.

According to a [2013 study](#) in the journal *Climate Change*, the Koch family foundations, Searle Trust, DonorsTrust and Donors Capital Fund are among the top 10 organizations funding climate change denial in the United States.

8. Expansion of Politicized Programs at FSU

Florida State University announced in [June 2016](#) that it would accept an additional \$800,000 from the Charles Koch Foundation.

The Tallahassee Democrat reported that FSU faculty senate had no foreknowledge of the agreements, suggesting that there was no faculty review process to vet the programs:

Faculty Senate President Susan Fiorito said she was unaware of the latest grants, but said the announcement doesn't seem to indicate that the Koch Foundation would have influence in what was being taught or in curriculum issues, which had been a concern among some faculty in the past.

“But this doesn’t sound like that,” she said. “The Faculty Senate doesn’t want to stifle any research. I don’t think we have any issues at all.” ([Tallahassee Democrat](#), 16 June 2016)

a. The L. Charles Hilton Jr. Center

Of the \$800,000 recently announced Koch foundation gift, \$539,000 is intended for the Hilton Center for the Study of Economic Prosperity and Individual Opportunity, named after L. Charles Hilton Jr.

According to the an FSU press release, the Koch foundation’s gift would “support a post-doctoral fellow, three Ph.D. students over five years, and research in the area of markets and institutions” ([FSU News](#), 21 June 2016).

Hilton’s business interests in the state are diverse, including several businesses that he [co-owns](#) with former Speaker of the Florida House of Representatives [Allan Bense](#), Hilton Enterprises, Bense Enterprises and GAC Contractors. Bense is the current Chair of the Koch-funded James Madison Institute and served as the chair of FSU’s Board of Trustees during the time that the Hilton program was in its planning stages.

L. Charles Hilton has been a longtime collaborator in Kochs’ integrated strategy: funding universities, think tanks, and astroturf groups. According to the Hilton Family Foundation 990 tax forms, Hilton is a consistent funder of Koch’s largest academic operations at George Mason University: the Institute for Humane Studies and the Mercatus Center.

Hilton is also active in the Koch-backed network of think tanks known as the State Policy Network (SPN), which include the Florida-based James Madison Institute and Florida Taxwatch. He served as the immediate past Chair of the [James Madison Institute](#) and former chair of Florida Taxwatch.

Notably, Hilton was a board member of [Citizens for a Sound Economy](#), the first such astroturf group founded by the Kochs and Richard Fink.

Hilton has served as a board member of the other Koch-backed political organizations, including Citizens Against Government Waste and the Citizens Club for Growth, the latter of which was [fined a record amount by the Federal Elections Commission in 2007](#) after illegally operating as a political action committee. The FEC found that the Club for Growth illegally solicited and spent tens of millions to “elect more **pro-growth** leaders to Congress.”

The Hilton Distinguished Professorship in **Economic Prosperity and Individual Opportunity** at FSU was established [in 2014](#) and filled in 2015 by Dr. Shawn Kantor. A 2015 FSU publication explains that “his current studies examine the impact that research universities such as Florida State have on regional **economic growth**” ([COSS](#), 2015). (**Emphasis added.**)

Also in 2015 the James Madison Institute (JMI) underwent a significant expansion, announcing “the launch of two new policy centers,” one of which is the Center for **Economic Prosperity**, whose director Sal Nuzzo hopes to provide “policy solutions to help Florida’s **economy grow**” ([James Madison Institute](#), 2 March 2015) (Emphasis added.)

In May of 2016, the Charles Koch Institute and the James Madison Institute co-hosted an event entitled “[A More Competitive Florida: How to Grow the Economy](#),” with panelists including Sal Nuzzo and Dr. Kantor to discuss “[w]hat risks do past and continued government interventions pose to [economic] growth,” and “[w]hat policies will encourage a vibrant economy for all.”

Not long after the appointment, Nuzzo was recorded at an event bragging about the intentionally misleading nature of a statewide solar amendment proposed by Consumers for Smart Solar, a “front group” funded by the Charles Koch Foundation and investor owned utility companies. Nuzzo was also recorded explaining the involvement of an unnamed Florida State University professor affiliated with the DeVoe Moore Center ([Tampa Bay Times](#), October 18, 2016).

In the full audio, provided by the Center for Media and Democracy, Nuzzo recalled how:

Consumers for Smart Solar came to JMI and said you guys are the adults in the room, you’re the ones that have access to the research, to the scholars, to the State Policy Network, to a lot of the national organizations. [...]So, **JMI partnered with the Heartland Institute, and an economist from Florida State University. Florida State has two free market economic research centers that we have the pleasure, we’re really fortunate to be able to have the both of them with us. So, the DeVoe Moore Center sent a scholar over, and we actually built a model on the cost shift over a period of ten years** (Recording at [4:38](#)).

Student record requests have produced the contract establishing the DeVoe Moore Center. Among the many provisions of interest in the contract is the acknowledgment that the DeVoe Moore Center would be created as an affiliate of the James Madison Institute:

DeVoe, we recognize that you view the James Madison Institute as a strong defender of private rights and the promotion of entrepreneurship. Further, you have considered an association with the Institute in the future and look upon this venture as a promising way to fuse your interests with the Institute and the Moore Center ([pg 5](#)).

For more about the DeVoe Moore Center, see [Appendix: DeVoe Moore Center](#).

b. Project on Accountable Justice

Another recipient of Koch's latest \$800,000 to Florida State University is a criminal justice program housed entirely outside of the FSU College of Criminal Justice and Criminology:

\$150,000 will support student engagement with the Project on Accountable Justice, a non-partisan organization housed within the College of Social Sciences and Public Policy. The organization's mission is to advance public safety through research and evidence-based evaluations of criminal justice practices and policies in Florida and elsewhere ([FSU News](#), 21 June 2016).

An author of this report and the Center for Media and Democracy (CMD) released an exposé showing how the Project on Accountable Justice (PAJ) is Florida's front of a corporate funded reform agenda called "Right on Crime" (ROC). In late 2015, [the first of a two part report](#), the Center for Media Democracy showed that Koch Industries played a central role in creating Right on Crime, and that its initial purposes involved self-interested reforms to "mens rea" (criminal intent) laws.

Marketed as opposition to the an "overcriminalization" problems in the criminal justice system, these reforms would make it harder to prosecute the kinds of white-collar crimes that Koch Industries has historically committed, including environmental and financial sector crimes.

The current Right on Crime "movement" is an initiative of the Charles Koch Foundation, the State Policy Network, and the American Legislative Exchange Council (ALEC).

ALEC is a critical part of the Koch network's political strategy, as it allows corporate members and think tanks to draft "model legislation" that is propagated through a network of corporate backed lawmakers.

Corporate members with fossil fuel interests, like Koch Industries, use ALEC to perpetuate their deregulatory agenda and to deny climate. Other members, including private corrections providers such as the Corrections Corporation of America (now "CoreCivic) and Geo Group, have used ALEC and SPN organizations for decades to privatize prisons and enact the "tough on crime" political reforms (including mandatory minimums, "truth in sentencing," and "three strikes" laws) that has allowed the current proliferation of the prison industrial complex and the school to prison pipeline.

The [second CMD report](#) shows the direct connections between the Project on Accountable Justice, SPN, ALEC, and Right on Crime. Just before finding a home in FSU's College of Social Sciences, the Project on Accountable Justice (PAJ) was initially founded as "Florida Right on Crime," as a collaboration between SPN and industry groups: the James Madison Institute, Florida Taxwatch, Florida Chamber of Commerce and Associated Industries of Florida¹.

¹ The lead author of this report was also the lead author of the second CMD report.

It was also found that PAJ has direct connections to private corrections contractors who stand to profit from their political reforms, as well as corrections lobbyists who have played a significant role in shaping Florida's corrupt criminal justice system. PAJ's Allison DeFoor, a former judge, sheriff, and corrections lobbyist, is now a prison chaplain who maintains a reputation as a criminal justice "superstar," despite a [little known history](#) of corruption and profiteering from private corrections.

As recently as September 19, 2016, the Charles Koch Institute and the James Madison Institute's Center for Economic Prosperity are increasing pressure on lawmakers to enact criminal justice reform agenda in Florida, releasing a press release regarding a "public opinion survey":

"Floridians want criminal justice reform," said Sal Nuzzo, vice president of policy at the James Madison Institute (JMI). "We've been talking the talk and now it is time to walk the walk. Policymakers should take serious strides toward improving the outcomes of those within the criminal justice system, increasing public safety and continuing to be good stewards of taxpayer dollars ([CKI](#), Sept 19, 2016).

9. Partner Donors Share the Influence

Also in 2008, the Charles Koch Foundation and BB&T established the BB&T Program of Free Enterprise, creating two BB&T Professors of Free Enterprise, in FSU's Department of Finance and the Department of Economics. These professors also acted as program co-directors, with the ability to oversee the creation of a course in the Department of Economics, influence content of required courses in the Department of Finance, and choose invitees for a speaker series (2008 [BB&T letter](#)).

In addition to the "[p]urchase of *Atlas Shrugged* for up to 700 students" throughout the College of Business and support for a student group called "Students in Free Enterprise," the BB&T agreement also established "Free Enterprise" doctoral fellows in finance and economics to "assist in leading the discussion series on *Atlas Shrugged*" and in the teaching of undergraduate finance courses and the BB&T Course.

The BB&T fellowships are currently combined with CKF's fellowships, and explicitly required to comply with Koch's Objectives and Purposes. BB&T's program also included the creation of Minor in Free Enterprise and Ethics (more on this in [Chapter 4.C](#)).

The 2008 agreement defines how "third party donors will contribute funds to support the programs set forth in this Memorandum ("Donor Partners") and will hereinafter become bound by the terms of this Memorandum" ([2008 MOU](#), opening paragraph). The MOU explicitly allows Partner Donors to take over funding for the position Teaching Specialist, as has happened at least once with BB&T. Partner donors also co-fund graduate fellowships.

a. Increased Presence of Koch Network and Dark Money

Bruce Benson describes the role of Koch's network of donors:

Second, Koch is not proposing to provide all \$7 million. Charles Koch has organized a group of Foundations with similar agendas that meet twice a year to discuss funding strategies, etc. If some version of this proposal is agreed to, Koch will invite representatives from FSU to these meetings, introduce us, allow us to make our pitch, and encourage others to join them in funding the program. Koch has a huge endowment, and if this works out, they are likely to provide more support in the future (see discussion of graduate student support below, for instance), as they have at other institutions (examples provided later). However, they also want FSU to demonstrate a commitment to the program (e.g., make a sincere effort to raise other money from their network of foundations).

[...]

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 ([Benson Memo](#)).

[Chapter 4.D](#) documents how the system of graduate fellowships is required to adhere to the exact terms of the MOU's Objectives and Purposes. We also show that other members of Koch's network, including BB&T, and Manley Johnson, provide funding that is subject to the Koch foundation's objectives and purposes.

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

b. Post Doctoral Programs

The Koch foundation sought to establish a Post Doctoral Program, indicated by a \$300,000 line item in a memo written by former department chair Bruce Benson. He explains that the purpose of the program was to artificially boost the credentials of the department:

the money for Post Docs is not intended to bring post docs to FSU. It is intended to support FSU PhDs so they can have post docs at other institutions. They recognize that FSU is not a top 25 PhD program, so if we are going to be able to compete for good graduate students and those students are going to be able to compete for good positions when they go on the market, they are likely to need additional credentialing. A post doc at a high-prestige program can provide such credentialing ([Benson memo](#)).

Since the implementation of the agreement at FSU, post doctoral positions have been funded by the [Searle Freedom Trust](#), as confirmed in their letter:

It is our understanding that the fellowships will be used to allow each to spend two years as a postdoctoral fellow at a university with a very highly ranked economics program. If there is ambiguity as to what we consider a highly ranked program, feel free to consult us ([Searle Freedom Trust letter](#), July 2010).

The Koch Foundation and the Searle Freedom Trust are also both heavily involved in funding the nation's network of climate change denying organizations, according to a [2013 Drexel study](#) ([Brulle, 2013](#)).

The Searle Freedom Trust donated \$180,000 between [2011](#) and [2012](#) to support the Post Doctoral Fellowships in the department of economics. Searle initially:

awarded the Economics Department at Florida State University a grant of \$240,000 over two years to support the post-doctoral fellowships for Cordet Rodet and Joseph Connors. The grant will be paid in two annual installments of \$120,000 in 2011 and \$120,000 in 2012. ([Searle Freedom Trust letter](#), July 2010)

Searle paid \$120,000 in [2011](#) and only \$60,000 in [2012](#). Both [Rodet](#) and [Connors](#) spent their post doctoral positions at Koch funded programs.

c. K-12 Curricular Initiatives

In 2014, the Donors Capital Fund gave \$439,500 to:

the Florida State University Foundation for the “Common Sense Economics for Life” project at the Stavros Center for Economic Education. This gift was made possible through generosity and recommendation of an account holder who wishes to remain anonymous ([Donor Capital Fund grant to FSU](#), 2014)

As exposed in 2016, Common Sense Economics (CSE) is a K-12 economics curriculum developed by Koch affiliated faculty and housed in the Koch directed Excellence in Economics Education (EEE), at the Gus Stavros Center. CSE is featured prominently on FSU’s [College of Social Sciences website](#), and has recently included a [video series](#) glorifying careers in think tanks and corporate jobs.

In [2016](#), students discovered some particularly disturbing content in CSE curriculum, teaching high schoolers a particularly violent form of capitalism. Under “[Readings Reflective of Common Sense](#),” an essay entitled “**Sacrificing Lives for Profits**” teaches students that:

The charge that sways juries and offends public sensitivities [...] is that greedy corporations sacrifice human lives to increase their profits. Is this charge true? Of course it is. But this isn’t a criticism of corporations; rather it is a reflection of the proper functioning of a market economy. Corporations routinely sacrifice the lives of some of their customers to increase profits, and we are all better off because they do. That’s right, we are lucky to live in an economy that allows corporations to increase profits by intentionally selling products less safe than could be produced. The desirability of sacrificing lives for profits may not be as comforting as milk, cookies, and a bedtime story, but it follows directly from a reality we cannot wish away ([Sacrificing Lives for Profits](#), Dwight Lee, Southern Methodist University).

Common Sense Economics is part of an aggressive national [effort to reform high school](#) curriculum by Koch Industries and the Bill of Rights Institute called Youth Entrepreneurs. Details of Koch’s high school strategy were exposed in 2014 in the “[Wu Teach Clan](#)” documents, which list Common Sense Economics as a classroom resource.

See figure below for spending totals from the Koch foundation (according to [Bruce Benson’s budget](#)) and the organizations mentioned above.

Koch Foundation and Donor Partners at FSU: 2007-2016

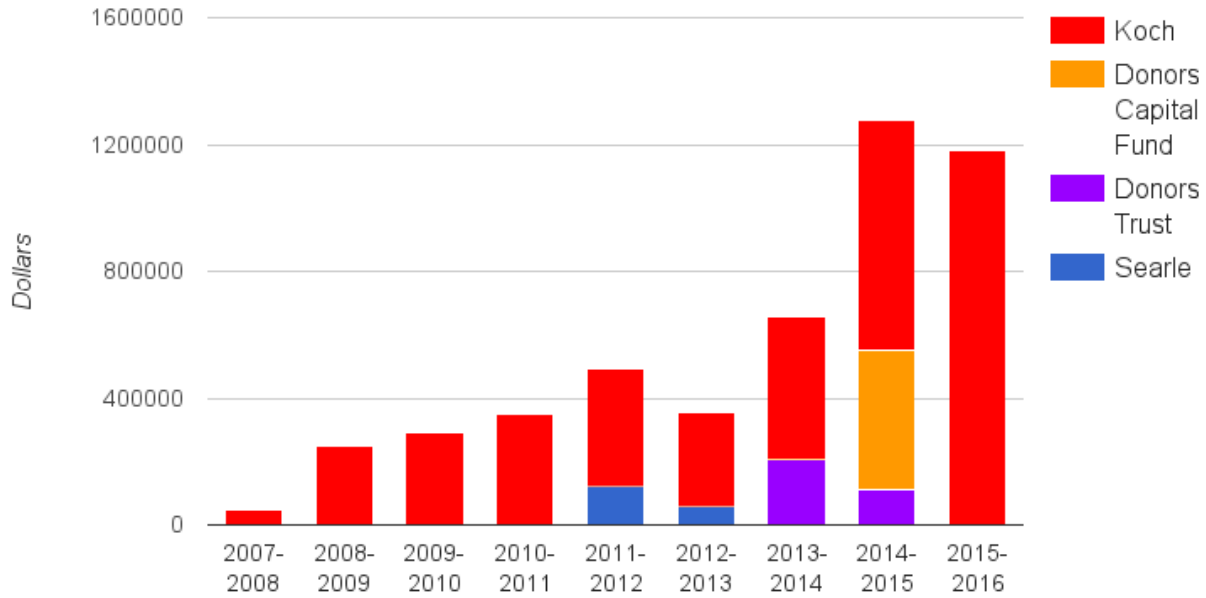


Figure 6 depicts the increase of funding from Koch’s donor network and donor advised funds. The Koch totals are a combination of the [Benson budget](#) and the recently announced [2016 donation](#).

Chapter 1.C: Critical Context

Our findings come at a critical time for U.S. politics and higher education, when the corporate influence that has blossomed in the age of Citizens United has taken root in the academy. The precedents set by Koch-affiliated programs at Florida State have implications on every campus.

In their own words, officials and academics from the Koch network confirm beyond doubt that the “donor intent” of the Charles Koch Foundation is identical to, and in fact integral to, the goals of Koch’s political network. In this report we provide remarks by Koch funded professors, Koch foundation officials, and attendees of Koch’s donor summits. We take these as representative of Koch’s higher education agenda.

In order to effectively “[leverage science and universities](#)” for the “[implementation of policy change](#),” the Koch foundation and their partner donors must circumvent academic principles and policies. This report is the most complete account of the Koch foundation’s violations at any university, and they mirror what we see nationwide.

These programs have grown at an alarming rate across the country, as the Koch foundation’s Charlie Ruger illustrates:

the Koch foundation now is supporting 53 major multi-million dollar, multi-year commitments in conjunction almost one hundred percent of the time with other donors to build these major new academic initiatives (Ruger, [Establishing Successful Academic Centers](#), APEE 2016).

These “centers” are increasingly established outside of academic units, and thus outside the normal realm of faculty oversight. In order to protect their academic programming, the Koch network is funding an increasingly widespread effort to attack and redefine the concepts of academic freedom and shared governance, which have long been developed and defined over the last hundred years by the American Association of University Professors (AAUP).

1. Redefining Academic Freedom

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

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

“Republic of Science” is a reference to an obscure philosopher, Michael Polanyi, who is prominently featured in Charles Koch’s 2005 book, *The Science of Success*. The “republic of science” is a reimagining of academia such that research funding is determined by a market based process. Koch’s book elaborates on this, as well as his own philosophy called “Market Based Management.”

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

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

However, the “ideal of academic freedom” does not appear to refer to the commonly understood definition.

In response to the 2011 revelation of FSU’s agreement with the Charles Koch Foundation, the Tampa Bay Times quoted Dean David Rasmussen who had overseen the agreement:

Rasmussen said hiring the two new assistant professors allows him to offer eight additional courses a year. “I'm sure some faculty will say this is not exactly consistent with their view of academic freedom,” he said. “But it seems to me it would have been irresponsible not to do it.” ([Tampa Bay Times](#), 9 May 2011)

The American Association of University Professors (AAUP) would be counted among the faculty that disagree with Rasmussen’s concept of academic freedom. A 2008 statement by AAUP’s Committee A regarding the academic programs of BB&T is clear:

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

In order to determine what the Koch foundation's ideal looks like, we need only look at the ideals and actions that their donor partners are advocating. A 2015 report by Jay Schalin of the (Koch network-funded) John William Pope Center defending Koch/BB&T free-market campus centers quoted and rebuked the above AAUP statement, calling for the abandonment of their definition of academic freedom:

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

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

Faculty claim that starting a program with an explicit viewpoint violates their academic freedom to follow the facts according to their conscience. This supposed violation of academic freedom gives faculty members a basis to demand control over the program because, with its predetermined perspective, it is not sufficiently neutral and open to free inquiry. But **free inquiry is not the faculty's real objective—it is instead to keep certain views off campus. If the faculty is given control, they will replace the donor's views with their own—meaning that the missing viewpoints will remain missing.** This would defeat the spirit of open inquiry for without inclusion of those views in the intellectual discussion, there can be no truly open inquiry (Schalin, [Renewal in the University](#), pg 12). (Emphasis added.)

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

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

[...]

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

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

2. Open Call to Violate Shared Governance

Another organization funded by the Charles Koch Foundation and the Koch network is the American Council of Trustees and Alumni (ACTA). A 2014 report that was published on the organization’s website entitled “[Governance for a New Era](#)” specifically calls on university trustees to take drastic measures to ensure donor freedoms by advocating for the willful violation of shared governance:

New realities require new strategies.

Shared governance—which demands an inclusive decision-making process—**cannot and must not be an excuse for board inaction** at a time when America’s pre-eminent role in higher education is threatened. [...] That is why trustees must have the last word when it comes to guarding the central values of American higher education—academic excellence and academic freedom.

[...]

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

([Governance for a New Era](#), pg 4)

The same year that this report was published, ACTA received \$34,495 from the Charles Koch Foundation, and \$1,375,000 from Donors Capital Fund.

3. “At All Costs”

Documents from Koch’s 2010 donor summit illuminate the political intent of Koch’s network. A leaked program shows a session entitled “Winning the Fight between Free Enterprise and Big Government”:

America was built on the free enterprise system. That’s how America became a prosperous nation with abounding opportunities for all. Now, freedom is under a relentless attack. What happens if it slips away? [President of the American Enterprise Institute] Arthur Brooks will share with us how **free enterprise is more than an economic system - it is a moral imperative, and we must defend it at all costs.**” ([Leaked program](#), 2010 Koch Donor Summit)

Later that year, one of the summit’s attendees, Manley Johnson, partnered with BB&T and the Charles Koch Foundation to found the Manley Johnson Center at Troy University. The Johnson center’s mission statement clearly mirrors the exact sentiments of the donor summit, focusing on “the moral imperatives of free markets” ([Johnson Center Website](#)).

Our findings at Florida State show just how far Koch’s network is willing to go, but these circumstances are far from isolated. We continue to see a pattern of privately funded programs that are approved outside of established university procedures, with little, if any, faculty knowledge or oversight.

At **Auburn University**, it was found that a Koch center was established, and professors hired, in a manner that bypassed university procedure. The Auburn Villager reported that:

When they learned of the center, some faculty members asked if a national search had taken place and started looking for the job announcement. The job was not advertised on the AU Web site or on any of the recognized venues where economics faculty are usually recruited, they say. One professor said he finally found the job advertised only once on a [website] called Social Science Research Network. The advertisement was posted Nov. 4, 2007. . . .On Nov. 9, however, [eventual hire, Robert] Lawson was already going to be on campus to give a seminar, according to an e-mail to a College of Business faculty member on Nov. 5, one day after the job was advertised. According to a faculty recruitment checklist . . . a search committee is mandatory. The search committee reviews the advertisement and sets a timetable to review applications.

[...]

After learning of the center in December and finding out that many senior faculty did not even know about the project in January, [Auburn president Jay] Gogue purportedly urged more openness ([Auburn Villager](#), 18 September 2008).

Auburn administrators cited Florida State’s Koch agreement, which had been signed the same year.

At some universities, administrators are allowing the creation of Koch/BB&T free-market programs in direct defiance of faculty senate dissent. A recent example is **Western Carolina University where**, according to the Smoky Mountain News:

[a]n overwhelming majority of WCU’s faculty senate voted against the idea of the free enterprise center last fall, but it was approved by university administration anyway. To quash it would be leading down the slippery slope of censoring the academic freedom of professors to freely pursue the lines of study that interest them, [Chancellor David] Belcher said at the time. ([Smoky Mountain News](#), 10 February 2016)

At the **University of Illinois at Urbana-Champaign**, the Chancellor appointed a committee to review a Koch-funded center, the Academy on Capitalism and Limited Government (ACLG). The report found that the creation of an “extra-academic board, self-perpetuating on the basis of ideological sympathy with the donors’ intent” is an infringement on “institutional academic freedom.” In addition, it was found that the center’s affiliation with the university:

violated two principles of a “free and distinguished university”: institutional neutrality (because the overly-narrow ideological research mission was inconsistent with the university’s standards of open and free inquiry) and institutional autonomy (as the center and its academic mission were unaccountable to traditional administrative and faculty governance oversight) ([IU Exec Committee of the Faculty Senate report](#), pg 5).

Faculty were told by the Chancellor in 2008 that the original Memorandum of Agreement (MOA) was being dissolved, yet:

it was discovered in 2009 that the MOA had not been dissolved, but rewritten and renegotiated in secret between the ACLG Foundation and the UI Foundation. The ACLG Foundation was re-established as a 509(a)(3) entity, a tax classification termed a “supporting organization.” This status allows the ACLG Foundation to call itself an independent foundation while specifying in its materials that it is established to support teaching and research carried out at the University of Illinois. ([IU Exec Committee of the Faculty Senate report](#), pg 8)

At **Texas Tech University**, it was reported that a Koch funded center, the Free Market Institute, was initially rejected by the department of economics, the department of political science, and the department of agricultural economics before finally being accepted by the college of business. Faculty in the department of economics who rejected the center reported that based on:

In [the] economics [department], we understood a lot more than the administration. We have a full grasp of who these people are and we never had any interest. . . . [Dr. Ben Powell] didn't satisfy the minimum criteria for a tenure position. . . . He had a weak vita, and the libertarian Austrian bent that these people have just wasn't consistent with the culture in our department. We are mainstream economists. In all likelihood this money was coming from a crackpot right-wing group somewhere who was going to expect the research output demonstrate an ideological orientation ([Texas Observer](#), 26 September 2016).

Nearly all of FSU's programs affiliated with the Charles Koch Foundation are stand-alone programs housed in the College of Social Sciences; the DeVoe Moore Center, Gus Stavros Center, Hilton Center and Project on Accountable Justice. This has the effect of evading faculty or departmental oversight.

At **George Mason University**, the Faculty Senate called for administrators to hold off on a newly announced Koch gift to the GMU School of Law until the curricular implications could be reviewed. A faculty resolution expressed concern that:

[t]he grant agreements require the university to make complex organizational changes the exact nature and implications of which are not clear. . . . The grant agreements also appear to be somewhat risky for the University and to give too much leverage to the Donors. All of the money is not given up front: it is to be made in five annual installments. . . . Especially troubling is the provision in the agreement with the Anonymous Donor that if s/he "determines that the School or any academic unit bearing the School Name is no longer principally focused on the School's Mission, then the donor has "the right to pursue any remedy available at law or equity, and has the right to terminate this agreement." In addition to the implied financial risk, this clause seems to give the Anonymous Donor an improper amount of influence over determining the intellectual content of the Law School's mission ([GMU Faculty Senate Resolution](#), 27 April 2016).

The administration rejected the faculty senate's wishes, and the agreement was accepted without further review.

At **Montana State University**, concerns have risen regarding the \$5.7 million grant from the controversial Koch Foundation designed to create a research center at Montana State University. The Montana Standard published a local lawyer's concerns that:

MSU has bypassed the standard public review process and public input. [The lawyer] pointed out that the regents have yet to approve the center — even though a signed agreement between the Koch Foundation and the university lists an initial payment of \$793,380 made "on or about September 15, 2016" ([Montana Standard, September 21 2016](#)).

Most recently, at the **University of Kentucky**, the board of trustees disregarded [two consecutive](#) faculty senate votes to reject the governance proposal of a new Koch center. Faculty approved the academic content, but voted “not to endorse its academic structure, including the donation agreement”:

Several Senate Council members said they were concerned about the agreement, which allowed the donors to take back the money with 30 days notice. They also said they were worried about whether the donors would be able to exert undue influence over the programming or hires .

“My concerns are not on the basis of the political leanings of the Koch brothers or what’s going on in the institute, and I am not calling into question the integrity of the faculty,” said Connie Wood, a statistics professor. “But what I am concerned about is the concept of external control over university activities.” (Lexington Herald Leader, [September 26 2016](#))

Faculty continued their dissent all the way through the trustee vote:

The UK board’s only no vote came from faculty trustee Lee Blonder, who said she was opposed to the mission statement, which says the new institute will study how free enterprise “promotes the well being” of society, and a clause that allows the donors to pull funding with 30 days notice. “This mission statement has the potential to discourage critical focus on free enterprise,” Blonder said ([Lexington Herald Leader](#), October 21 2016).

4. Admissions of Koch Faculty Intent

The academics that are funded by Koch’s donor network, including the directors of Koch’s free market centers around the country, coordinate research and funding in large part through the Association of Private Enterprise Education (APEE).

George Mason University’s Peter Boettke is quoted in APEE’s Journal of Private Enterprise:

“Our goal is not just to get a seat on the bus. Our goal is to take over the bus. Our goal is not just to sit in the back of the classroom and make a small point. Our goal is to be running the classroom” ([Stringham](#), Journal of Private Enterprise 2010).

As mentioned in a previous section, recordings from APEE’s 2016 conference reveal remarks about the intent of these corporate funded academics. Among the most candid remarks came from Troy University’s George Crowley on a panel that was moderated by the Koch Foundation:

[W]e've been very lucky at Troy. We had a big gift, that let us hire a whole bunch of people all at once, and we kind of were able to take over, for lack of a better term, but it's still, there's little spots where we've been able to make little incremental changes over and above. So, we had a finance faculty member retire, and we were able to go and hire Thomas Hogan. He's an economist, but he had enough finance background that we were able to kind of use that. And so that's an interesting line that we were kind of like able to take, and it's just little incremental things like that (Crowley, [Being an Intellectual Entrepreneur](#), APEE 2016).

Chapter 2: Previous Faculty Reviews

The following section is a breakdown of two Faculty Senate reviews of Florida State University's contract with the Charles Koch Foundation. The first, done by a Faculty Senate Ad Hoc Committee, took place in 2011 and the second, by the Faculty Senate Steering Committee, in 2014.

Our study of the 2011 review examines the suppression of the findings of the faculty investigation. We compare the findings and recommendations of the initial report to an edited version revised by a faculty member in cooperation with President Eric Barron.

Our examination of the 2014 faculty considerations rely on records of correspondence among faculty and administrators.

We find that the effectiveness of both Faculty Senate reviews ultimately fail as a result of excessive administrative interference.

While the 2011 investigation seems to have been independent, the findings and recommendations were ultimately suppressed by an administration with an interest in affirming their public position.

The 2014 review falls short for several reasons, not only because it was based on a censored 2011 report, but it also appears to have been a hurried vessel for a forgone administrative position.

Chapter 2.A The 2011 Faculty Senate Ad Hoc Review

The 2011 release of the Koch/FSU agreement brought widespread criticism. After making several public statements in support of the Koch agreement (see [Appendix: Barron's 2011 Statements](#)), President Eric Barron “formally ask[ed] that the Faculty Senate set up a committee to examine the issues surrounding the Koch Foundation agreement and its implementation to ensure that the integrity of Florida State University was protected ([WCTV](#), May 18, 2011).

A Faculty Senate Ad Hoc Committee conducted an investigation and published a report in July of 2011.

Records requests reveal that an initial draft had been heavily revised. Its critical findings were reversed and the vast majority of findings and recommendation were entirely omitted from the final report.

1. Censorship

Jayne Standley (co-chair of the Ad Hoc Committee) wrote the [original report](#) containing the findings and recommendations of the investigation. These were censored by President Eric Barron and Dr. Eric Walker (the other co-chair of the committee).

Walker and Barron appear to have [rewritten the entire report](#). Standley’s original report is eight pages long, while the edited version is eighteen pages, including several additional passages that praise the conduct of Florida State officials and the gift itself.

The final report also aligns with the assertions of President Barron prior to the investigation. When [reduced to independent clauses](#), Standley’s report contains 36 distinct findings and 21 distinct recommendations.

The Walker/Barron version omitted twenty of the thirty-six findings, watering down ten of the remaining sixteen. Of the twenty-one original recommendations, seventeen are omitted, with two of the remaining four watered down.

See the figure below for a sense of how much of the initial report was suppressed.

**This is the report of the 2011 faculty investigation.
The **BLACKED OUT** information was suppressed entirely.**

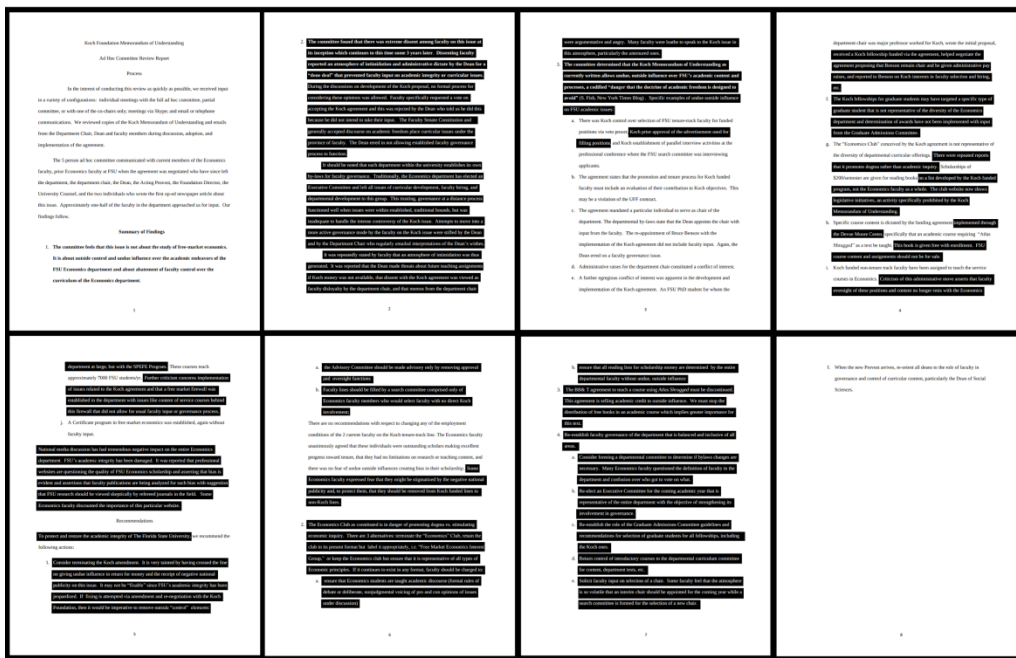


Figure 5 depicts the missing findings and recommendations.
[Click here](#) to view an interactive version.

The Walker/Barron version is FSU’s official account of the matter and has served as the basis of public knowledge about what is easily the most cited Koch agreement in history.

2. The Discovery of the Two Versions

On [November 18, 2014](#), Faculty Senate President Gary Tyson emailed Dr. Jayne Standley, asking for her copy of the “Koch report,” referring to the 2011 Ad Hoc Committee’s report. Standley [responded](#) that day with a report attached:

Hi Gary [Tyson], Here is the file on my computer. Unfortunately, I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations. Eric Walker may have the later file that is the official final report. Jayne

Two days later, Melissa Crawford [sent an email](#) to the Faculty Senate Steering Committee, (including Tyson and Standley) with a file containing the Walker/Barron version of the 2011 report.

Upon seeing this version, apparently for the first time, [Standley emailed Eric Walker](#), clearly indicating that she was not aware of the differences in the two versions, asking about several missing recommendations:

Hi Eric, I was reviewing the Koch report that Melissa sent out. What happened to the recommendations to reprimand the Dean and to fix the conflict of interest with the Chair and the PhD student? I know Eric [Barron] sent the letter of reprimand because I saw a copy of it and I know the Chair resigned and the conflict of interest was resolved. Didn't we write those 2 issues into the recommendations? Jayne

Our records request did not produce any response from Walker.

The omissions cannot be considered edits, or “softened” wording. The Walker/Barron version of the faculty report is the basis of public knowledge around the single most cited university that has had issues with the Charles Koch Foundation.

3. The Walker/Barron Edits of the Faculty Findings

The original report begins with an overview of the Process of the committee before moving into the findings, and finally recommendations. The rewritten report begins first with the charge to the committee, specifically quoting an email from President Barron asking for a report looking into the Koch MOU. It then repeats the original report in stating the process of the committee and moving into the findings, going into more detail about the process than the original report did. See the enumerated findings of the Standley report on the left below, with the contrasting Walker report “finding” on the right, *in italics*.

Finding

Finding 1 of the original report states that the committee is not about the study of free-market economics, but outside control and undue influence over the academics of the Economics department.

Omission

This is mimicked in the first finding of the rewritten report, but Walker and Barron also added the statement “[t]he committee also wants to emphasize that external funding and expertise are celebrated and eagerly solicited by the university, with proper controls. We could not do our work without such generous support.”

Finding 2 of the original report states that the committee found there was “extreme dissent among the faculty” about the Koch MOU from its inception that continued through the time this report was written - some three years. It describes an “atmosphere of intimidation and administrative dictate by the Dean” that “prevented faculty input on academic integrity or curricular issues.” The committee was told that “the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair.”

Finding 3 of the original report states the investigation “determined that the Koch Memorandum of Understanding **as currently written allows undue, outside influence** over FSU’s academic content and processes.” (Emphasis added.)

*This finding is essentially negated in the Walker/Barron report. Instead of affirming the violation of academic freedom, the finding is weakened to read: the MOU “**could open the possibility of undue outside influence.**”* (Emphasis added.)

[Entirely Omitted] None of these concerns appear in the Walker/Barron report. Instead, finding 2 of their report says that the committee found that the faculty hiring associated with the agreement “has been appropriately governed and managed by FSU faculty and administration.”

A footnote later on in the Walker/Barron report (footnote 3 in finding 3c) admits that during the hiring process, Koch officials deliberately disobeyed the wishes of the Department of Economics in conducting separate interviews with candidates. An “appropriately governed and managed” hiring process apparently lacks the ability to appropriately manage its donors. This blatant misrepresentation of the original findings of the committee completely disregards the faculty concerns and prevents accountability for corrupt administrators while defending a hiring process that was inappropriately managed (as further findings clarify).

There is a difference between there being a possibility of undue outside influence and the already detected presence of such influence, and to change said wording is misrepresenting the findings of the committee. The original report then goes on to list ten separate examples of undue outside influence on FSU academic issues, while the rewritten report contains only three examples of text from the MOU that “could open the possibility” of outside influence.

Finding 3a states that “There was Koch control over selection of FSU tenure-track faculty... 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.”

Only two out of these three points can be found in the Walker/Barron report. In finding 3a of the revised report, it states that “the MOU has the potential to exercise decision-making power in faculty hiring.” Having potential to exert control and actually having control are different circumstances, and this is not just a softening of the wording of this report but is in fact hiding the amount of control the Charles Koch Foundation (CKF) had over this process. Footnote 3 in finding 3c is the only place the establishment of parallel interview activities is mentioned, and while this footnote goes into detail about the exact events that transpired, the fact that donor officers not only deliberately disobeyed the wishes of the Department but that this error is glossed over in a footnote instead of being directly assessed shows how this report is making an effort to conceal the problems with the agreement instead of attempting to fix them. The revised report also contains no mention of the Koch prior approval of the position advertisement - another point where this report attempts to conceal the issue of undue influence.

Finding 3b says “The agreement states that the promotion and tenure process for Koch funded faculty must include an evaluation of their contribution to Koch objectives. This may be a violation of the UFF contract.”

This can be found in finding 4 of the rewritten report, where the committee found that “the department is, properly, not following a condition in the MOU concerning faculty evaluation.”

While it admits that the FSU-UFF Collective Bargaining agreement does not allow outside materials in evaluation, the Walker/Barron report makes no attempt to suggest that this condition needs to be changed or that this violation calls into question the legality of the rest of the MOU.

Finding 3c The original report states that “The re-appointment of Bruce Benson with the

implementation of the Koch agreement did not include faculty input... the Dean erred on a faculty governance issue.”

While the revised report does not mention the lack of faculty oversight, it does address in

Finding 3d of the original report states that “Administrative raises for the department chair constituted a conflict of interest.”

Finding 3e discusses “an FSU PhD student for whom department chair was a major professor worked for Koch, wrote the initial proposal, received a Koch fellowship funding via the agreement, helped negotiate the agreement proposing that Benson remain chair... and reported to Benson on Koch interests in faculty selection and hiring.” This constitutes a major conflict of interest, considering this student received money to push a political agenda within the Department of Economics.

Finding 3f of the original report states that “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.”

finding 5 that “the outside influence on chair selection... is contrary to long-standing university governance policies.”

While this conflict of interest is addressed in the Walker/Barron report, it is done so in an entirely different manner. Finding 5i says that “Because the department chair was himself a subject in the proposed agreement, in our judgment he should not have chaired the departmental discussion of the agreement.” The report then says that the chair said many times that “he does not view the appointment as a benefit.” While the rewritten report tries to clear the Chair of any alleged wrongdoing, it fails to mention that the Chair did in fact benefit in a monetary way from this agreement.

While the rewritten report acknowledges the conflict of interest, it instead claims the conflict of interest lies in the presence of the department chair on this student’s doctoral dissertation- as both member and co-director. Finding 5ii reads “The department chair in our judgment should have stepped aside as the co-director and as a member of the student’s doctoral dissertation committee.” It makes no reference to the money received both by the student and the chair as a result of this agreement.

This has been cut from the final report entirely. Student research reveals that the issue of graduate fellowships is perhaps among the most egregious, with the donor requiring the authority to review and withdraw funding annually, specifically reserving the right to review dissertation topics of doctoral fellows as grounds for approving the renewal of funding.

Finding 3g of the original report states that “The ‘Economics Club’ conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding.”

Finding 3h of the original agreement discusses a “funding agreement implemented through the Devoe Moore Center, specifically that an academic course requiring *Atlas Shrugged* as a text be taught. This book is given free with enrollment. FSU course content and assignments should not be for sale.”

This does not mention the promotion of dogma at all, nor does it discuss the violation of the MOU. While finding 6c of the revised report does discuss the reading list scholarships, it only says that it is “so far in practice the extent of the ‘Undergraduate Program’ designated in the MOU.” The concerns about limited academic study and lack of faculty oversight are, again, left out entirely.

*Finding 6a of the revised report addresses this issue, but focuses not on the issue of course content stipulated by a donor, but that the course “moved through the approval process **without a clear indication that it was donor-prescribed with donor-prescribed content,**” and that “faculty committees need the opportunity to determine whether such prescriptions constitute undue outside influence.” (Emphasis added.)*

Again, Barron and Walker have changed the focus of the issue and insinuated that that the outside influence established in the original report might not actually exist.

Finding 3i of the original report states that “Koch funded non-tenure track faculty have been assigned to teach the service courses in Economics. Criticism of the administrative move asserts that faculty oversight of these positions and content no longer rests with the Economics department at large but with the SPEFE program.” It also mentions the formation of a “free market firewall that was established in the department with issues like content of service courses behind this firewall that did not allow for usual faculty input for governance processes.”

The rewritten report does not mention this firewall or the lack of faculty governance at all, but in finding 6b outlines the departmental bylaws of the committee that is responsible for the service courses and states that the membership “is a problem according to some faculty, to the extent that the faculty who are currently scheduled... are almost exclusively non-tenure track faculty members affiliated with the SPEFE/EEE program.” This does not mention the primary concern- that the faculty oversight of these positions are in control of the SPEFE program and not the Economics Department.

Finding 3j of the original report states that “A Certificate program in free market economics was established, again without faculty input.”

This is addressed in Finding 6.d of the Walker/Barron report, quoting the department chair as saying, “I wish I would have made a more significant effort to inform the faculty about many things, including the development of the Certificate Program.” It then concludes that “the process of establishing the new Certificate must have fallen short of a usefully functioning standard of transparency and openness.”

4. Omitted or Altered Recommendations

While several findings of the original report are present in some form in the Walker/Barron report, they were mostly watered down and focused on different issues, drawing focus from the points made by the original report. The findings from their rewritten report were also more detailed, and spent more time explaining the technical workings of the MOU than pointing out the problems within it, which the original report did.

The recommendations of the rewritten report were, as a result, highly different from the original.

Only two of the original recommendations (partially) appeared in the Walker/Barron report.

a. Retained Recommendations

Recommendation 2 of the original report stated that the Economics Club is in danger of promoting dogma and that three alternatives were recommended to remedy this situation- “terminate the ‘Economics’ Club, retain the club in its present format but label it appropriately, i.e. ‘Free Market Economics Interest Group’ or keep the Economics club but ensure that it is representative of all type of economic principles.” **Recommendation 5 of the revised report** states “We recommend that the Economics Club be renamed something more specific to match its focus in practice.”

Recommendation 4f of the original report suggested that “When the new Provost arrives, re-orient all deans to the role of faculty in governance and control of curricular content, particularly the Dean of Social Sciences.” **Recommendation 10 of the Walker/Barron report** states “We recommend that the new Provost should review with all deans the role of faculty in shared governance and primary responsibility of the faculty for the curriculum.”

These are the only two recommendations out of a total of eighteen from the original report that were present in the rewritten report.

b. Recommendations of the Standley Report (all omitted)

Recommendation 1 of the original report asks the faculty senate to “consider terminating the Koch agreement” in the event that it is not ‘fixable.’ Recommendation 1a says that “the Advisory Committee should be made advisory only by removing approval and oversight function” and recommendation 1b offers that “faculty lines should be filled by a search committee comprised only of Economics faculty members who would select faculty with no direct Koch involvement” in the event that the Koch agreement not be terminated.

Recommendation 2 asks to change the name of the Economics Club, while recommendation 2a asks to “ensure that Economics students are taught academic discourse” and recommendation 2b asks to “ensure that all reading lists for scholarship money are determined by the entire departmental faculty without undue, outside influence.

Recommendation 3 demands that “The BB&T agreement to teach a course using *Atlas Shrugged* must be discontinued.”

Recommendation 4 states that the Department of Economics must “Re-establish faculty governance of the department that is balanced and inclusive of all areas.”

Recommendation 4a says to “Consider forming a departmental committee to determine if bylaw changes are necessary.”

Recommendation 4b requires that the department “Re-elect an Executive Committee for the coming academic year that is representative of the entire department with the objective of strengthening its involvement in governance.”

Recommendation 4c asks to “Re-establish the role of the Graduate Admissions Committee guidelines and recommendations for selection of graduate students for all fellowships, including the Koch ones.”

Recommendation 4d tells the department to “Return control of introductory courses to the departmental curriculum committee for content, department tests, etc.”

Recommendation 4e tells the department to “Solicit faculty input on selection of a chair.”

All of these recommendations were cut from the original report by Walker and Barron.

c. Recommendations of the Walker/Barron Report

Recommendation 1 of the revised report said “We recommend that there should be no more donor-funded hiring according to the agreement unless and until the parties modify several provisions in the hiring process as defined in the MOU.”

Recommendation 1a amends that “The three-person Advisory Board should have at least two members of the faculty of the Economics Department.”

Recommendation 1b adds that “The Advisory Board may have review and advisory functions in hiring, but approval power should be limited to the department Executive Committee, as in all other hiring.”

Recommendation 1c states that “In its review and advisory capacities, the Advisory Board should be able to offer recommendations on a majority basis.”

Recommendation 2 reads “We recommend that the university not enter into any future donor agreements which specify outside donor evaluations in annual evaluation files of faculty.”

Recommendation 3 states “We recommend that the University not enter into any future donor agreements which offer department chair selection criteria.”

Recommendation 4 says “We recommend that the University Curriculum Committee temporarily suspend its approval of ECO 3131, ‘Market Ethics,’ as a new course; the department can resubmit the proposal for reconsideration, clearly indicating its relationship to donor agreement.”

Recommendation 5 (see “Retained Recommendations” above)

Recommendation 6 asks that “In the department bylaws, we recommend that the membership of the Principles committee be revised to contain at least one tenure-track faculty representative from outside the SPEFE/EEE subset of the department.”

Recommendation 7 states “We recommend that the college and the department work with the Foundation staff to clarify and understand best ways to work with interested donors to help support the academic mission of the university while ensuring the autonomy and integrity of the curriculum.”

Recommendation 8 states that “We recommend that the Foundation a) review its current policies concerning gifts that specify conditions about faculty hiring, faculty evaluation, and curriculum, and b) develop updated documents if necessary to ensure the autonomy and integrity of the university’s academic mission.”

Recommendation 9 says “We recommend that the Provost’s office and the Foundation create a mechanism to review multiple articulated donor agreements that involve more than one college.”

Recommendation 10 (see above under “Retained Recommendations”)

In the concluding observation of the final report it is stated that “there have been many good results from a controversial process.” Yet even the recommendations put forward in this highly revised final report have not been followed, and four years later FSU is still struggling with the CKF MOU and its implications for academic freedom and integrity. Eric Walker and Eric Barron had no right to rewrite and censor the original report from the Faculty Senate Ad Hoc Committee, and it is clear now that this report was nothing but a farce to discourage the end of the agreement with the CKF, and served only to continue to allow undue outside influence to make major changes at this university.

Chapter 2.B: The 2014 Faculty Senate Steering Committee Review

During the beginning of John Thrasher’s tenure as President of FSU, a review of the 2013 Memorandum of Understanding between the Charles Koch Foundation and the university was undertaken by the Faculty Senate Steering Committee (FSSC). Dr. Gary Tyson was Faculty Senate President at the time.

Through information obtained from an open records request, it is apparent that the review was flawed and needs to be revisited.

The review process was done in a manner that did not create sufficient space for discussion and review of the agreement by all members of the FSSC. This was clearly evident on two separate occasions.

1) A December 1 2016 email sent from Sally McRorie to Dr. Tyson, Dept. of Economics Chair Mark Isaac, and College of Social Sciences Dean David Rasmussen stated “it’s clear from all conversations what the judgment from you and your colleagues is.”

At this point, December 1, the faculty “review” was weeks from completion and the Steering Committee had not yet seen any statements from Isaac and Rasmussen.

We have no record of what these “conversations” consisted of, but we do know the FSSC had not seen statements from Tyson and Rasmussen prior.

2) Weeks later on December 18, Tyson told the FSSC that he needed their opinions on a draft of their final statement so he could send it before the following Wednesday, December 25. McRorie emailed Tyson later on this same date (December 18) asking for a statement of opinion as soon as possible. Tyson sent McRorie, as well as Isaac and Rasmussen, a pdf file containing the statement the following day (December 19). This did not create enough space for FSSC members to respond to Tyson’s initial email, which was evidenced by the fact that FSSC Nancy Rogers sent an email expressing concerns with the statement on December 22, within Tyson’s original offered week but after he already sent the statement to McRorie and others.

Further, the 2014 FSSC review put great emphasis on the 2011 Faculty Senate Ad Hoc Committee report on the Koch agreement, which we have found to have been seriously revised and censored. Although Faculty Senate President Dr. Gary Tyson was sent a copy of the original 2011 report by Dr. Jayne Standley, he did not share it with the rest of the Steering Committee. This means that one of the main resources used for this 2014 review process was a rewritten and misleading version of the original Faculty Senate Committee’s report. If the Steering Committee had access to and knowledge of the

original version of the 2011 Ad Hoc Committee report the results of this review may have been different.

Towards the very beginning of the review process, College of Social Sciences Dean David Rasmussen met with John Hardin, the Charles Koch Foundation's Director of University Relations in Washington, DC. The two discussed the new Thrasher administration's efforts to respond to criticisms of the agreement between FSU and CKF, and Rasmussen assured Hardin that he would "make the case to support academic freedom." A statement to the Faculty Senate Steering Committee by the Department of Economics Chair Mark Isaac did make this case.

What occurred during this Faculty Senate Steering Committee review? We are confident that the members of the Steering Committee did not have access to the proper materials or the proper amount of time to sufficiently address the many issues with FSU's relationship with the Charles Koch Foundation. We are also concerned by the conversation between Rasmussen and Hardin. We believe this review does not put the issue of undue donor influence at FSU to rest, further we think it specifically justifies a need for a more thorough and transparent review process. All materials and timelines must be made available for a proper investigation.

1. Summary of Events

a. Administration Initiated Faculty Review

As early as [November 10, 2014](#), John Thrasher's administration [drafted](#) a response to [student demands](#) requesting that the faculty senate examine "circumstances leading up to" the 2013 Koch contract, "including administration's failure to follow through with Faculty Senate and presidential recommendations."

The following week, on [November 18](#), Faculty Senate President Gary Tyson emailed Dr. Jayne Standley asking for her report on the Koch gift (meaning the 2011 Faculty Senate Ad Hoc Committee Report), explaining that the administration wanted to put out a press release and that he would like to refer to the 2011 report before commenting. This appears to be the beginning of the review process.

The Faculty Senate Steering Committee met in person on November 19th, where the decision to investigate the Koch agreement was discussed, according to the [minutes from a December 3rd Faculty Senate meeting](#).

Tyson [explained to the](#) FSSC on November 24 that they had been tasked with providing their opinion on the 2013 MOU to indicate whether the changes made addressed the concerns of the recommendations in the 2011 report. He asked Walker or Standley to begin the discussion over email, as the two were members of the committee that produced the report. Standley [began](#) the discussion, stating that the university (under Barron's administration) implemented all of the recommendations, and that "the Koch

agreement issues related to faculty control of curriculum and academic freedom were addressed and there is no longer a conflict.”

Walker [responded](#) with an attachment enclosed with Progress Coalition notes on what the 2013 MOU addressed and what it did not address from the 2011 Faculty Senate review. Walker mentioned that he did not have “a moment to eyeball this doc in detail with both agreements in front of me [Walker]. But I’ll do that and get back to all.” There is no email record of Walker following up on this point.

Tyson [responded](#) to Walker’s email on November 26 informing the FSSC that he “had a chance to talk to Garnett [Stokes] and Sally [McRorie] about items 8 and 9 (review processes)...” referencing recommendations 8 and 9 from the original Faculty Senate review, “... and they told me that this has been addressed in policies adopted over the past few years. I have not yet checked the administrative policy web page to verify. I will take a look when the family leaves town early next week.” We are unsure whether Walker reviewed our notes on the 2013 MOU or whether Tyson was able to verify Stokes and McRorie’s claims, as we did not receive any records to show this being the case. But it is of note that the FSSC met on December 3, a week after this email thread, so they may have discussed the issue in person.

b. A Rushed Process With A Predetermined Outcome

On December 1, McRorie sent [an email](#) to College of Social Sciences (COSS) Dean David Rasmussen, Dept. of Economics Chair Mark Isaac, and Faculty Senate President Gary Tyson asking for a brief comment on the Koch issues within their respective spheres, **including that “it’s clear from all conversations what the judgement of you and your colleagues is**, but [they] could use a succinct statement from each of [the three recipients] that puts that in a sentence or two” (emphasis added). We are unsure as to what “conversations” McRorie is referring to in this email, but the review had begun only thirteen days prior, five of which were lost to the Thanksgiving holiday break.

A few minutes after Isaac sent his response, Tyson [forwarded](#) an email with his statement to the FSSC, letting the Steering Committee know that he (Tyson) would like to respond to McRorie’s request by Wednesday (the following Faculty Senate meeting, December 3). He then [emailed](#) McRorie informing her that he forwarded Isaac’s response to the FSSC and that she could expect a statement from them Wednesday evening, mentioning that **“from a brief email exchange it appears that we will write up something stating that the committee agrees that our earlier concerns have been addressed in the 2013 MOU and policy changes”** (Emphasis added).

At this point, our records show that the Steering Committee had access to:

- A copy of the 2013 MOU for only ten days, though it is not clear whether they ever received the 2008 MOU

- Progress Coalition’s assessment of changes between the two MOU’s for only one week (five days of which included the Thanksgiving holiday break)
- A statement from Dr. Standley
- Mark Isaac’s statement two minutes prior, and were still waiting on Rasmussen’s statement, and his answer about the donor advisory board’s “consultation” ability.

Dean Rasmussen [responded](#) to McRorie’s request for statements later in the afternoon this same day, subsequently on the following Thursday (December 4), the two [email back and forth](#) about a clarification question and Rasmussen’s statement. On Friday December 5, Rasmussen [responded](#) with a small formatting adjustment to his statement. McRorie [sent the](#) statement to Tyson and FSSC member Susan Fiorito in response to a FSSC request for clarification as to what “consultation” is referring to, meaning someone from the FSSC asked McRorie for this clarification which she directed to Rasmussen. Tyson [informed](#) McRorie that he had spoken to Isaac regarding the same clarification and then explained that he would talk to the other members of the committee and return a **“short message stating our opinion of the 2013 MOU (which will be that we are fine with it)” (emphasis added)**.

The FSSC met Thursday December 11. The following day, Tyson [emailed](#) Walker with an attached draft memo asking for input before sending the document off to the rest of the FSSC. **Tyson then [followed up to his own email on December 18 by forwarding it to the entire FSSC and asking for comments before the following Wednesday \(December 25\) for McRorie](#)**. Walker then [responded](#) shortly after with one small edit.

Additionally on December 18, McRorie [emailed](#) Tyson asking for the statement he had mentioned getting to her two weeks prior, **asking for it as soon as possible**. Tyson [responded](#) that he sent a draft and that he was waiting to hear back from two more members before sending the draft to her. It is not specified to which members he was referring. During this time, grammatical edits were made to the report by FSSC members [Kristine Harper](#) and [Sandra Lewis](#). **Then on Friday December 19, only one day after offering the Steering Committee a week to review, Tyson [emailed](#) McRorie, Rasmussen, and Isaac with a pdf file containing a memo on the FSSC evaluation of the 2013 MOU.**

The following Monday (December 22), FSSC member Nancy Rogers [emailed](#) the FSSC stating, in full:

Hi, everyone. I apologize for not responding sooner; I haven't had time to check my e-mail regularly [...]. I'm wondering why we would want to state that the Koch agreement is fine without even mentioning our reservations. Unless I seriously misunderstood our conversations about the agreement, not one of us thinks it is a good idea. Even if it technically meets the minimum standard for faculty governance (and we don't actually know whether it's being followed to the letter, let alone exactly what some of the strategically vague language means), I was under the impression that we wouldn't want to endorse it. I personally do not want to send a memo that declares the Koch agreement acceptable without also stating legitimate concerns.

Although Rogers sent this email within the week that Tyson offered the Steering Committee to make comment, Tyson had already sent the Steering Committee’s opinion on the matter. This narrative represents the entirety of the records that we received in our public records request.

c. Insufficient Materials

On [November 18](#), Faculty Senate President Gary Tyson emailed Dr. Jayne Standley asking for the report on the Koch gift. Standley [responded](#) the same day with [her copy](#) of the report attached:

Hi Gary, Here is the file on my computer. Unfortunately, I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations. Eric Walker may have the later file that is the official final report.
Jayne

On November 20, Faculty Senate Coordinator Melissa Crawford [sent](#) the FSSC a copy of the “Koch report,” which seems to have been the revised version of the 2011 Faculty Senate Ad Hoc Committee Report. FSSC member and former Faculty Senate President Eric Walker [sent](#) the FSSC a copy of the 2013 MOU, mentioning that he was still trying to find the 2008 version at the time.

The following day, on November 21, Standley [emailed](#) Walker asking what happened to certain recommendations made in the original report, specifically “the recommendations to reprimand the Dean [Rasmussen] and to fix the conflict of interest with the Chair [Benson] and the PhD student [Brown]?” She continued, “I know Eric [Barron] sent the letter of reprimand because I saw a copy of it and I know the Chair resigned and the conflict of interest was resolved. Didn’t we write those 2 issues into the recommendations?”

Our records requests did not turn up any email responses from Walker to Standley’s question, nor did they turn up any mention of the separate reports from Dr. Tyson or any other member of the Steering Committee during this review.

Although Dr. Tyson had access to the original report and Dr. Walker was asked about the differences between the two versions, the Steering Committee at large did not have access to those documents which affected their knowledge of the agreement’s actual implications throughout the review. See [Chapter 2.A](#) for a full breakdown of the censorship of the 2011 Faculty Senate Committee’s report.

d. Dean Meets with Koch Foundation Officials Prior to Faculty Review

On November 18th, at the start of the review process, College of Social Sciences Dean David Rasmussen and the Koch Foundation's Director of University Relations, John Hardin [emailed back and forth](#) about plans to meet for lunch the following day.

Rasmussen wrote, "we have something substantive to discuss as a result of our new president's 'information' session with some of our student protesters. I think you will find it interesting."

On November 20, Rasmussen [emailed](#) Hardin that "the President has called [a] meeting on Monday and I will make the case for supporting academic freedom." At the very start of the review process, the Dean had already spoken with Foundation officials and discussed a response to address criticisms of the agreements.

On December 1, McRorie sent [an email](#) to College of Social Sciences (COSS) Dean David Rasmussen, Dept. of Economics Chair Mark Isaac, and Gary Tyson asking for a brief comment on the Koch issues within their respective spheres.

Isaac [responded](#) to the email, including a three part response regarding the Koch agreement, stating the following:

Hi Sally, David and Gary:

1) The Department of Economics did everything asked of it (or more, in some cases) by the faculty Senate Ad-Hoc Committee. The new Department Chair (myself) sent that "checked-off-list" to President Barron as it was completed.

2) There were two items dealing with the MOU that the Department could not address on its own:

a) Remove the disputed language on faculty reviews. This was done and the Department fully supports this change.

b) The Ad-Hoc Committee recommended removing the "unanimity rule" if the "Koch Advisory Committee" was going to continue to play a role in department hiring. In a meeting with President Barron, it was clear that he wanted to go beyond this and eliminate the "Advisory Committee" entirely from any role in hiring. This was done in the revised MOU. The "Koch Advisory Committee" now plays no role whatsoever in any department hiring. The revised MOU switches to a "grant application" model which is in effect only for faculty already hired on department-funded lines by regular department hiring policies. President Barron and Provost Stokes approved the final language. The Department fully supports this change.

3) Speaking officially only for myself (although my sentiments would surely be shared by the vast majority of other members of our department) I believe that any attempt by anyone (students, faculty, external pressure groups) to tell a member of my department "You may not make a grant application to Foundation X because we don't like Foundation X," is, at a minimum, a gross violation of academic freedom. Such attempts may also raise CBA and State of Florida legal issues, but those are not within my area of expertise.

The third part of Isaac's statement addressed criticisms of the agreements with the Koch Foundation as a threat to academic freedom. This statement was sent exactly 11 days after Dean Rasmussen [assured](#) CKF's John Hardin that he would "make the case for academic freedom" in a meeting with the President.

A few minutes after Isaac sent this response, Tyson [forwarded the email with Isaac's response](#) to the FSSC. He then [emailed](#) McRorie informing her that he forwarded Isaac's response to the FSSC and that she could expect a statement from them Wednesday evening.

Dean Rasmussen [responded](#) to McRorie's request for statements later in the afternoon this same day:

The issue of outside influence on faculty hiring was of major concern to the College of Social Sciences and Public Policy. A review of the actual hiring procedures for the two faculty hires that were supported by the Koch Foundation for a limited time revealed the economics department did not alter its long standing hiring procedures for faculty hiring. Because the original Memorandum of Understanding left the impression that the Koch Foundation could be actively engaged in the hiring process, the revised MOU made clear that the sanctity of the hiring process in economics could not be affected by the foundation.

Does this work? David

On the following Thursday, December 4, Rasmussen and McRorie [developed](#) an answer to the faculty's questions about the "consultation" role of the donor advisory board as described in the MOU.

Rasmussen stated:

In the 2013 MOU, "consultation" means communication that allows the dean and department chair to meet with SPEFE-EEE Advisory Board to provide information in an open and forthright manner.

Such a consultation, whether regarding specialized or tenure track faculty, would necessarily follow agreed-upon practice: the donor cannot dictate nor advise upon the hiring of someone who did not pass muster with the department and dean, nor someone who had not already been hired by the department. Items 3 (d)(i-v) stipulate that the department hires the candidate.

Specifically, per item 4(b), the teaching specialist who was hired 8 years ago was not funded by the Koch Foundation. That position was funded for 10 years by BB&T. Per item 7(a)(I), the SPEFE-EEE Advisory Board consists of two faculty members of the Economics Department and one CFK representative. They may consult with the dean, department, Executive Committee, faculty, and representatives of CKF regarding the qualifications of any faculty members already hired by the department to be grant funded by CFK for a specified time.

McRorie sent [the statement](#) to Tyson and FSSC member Susan Fiorito in response to a FSSC request for clarification as to what "consultation" was referring to. Fiorito [emailed](#) McRorie the following Monday (December 8) letting her know that she would bring Rasmussen's statement to a FSSC meeting the following Thursday (December 11).

When Rasmussen and the Koch foundation's John Hardin met towards the beginning of this review process, Hardin was assured that Rasmussen would "make the case for academic freedom" in a meeting about this subject with the President. Although he didn't do this in his statement, Dr. Isaac did.

Given the Dean's relationship to Koch's agreement (see [Chapter 1.B](#) for more information), it is troubling that he be considered an impartial source of information on whether the Koch relationship has been

handled appropriately. His active role in the 2014 faculty review and close consultation with Koch officials prior to the release of his and Isaac's statements give additional cause for concern.

2. Findings

The Steering Committee members did not have sufficient opportunity to express concerns with the final statement that was sent to administration. Dr. Tyson was under pressure by administration to get a response as soon as possible, and we believed this compromised the integrity of the review process whether intentional or not.

The Faculty Senate Steering Committee eventually made a statement on the 2013 agreement, claiming it did not present a threat to academic freedom or shared governance of faculty. However, there was no report to accompany this statement, no record that we found of a full investigation, and no explanation of methodology or process. There wasn't even a formal vote, [according to the Steering Committee's report to the Faculty Senate at their February 18th meeting](#). Instead, there was only the statement made through a series of emails in a holiday season with the occasional in-person meeting.

It is already established that the original version of the 2011 Faculty Senate Ad Hoc Committee Report was not considered in this review process. We are unsure that the Steering Committee ever saw the 2008 version of the MOU. The Faculty Senate Steering Committee didn't have these documents, so they instead made use of the materials they were provided with for the review. The Steering Committee also did not review the FSU Foundation's gift acceptance policy. This is of concern, as there currently is no policy that defends the University from the threat of conflicts of interest like those seen in the creation of the agreement - a fact that was [brought to President Eric Barron's attention in 2011 by then-Interim Dean of Faculties Jennifer Buchanan](#).

The FSSC did make use of statements made by College of Social Sciences Dean David Rasmussen and Chair of the Department of Economics Mark Isaac. Dean Rasmussen met with Charles Koch Foundation Director of University Relations John Hardin just as this review process was beginning and promised "to make the case for supporting academic freedom." Dr. Isaac's response to the Steering Committee included an argument that criticisms of these agreements based out of his department represented a "gross violation of academic freedom." The Dean's meeting with and assurance to Foundation officials towards the beginning of this review process calls into question the statements submitted to the Steering Committee, which seem to be some of the main resources used in this review. It is worth noting that the review also included statements by Dr. Eric Walker and Dr. Jayne Standley, who are the authors of the rewritten and original versions of the 2011 Faculty Senate reports, respectively.

We were told by members of the Faculty Senate that at the full Faculty Senate meeting that followed the completion of this review (on February 18th), no mention was made that the review even took place nor was one going to be made until a Senator specifically asked about the Steering Committee's memo.

The records cannot paint the entire picture. However, it seems clear based on the evidence that the review was not rigorous enough given the impact that this agreement and others like it can have on the university. The lack of transparency and accountability throughout the process greatly affected the results.

3. President Thrasher's Letter

In January of 2015, a graduate [student Op Ed](#) was published in the Tallahassee Democrat describing the recommendations of the 2011 faculty report that had not been implemented.

In response, President Thrasher canceled the meeting with students and faculty, and released a statement dismissing the criticisms:

I have reviewed the current version of this MOU and the university's relationship with the Koch Foundation. Contrary to misinformation being circulated, the current version of the agreement contains no provisions that violate the academic freedom of the faculty or the students or threaten the integrity of the university's policies regarding faculty governance ([Thrasher letter](#), January 2015).

In a three page open letter, he cites the statements provided to him by Dean Rasmussen, Mark Isaac (economics department chair), and the statement drafted by Senate President Gary Tyson on behalf of the Faculty Senate Steering Committee:

The original 2008 MOU raised concerns among some faculty. Former President Barron asked the Faculty Senate to review the agreement, and the Senate appointed an ad hoc committee of faculty to do so. The committee reviewed the 2008 MOU, discussed it with the broader faculty, and in 2011 made a series of recommendations for changes to the MOU and gift acceptance policies. Changes to the MOU were made and have been reviewed by the Faculty Senate Steering Committee, at my request. The President of the Faculty Senate, Dr. Gary Tyson, recently sent Vice President Sally McRorie the attached memo from the Senate Steering Committee, in which he indicates that the members of the Steering Committee "do not believe that the 2013 MOU interferes with faculty governance, nor restricts academic freedom of faculty or students."
[...]

In sum, both the Faculty Senate Steering Committee and the Administration are satisfied that there are no provisions in the current MOU that restrict academic freedom or interfere with faculty governance on this campus. As the ad hoc committee of the Faculty Senate stated in 2011, "...external funding and expertise are celebrated and eagerly solicited by the university, with proper controls. We could not do our work without such generous support. " We have the proper controls in place, and we will continue to work with the faculty and staff to improve them.

John Thrasher’s claims about the faculty recommendations are clearly contradicted by the January student Op Ed, and the rest of his claims are dispelled by the findings of this report. See [Appendix: Thrasher’s Letter](#) for the entire text, with each point mapped to the corresponding section of this report that dispels it.

Chapter 2.C: Other Review

Every seven years, departmental programs are recertified through a Quality Enhancement Review ([QER](#)). In 2014, the Department of Economics recertification process involved three internal reviews by an Undergraduate Policy Committee, a Graduate Policy Committee (GPC), and the Provost, as well as an independent external review. For the purposes of this study, we have been able to obtain the GPC report, and the report of the external reviewer.

The Graduate Policy Committee ultimately issued a report whose final recommendation was “[t]he GPC recommends that the graduate program in Economics be continued” ([GPC](#)).

An internal [email](#) revealed that the five person committee’s approval was a “close vote.” Entirely undisclosed in the 2014 report was that the student member of the committee, Alice Crisp, was a Koch doctoral fellow with long standing ties to the Charles Koch Institute and its affiliated organizations:

Alice M. Crisp is currently working on a Ph.D. in Economics from Florida State University in Tallahassee, Florida. As a Charles G. Koch Doctoral Fellowship recipient, she serves as a research assistant for Dr. James Gwartney. [...] As an undergraduate, she participated in the Koch Internship Program, working for the Atlas Economic Research Foundation in Washington, DC as coordinator for the Sound Money Project. She also worked as an intern for the Foundation for Economic Education in Atlanta, Georgia ([2013](#)).

As one member of the five person committee, Crisp’s vote may have been enough to sway the “close vote” described in the FSU official’s email.

The Graduate Policy Committee left the issue to past review:

The current relationship with the CKF was not vetted in detail by this GPC subcommittee because it was fully approved by Provost Stokes and President Barron with careful attention paid to university autonomy. The relationship has evidently already led to promising hires and high quality graduate students. In addition, the external reviewer, Prof. John Ledyard (Caltech), indicated in conversation that he believed the Department had done things properly and was not vulnerable to becoming labeled by the profession as a single-interest department ([QER GPC Review, 2015](#)).

The external reviewer wrote:

Several people asked me about the Koch gift. In particular they were wondering whether it had inappropriately skewed hiring and graduate student training. The gift certainly had that potential, especially if the Kochs had an active role in the evaluation and recruiting of new faculty. My sense, however, is that the department chair has managed to get this under control. The gift now seems to have no more of an effect on the department than any other private gift does. This was an unfortunate past episode that should now cause no more problems ([QER External Review](#), 2015).

Chapter 3: Mechanisms of Control

A. Contractual Influence Over Hiring And Programming

At universities where the public has been able to see a contract (Memoranda of Understanding, or MOU) signed by a university and the Charles Koch Foundation, a shared stipulation common to them all is that any activities comply with a provision of the contract that CKF calls its “Objectives and Purposes.”

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

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

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

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

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

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

Chapter 3.B: Authorities of Donor Advisory Board

Section 7 of the Koch MOU describes the mechanism of explicit control over the Affiliated Programs and Positions. The “SPEFE-EEE Program Advisory Board” is created to “preserve and safeguard the philanthropic and educational intent of [the Koch] Foundation, its Donor Partners, as well as the educational objectives of FSU.”

Through “periodic assessments” the board is to “[e]nsure compliance with the terms of this Memorandum through appropriate administrative or legal channels” ([2008](#) and [2013](#) MOU, 7.a.(iv)). In the event that faculty or administrators want to ignore CKF input, they are not free to do so, as “FSU agrees to take the input of the SPEFE-EEE Advisory Board into consideration when evaluating the performance of the SPEFE and EEE Programs” ([2008](#) and [2013](#) MOU, 7.b.(vi)).

1. Veto Power: 2008 and 2013 agreements

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

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

The board’s freedom to withdraw/withhold funding is unequivocally spelled out in the MOU: “No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board” ([2008 MOU](#), 3.d.iii).

2. Tenure-Track Veto Power

The power granted to the Advisory board in the 2008 MOU included total freedom of selection in all hiring:

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

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

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

For a donor to maintain explicit control over funds after the “gift” has been given explicitly violates FSU’s donor policy, as described in [Chapter 5](#).

3. Hiring/Firing Power Over Non-tenure track

Aside from explicit and total control over hiring with their “gift,” the advisory board retains the explicit ability to hire instructors.

The selection of the Teaching Specialist Position will be determined by the Chair of the Economics Department and the Dean of the College of Social Sciences in consultation with the SPEFE-EEE Advisory Board ([2008](#) and [2013](#) MOU, 4.b)

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

The Parties intend that the Teaching Specialist Position will be funded by payments consisting of five installments [...] with annual renewal dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a). (4.(d), [2008](#) and [2013](#) MOU, pg. 6)

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

4. Authority over Undergraduate Program

The “Undergraduate Program,” described in the MOU as “an integral part of advancing the Objectives and Purposes,” was to be overseen by an Undergraduate Political Economy Committee that was:

composed of at least three FSU Economics Department members agreeable to the Economics Department Chair, College of Social Sciences Dean, and the CGK Foundation, and one member from outside the Department chosen by the CGK Foundation, that will design and propose an Undergraduate Program to the department Chair that is consistent with advancing the Objectives and Purposes set forth in Section 1(a) above. Approval of this program will follow current department procedures for approving any new course offering ([2008 MOU](#), Sec. 5.a).

The Undergraduate Political Economy Committee was required to “report to the SPEFE-EEE Advisory Board on its activities and accomplishments regarding the stated objectives of the program and its plans to obtain future funding to advance and continue the program” ([2008 MOU](#), Sec. 5.c).

As the 2011 faculty senate investigation summarized, the “undergraduate program” included “four specific items of concern relating to the undergraduate mission of the department”:

a) a donor-prescribed course with donor prescribed curricular content, b) supervision and staffing of required lower-level undergraduate gateway courses; c) **extra-curricular undergraduate programs**, and d) procedures for creating a certificate program ([Walker Report](#), finding 6, pg. 9) (**Emphasis added.**)

The faculty senate committee did not find evidence of such a committee convening, but the curricular elements proceeded, necessarily in accordance with Koch’s Objectives and Purposes.

5. Authority Over Graduate Program

Numerous aspects of the Koch/BB&T graduate fellowships are required to comply with Koch's Objectives and Purposes, including the students themselves, and their dissertation topics.

The department's description show that the fellowships are renewed annually only after donor review:

Grant proposals must be submitted each year to obtain CGK fellowships as they are subject to annual funding decisions by CGK (External [CKF/BB&T Fellowship description](#))

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

The [Principal Investigator] will then distribute the files or relevant information from the files to the rest of the CGK-BB&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 eligibility](#), pg. 7).

It is not made clear the voting rule for this fellowship committee, but both the 2008 and 2013 MOU stipulate that "[t]he decision rule of the SPEFE-EEE advisory board in all matters will be a unanimous vote of all three members" ([2008](#) and [2013](#) MOU, Section 7.b).

In addition, the internal department document shows the involvement of the committee in approving dissertation topics of fellows. This committee includes the SPEFE advisory board including a Koch foundation representative:

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 doctoral fellowship eligibility](#)).

In addition to monitoring fellows for compliance, the window of compliance is 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 quite a severe consequence according to the report. Koch fellows can make 50% more than the department stipend, and are only required to work ten hours a week, compared to the twenty hour departmental workload ([GPC report](#), pg. 8).

See [Chapter 4.D](#) for more information about donor created fellowships.

6. Annual Funding as a Control Mechanism

The advisory board undertook an annual review of all of the Professorship Positions and Affiliated Programs:

In addition, they will have included in the services component of their annual review by the FSU Department of Economics an evaluation of their performance at advancing the objectives of this Memorandum (detailed in the Objectives and Purposes set forth in Section 1(a) above), including research and other scholarly activities related to the specific purpose of the Memorandum, the cooperation and collaboration with other positions affiliated with this Memorandum, and the support and mentoring of graduate and undergraduate students affiliated with this Memorandum. These evaluations will be used by the Economics Department and Stavros Center in preparing its annual report to the SPEFE-EEE Advisory Board regarding SPEFE and EEE Program performance so the programs can be evaluated by the SPEFE-EEE Advisory Board, or the relevant administrator delegated that responsibility by the SPEFE-EEE Advisory Board. Nothing in this document will be construed to be inconsistent with FSU's policies regarding retention, promotion, and tenure. Individuals holding the Professorship Positions will be treated similarly to all other FSU faculty of comparable rank (3.d.(iii), [2008 MOU](#), pg. 4)

The donor advisory board was granted control over the annual funding renewal, as seen above in the renewal of funding for the Teaching Specialist position, and generally as “No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board” (3.d.(iii), [2008 MOU](#), pg. 4).

[Recent recordings](#) of Koch foundation officials have confirmed our criticisms that a donor is granted considerable control when they are allowed to annually decide to renew or withhold funding.

At the 2016 Association of Private Enterprise Education conference, the Charles Koch Foundation's Charlie Ruger sat on a panel entitled “Successful Models of Programs in Private Enterprise,” clarifying:

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

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

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

Chapter 3.C: Curricular Capture of “Principles Courses”

There is at least one other structural “capture” within the economics department allowing donors to establish control over economics curriculum at the “principles” or “service” courses; required by majors and available to non-majors.

As explained in the Walker report:

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

[...]

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

The mechanism behind this is explained by Walker:

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

In the 2008 MOU, the Koch Foundation proposes \$544,000 over five years for a teaching specialist position:

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

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

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

The principles committee was populated by EEE-affiliated faculty, all of whom are subject to annual donor review, and must comply with Koch’s Objectives and Purposes.

The Walker report specifies that a particular lecturer oversaw the Undergraduate Program during this time:

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

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

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

Through the EEE program, Koch and their partner donors obtained control over the Principles Committee, and over introductory level curriculum. The Standley report described “a free market

firewall” with “content of service courses behind this firewall that did not allow for usual faculty input or governance process” ([Standley Report](#), 3.i).

THE UNDERGRADUATE PROGRAM TODAY

FSU President John Thrasher, in a public letter to regarding the Koch agreement, claimed

The “alternative undergraduate program” in economics to which some so strenuously object is actually referred to in the 2013 MOU as an Economics Club. This club is now a registered student organization on campus, subject to all the rules governing such organizations, including that the students choose their faculty advisor ([Thrasher Letter](#)).

The 2008 MOU was ultimately ambiguous regarding exactly what the undergraduate program would do. The 2011 faculty investigation summarized their findings:

Our point is that the conditions in the MOU and the Donor Partner agreements relating to the undergraduate mission of the Economics Department are not clear. Because there is a prescription for a new undergraduate course with prescribed content in a Donor Partner 8 agreement (see item [a] below); because a non-tenure-track faculty position defined in the MOU and funded by a Donor Partner targets instruction in large-enrollment lower division gateway undergraduate courses (see item [b] below); and because the MOU spells out attention to the “Undergraduate Program” in terms that seem to exceed just a new “Economics Club” (see item [c] below), we conclude that the MOU and its related Donor Partner agreements are staking a very broad interest in the undergraduate component of the academic program of the Economics department ([Walker Report](#), finding 6, pg. 9).

The faculty summarized their understanding of what ultimately constituted the undergraduate program in “four specific items of concern relating to the undergraduate mission of the department”:

a) a donor-prescribed course with donor prescribed curricular content, b) supervision and staffing of required lower-level undergraduate gateway courses; c) extra-curricular undergraduate programs, and d) procedures for creating a certificate program ([Walker Report](#), finding 6, pg. 9)

These programs are detailed further in the following sections.

A SPEFE/EEE [budget document](#) prepared by Bruce Benson (obtained through records requests) shows an exponential growth in the Koch foundation’s “undergraduate student support” to FSU; \$17,650 in 2009, \$10,000 in 2012, \$20,000 in 2013, and \$41,000 in 2014 (See Figure Below).

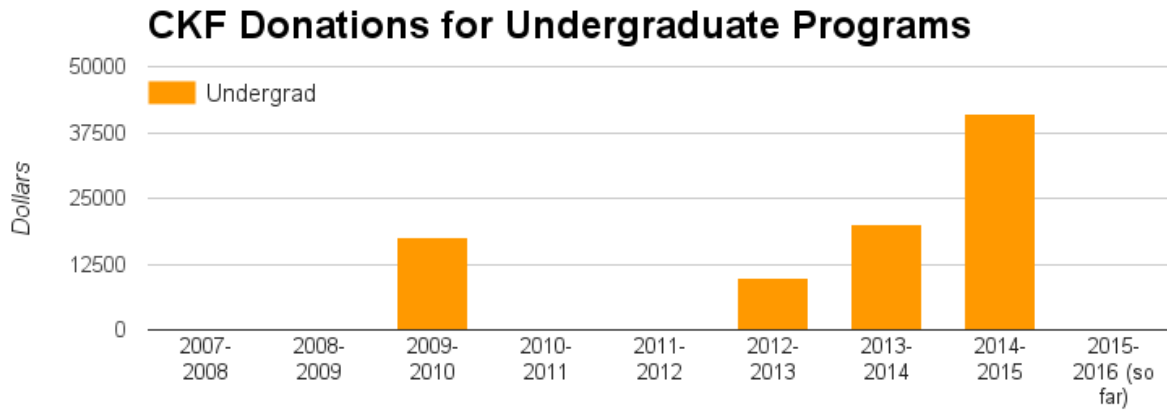


Figure 7 shows Koch's funding on FSU's "undergraduate program" over time.

Chapter 3.D: Administrative Capture

Florida State University's administrators play several roles as regulators overseeing a public institution. However, members of a regulatory body are unable to perform their duties in the public interest when they come under the influence of an entity they are to be regulating. We'll refer to this kind of institutional failure as "administrative capture," i.e. an instance where administrators are acting under the influence of an outside entity become unable or unwilling to protect their institution from that entity.

In the lead up to the 2008 Koch/BB&T agreement, FSU officials at all levels had direct or indirect connections with the donors. The faculty investigation identified two conflicts of interest, yet many more FSU personnel appear in impropriety.

In the 2013 collective bargaining agreement between the United Faculty of Florida (UFF) at FSU and the Board of Trustees, the trustees agree to protect academic freedom and faculty governance from outside influences:

The Board and the UFF shall maintain, encourage, protect, and promote full academic freedom in teaching, research/creative activities, and professional, public, and University service.[...]The Board shall protect any member of the faculty against influences, from within or without the University, which would restrict the faculty member in the exercise of these freedoms. ([FSU CBA 2013](#), Article 5, Sec 1.a and 1.c.2)

In this instance, university administrators are specifically charged with protecting academic freedom from outside influences, such as private donors and corporations.

1. Trustees and BB&T

At the time of the 2008 agreement, BB&T was represented on the FSU Foundation's board of trustees. FSU's announcement of the BB&T gift stated:

Joined by FSU President T.K. Wetherell and the deans of the College of Business and the College of Social Sciences, BB&T Tallahassee President Paul Sullivan and **Nan Hillis, president of BB&T's Orlando-based East Florida Region**, announced that the company is presenting the university with two gifts totaling \$3 million to establish several new programs. One will encourage a thorough discussion of the moral foundations of capitalism; another will examine the proper role of government in a free-market economy; and a third will help to train future teachers of economics (FSU release, [2008](#)).

At the time, Nan Hillis and her husband, Mark Hillis, served on the [FSU Foundation's Board of Trustees](#), and Mark also held a seat on FSU's [Board of Trustees](#). As of 2016, they both continue in these positions.

2. Trustees and Koch

The most recent agreement with the Charles Koch Foundation was signed in 2013, modifying the original 2008 agreement.

From 2005-2009, FSU's Board of Trustees was chaired by Jim Smith. In [2007](#) (the year that the Koch agreement was being negotiated) Jim Smith's son, James "Clark" Smith, became a registered lobbyist for Koch Industries.

Both Jim and Clark Smith are lobbyists with Southern Strategy Group, a lobbying firm [co-founded](#) by FSU President John Thrasher. Southern Strategy Group currently is the holder of Koch's lobbying contracts in Florida, including Koch subsidiaries Flint Hills Resources LP and Georgia Pacific.

At the time that the second MOU was signed, FSU's Board of Trustees was chaired by Allan Bense. Bense also served as chairman of the [James Madison Institute](#), a think tank that relies directly on funding from the Charles Koch Foundation, DonorsTrust, and Donors Capital Fund (two donor-advised funds used by the Koch network).

3. President T.K. Wetherell

T. K. Wetherell, FSU President from 2003-2010, [was a partner](#) at John Thrasher's lobbying firm, Southern Strategy Group. He was active immediately before and after serving as FSU President. When Wetherell applied to be university president in [2002](#), John Thrasher was the chair of FSU's Board of Trustees at the time.

4. The College of Social Science and Public Policy

The joint Koch/BB&T agreement was centered in the Department of Economics, within the College of Social Sciences and Public Policy (COSS).

a. Dean David Rasmussen

Dr. David Rasmussen, Dean of the College of Social Sciences, was found by the 2011 faculty senate investigation to have carried out Koch's programing against university policy and faculty dissent:

Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a "done deal" that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function ([2011 Standley report](#), Finding 2).

Dean Rasmussen is also a professor in the Department of Economics, and an affiliate of the DeVoe Moore Center. The center has received funding from the Charles Koch Foundation in the past, and is a partner donor of the undergraduate program under FSU's Koch agreement. Furthermore, Rasmussen is serves on the board of the Project on Accountable Justice, recipients of \$150,000 of the \$800,000 donation from the Koch foundation announced in the [summer of 2016](#).

b. Department Chair Bruce Benson

The Chair of the Economics Department, Dr. Bruce Benson, was the director of Koch's program at FSU. In a 2007 memo, he described the Koch foundation's political agenda, and the ultimatum he accepted:

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 (pg. 1)

[...]

Constrained hiring: 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, [pg. 3](#)).

Benson was found by the faculty senate investigation to have played a critical role as an agent of the donor:

Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean's wishes.

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

Benson also received a \$105,000 "administrative cost" to agree to continue as department chair and carry out the Koch Foundation's agenda. This was later deemed "a clear conflict of interest" by President Eric Barron. This was clarified in a 2007 memo from Benson to the department. Benson refers to a \$105,000 line item labeled "Benson as Dept Chair (3 yr term)":

...note the line "Benson as Department Chair." I told my wife, a few months ago, that I would not serve a second term as department chair [...]. I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so, and this line item reflects that effort (Benson Memo, [pg. 2](#)).

Chapter 4: Examples of Undue Influence

Section A: Donor Influence in Hiring

1. Interference in Early Hiring

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

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

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

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

2. Influence Over Hiring

a. Veto Power of Donor Advisory Board

At Florida State University, the [2008](#) and [2013](#) MOUs grant the Koch foundation direct involvement in the hiring process of donor funded “Affiliated Programs and Positions” including a Professorship Positions, Teaching Specialist Position, and Undergraduate Program. These all fit under two programs for the Study of Political Economy and Free Enterprise (SPEFE), and Excellence in Economic Education (EEE).

2008 MOU

In each MOU, a donor-created Advisory Board is given direct control over hires and programming:

In order to preserve and safeguard the philanthropic and educational intent of CGK Foundation, its Donor Partners, as well as the educational objectives of FSU, an advisory board (the “SPEFE-EEE Advisory Board”) will be created consisting of three members. In consultation with the Chair of the Economics Department, the members will be chosen by CGK Foundation. The SPEFE-EEE Advisory Board will have the responsibility of reviewing the administration and compliance of this Memorandum and the SPEFE and EEE Programs’ budgets and plans for each academic year.[...]The decision rule of the SPEFE/EEE Advisory Board in all matters will be unanimous vote of all three members ([2008](#) and [2013](#) MOU, Section 7.a-b).

A Faculty Senate investigation determined that “[t]here was Koch control over selection of FSU tenure-track faculty for funded positions via veto power” (Standley report, Finding 3.a). This influence over Professorship Positions (and beyond) is described in the 2008 MOU:

The Executive Committee will submit a list of top candidates to the SPEFE-EEE Advisory Board. The SPEFE-EEE Advisory Board will review the list and make a recommendation as to which candidates are qualified to receive funding. The Executive Committee will then select the individual for the Professorship Position. **No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board.**” (FSU [2008 MOU](#), 3.d.iii) (emphasis added)

2013 MOU

Although the provision was revised superficially in the second MOU, the following critical fact is true of both agreements: CKF has veto power over what hiring occurs with Koch funds.

The revised MOU reads:

- (i) All candidates for the Professorship Positions must be nominated by the Executive Committee of the FSU Department of Economics (the "Executive Committee"). The customary selection procedures of the Executive Committee will be used to nominate such candidates.
[...]
- (iii) After the Dean has approved the selection and the department extends an offer to the chosen candidate, the Dean or his department representative will send information regarding the candidate to CKF together with a proposal to fund the position as a professorship provision under 3 (a) above. The decision of CKF on the funding proposal will under no circumstances jeopardize

the offer to the candidate approved by the Executive Committee and the Dean. Nor will the approval of the Dean create an obligation for CKF to provide any funding under this Memorandum or a Donor Agreement (FSU [2013](#) MOU, 3.d).

b. Exercise of the SPEFE Veto

On May 17, 2011, in a statement released to WCTV, FSU president Eric Barron described how the SPEFE/EEE advisory board was allowed to exercise their veto power over the potential hires:

Yes, faculty did send this list of 50 potential candidates to the three-person advisory committee, and the advisory committee narrowed the list to 16. Yes, the KCF representative weighed in on who on the list of 50 candidates she thought were qualified. The three-person advisory board had to be unanimous in its choices of finalists, so yes, any one of the board members could have denied a candidate. And yes, members of our faculty worried out loud about what criteria the KCF representative might apply. But the faculty interviewed some of the 16 recommended by the advisory board, and they also interviewed others not on this list.

In the end, the faculty offered the job to one individual of the 16, but that person took a job at Cornell University instead. The faculty also proposed hiring one person who was not one of the 16 from the list of 50 candidates, and no objection was offered by the advisory board. ([WCTV](#), 17 May 2011). (**Emphasis ours.**)

Barron's account was intended to illustrate that "in both cases, the choice of the faculty was honored," and that "the economics department controlled the search." Instead, his account confirms that Koch's advisory board successfully vetoed 34 out of a total of 52 total candidates, and controlled half of the first round of hiring.

According to Barron, only after Koch's first hiring choice failed that faculty were able to have control over the search. He continues:

At the same time, the faculty had a separate candidate search going on involving a position funded by the university's Pathways of Excellence hiring initiative. The faculty proposed to offer a position to an individual from this group of candidates using KCF funds, and this too received no objection from the advisory board ([WCTV](#), 17 May 2011).

c. EEE Veto Power

The Advisory Board is granted veto power over Affiliated Programs or Positions as stated above, but it also has quite specific authority over EEE hires, who are subject to the Advisory Board veto during hiring:

The selection of the Teaching Specialist Position will be determined by the Chair of the Economics Department and the Dean of the College of Social Sciences in consultation with the SPEFE-EEE Advisory Board (FSU [2008](#) and [2013](#) MOU, Sec. 4.b).

The Advisory Board retains the ability to discontinue funding for instructors annually:

The Parties intend that the Teaching Specialist Position will be funded by payments consisting of five installments, the first installment being payable at the end of the first month in which the individual holding the Teaching Specialist Position begins full-time employment at FSU. 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) above (FSU [2008 MOU](#), Sec. 4.d).

This grants Koch clear control over the EEE hires: the Advisory Board has veto power over the initial hires, and can decide to cut funding for positions on an annual basis.

d. Hiring of EEE Extended to Donor Partners

The preamble of the 2008 MOU establishes EEE:

a Program for Excellence in Economic Education (“EEE Program”) within the Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education (“Stavros Center”) that promotes sound economic education and research.

[...]

Pursuant to the terms of this Memorandum and any Donor Agreement, the Parties intend that funds will be contributed to support the SPEFE Program for five professorship positions as described in Section 3 [...], to support the EEE Program for **positions** in economic education as described in Section 4 (FSU [2008 MOU](#), Preamble)

In Section 4, the MOU stipulates that “(f)unding for the Teaching Specialist Position **may be provided by a Donor Partner** pursuant to the terms of a separate Donor Agreement in the form substantially similar to that attached as Exhibit A ([2008 MOU](#), Sec. 4.c).

As of 2009, the College of Social Sciences reported four EEE faculty, supported by Koch and BB&T:

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

Both the 2008 and 2013 MOU's allow the donor annual veto power over the renewal of these hires;

The Parties intend that the Teaching Specialist Position will be funded by payments consisting of five installments, [...] 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) above ([2008](#) and [2013](#) MOU, Sec. 4.d).

3. FSU Retention of Koch Hires

A May 2011 article in the Tampa Bay Times was the first to expose the Koch agreement at FSU, quoting Bruce Benson about the agreement:

Benson makes annual reports to Koch about the faculty's publications, speeches and classes, which have included the economics of corruption. He said FSU has promised to retain the professors in tenure-track positions hired under the Koch grant if the foundation ever feels they aren't complying with its objectives and withdraws support ([Tampa Bay Times](#), May 9, 2011).

4. Donor Appointment of Department Chair

The Koch Foundation's "gift" in 2008 was contingent upon Dr. Bruce Benson (who was involved in the creation of the agreement) continuing for another three years as chair of the Economics Department. The agreement would contain \$105,000 in "administrative costs" so that Benson would agree to remain in this position and carry out the Koch Foundation's agenda.

This was clarified in a 2007 memo from Benson to the department. Benson refers to a \$105,000 line item in a breakdown of the Koch funding, listed as "Benson as Dept Chair (3 yr term)":

...note the line “Benson as Department Chair.” I told my wife, a few months ago, that I would not serve a second term as department chair [...]. I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so, and this line item reflects that effort (Benson Memo, [pg. 2](#)).

This was later deemed a “clear conflict of interest” by President Eric Barron in a 2011 [letter](#) to FSU’s Dean of the Faculties, adding that “[the conflict of interest] should have been revealed and then avoided.”

According to our [records requests](#), Benson was forced to step down as chair, yet was able to remain the recipient of the Koch grant. It was felt that this “resolved” the conflict of interest.

Chapter 4.B: Donor Influence on Faculty Scholarship

1. Donor Influence on Academics

In a 2007 departmental memo, Department Chair Bruce Benson made clear which activities were expected by the donors, specifically Koch’s donor network:

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 (pg. 1)

[...]

Constrained hiring: 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, [pg. 3](#)).

In the end, the Charles Koch Foundation decided to put its “explicit agenda” into the “Objectives and Purposes”:

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

In an unpublicized attachment to the 2008 Koch MOU, obtained through records requests, both parties acknowledge that program’s purpose is solely Koch’s:

The Parties agree and acknowledge that, if not for the Donor’s contributions to be made pursuant to this Agreement, FSU would not otherwise undertake to hire individuals to hold such Professorship Positions set forth in this Agreement and the MOU nor implement the programs mentioned in both documents. ([Attachment C](#), Section V.H, pg. 4)

2. Donor Stipulated Scholarly Activity

The 2008 MOU creates the program for the Study of Political Economy and Free Enterprise (SPEFE), and the program for Excellence in Economics Education (EEE). The MOU stipulates Koch requirements for Professorship Positions and programs:

The FSU College of Social Sciences agrees to create the SPEFE Program and the EEE Program within the Stavros Center to build upon and advance research, publication, dissemination, and public knowledge of the role and importance of economic institutions and the study of political economy. The CGK Foundation is supportive of these efforts, and the Parties agree that the activities of the SPEFE Program and the EEE Program will include but not be limited to: (a) yearly production and publication of high-quality academic research focusing on economic institutions and political economy, (b) economic education efforts aimed at the broad dissemination of research related to economic institutions and political economy, (c) support of faculty and students advancing research into and the dissemination of economic institutions and political economy, and (d) collaboration and cooperation with other centers and organizations working to advance complementary research and activities related to economic institutions and political economy ([2008 MOU](#), Sec 2).

a. The Study of Political Economy and Free Enterprise (SPEFE)

The research of SPEFE hires is stipulated in the MOU:

FSU agrees to recruit individuals to hold Professorship Positions who support the Objectives and Purposes set forth in Section I (a) above, and who demonstrate the ability to work effectively in collaborative efforts to advance those Objectives and Purposes, and whose research promises to advance those Objectives and Purposes and compliment, inform, and build upon FSU's existing strengths in law and economics, institutions, and property rights as they relate to and inform the foundations of prosperity, social progress, and human well-being ([2008 MOU](#), Sec. 3.a).

[...]

Individuals holding Professorship Positions agree to support the Objectives and Purposes as set forth in Section 1 (a) above and to complete the following activities in accordance with these Objectives and Purposes ([2008 MOU](#), Sec. 3.e.i).

[...]

The objectives of the Professorship Positions will be accomplished through research, teaching, publishing, print and electronic media, and other means as may reasonably be deemed to comport with the mission of FSU and the SPEFE Program ([2008 MOU](#), Sec. 3.e.ii).

The College of Social Sciences described the SPEFE missions:

There are two new major programs located within the Stavros Center, the Excellence in Economic Education program (EEE) and the Study of Political Economy and Free Enterprise (SPEFE). Both of these programs are currently funded by the Charles G. Koch and BB&T Charitable Foundations. .

[...]

SPEFE focuses on research designed to enhance the understanding of the institutions and policies supportive of free enterprise (COSS, [2009](#), pg. 24-25).

b. Excellence in Economic Education (EEE)

The preamble of the 2008 MOU defines

a Program for Excellence in Economic Education ("EEE Program") within the Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education ("Stavros Center") that promotes sound economic education and research ([2008 MOU](#), Recital C).

Though the Teaching Specialist position supported by Koch appears to be a singular position; “the Teaching Specialist will be affiliated with both the FSU Economics Department and the EEE Program,” the preamble defines multiple positions:

Pursuant to the terms of this Memorandum and any Donor Agreement, the Parties intend that funds will be contributed to support the SPEFE Program for five professorship positions as described in Section 3 [...], to support the EEE Program for **positions** in economic education as described in Section 4 ([2008 MOU](#), Recital C) (**Emphasis added.**)

In the 2008 MOU, the Koch Foundation proposes \$544,000 over five years for a teaching specialist position:

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

The MOU also allowed a Partner Donor to support “teaching specialist” positions.

c. BB&T Programming

The BB&T Program of Free Enterprise created two Professors of Free Enterprise, one in the Department of Finance and the other in the Department of Economics; Dr. William Christiansen and Dr. Bruce Benson respectively. The positions were created to “develop and promote a free-enterprise curriculum,” “a new speaker series,” and the establishment of a new economics course, “Morals and Ethics in Economic Systems” (2008 [BB&T letter](#)).

In the Department of Finance, the [BB&T Center for Free Enterprise](#) provides, among other things, “faculty support of a professorship to develop and promote free enterprise curriculum.”

BB&T required that “[t]he Department of Finance would add additional reading and course content in free markets, self-interest and individualism and its current required coursework.” (BB&T Letter, [pg. 2](#))

FSU President T.K. Wetherell [remarked](#) “We are very appreciative of the confidence that BB&T has placed in Florida State University to create programs to **emphasize the moral and ethical dimensions of our free enterprise system**” (emphasis added).

It appears then that the President was under the clear impression this programming was intended to defend (“emphasize the moral dimensions of”) free market capitalism, rather than investigate it objectively.

3. Publication Irregularities

The faculty senate's investigation revealed that in 2011, the academic integrity of FSU economists was being called into question throughout the larger economics discipline, potentially affecting their ability to publish in top journals:

National media discussion has had tremendous negative impact on the entire Economics department. FSU's academic integrity has been damaged. It was reported that professional websites are questioning the quality of FSU Economics scholarship and asserting that bias is evident and assertions that faculty publications are being analyzed for such bias with suggestion that FSU research should be viewed skeptically by refereed journals in the field. Some Economics faculty discounted the importance of this particular website ([Standley report](#), Finding 3.j).

While further work would be required to demonstrate such an effect, records requests have revealed two internal reviews that make an indirect mention of publication irregularities.

In 2015, the Department of Economics Quality Enhancement Review included an internal and external review. The external reviewer stated that he was "asked by the Chair and others to comment on the long lags, at economics journals, between the first submission of a manuscript and its publication," wherein he described "publication lags" experienced by some FSU economists when submitting to "top tier general interest journals":

Because of the publication lags, it can take 2-3 years for someone who aims high to find out that their paper is rejected even after a number of revise-and-resubmits. That means they can lose up to 3 years waiting and end up in a field journal. Had they aimed low they would have gotten a reasonably rapid publication, albeit not a top tier one. This means the list of publications on a vita after 5 or 6 years as an assistant professor may not be a good indicator of persons eventual capability. I wish I had an answer but I don't. It is a problem for all universities and I am not aware that any have really solved it ([QER External Report](#), 2015).

Chapter 4.C: The “Undergraduate Program”

A 2015 statement made by President John Thrasher addressed the topic of “the undergraduate program” in the Department of Economics:

The “alternative undergraduate program” in economics to which some so strenuously object is actually referred to in the 2013 MOU as an Economics Club. This club is now a registered student organization on campus, subject to all the rules governing such organizations, including that the students choose their faculty advisor ([Thrasher letter](#), January 2015).

The Faculty Senate investigation expressed concern for the ambiguously defined “Undergraduate Program”:

the MOU spells out attention to the “Undergraduate Program” in terms that seem to exceed just a new “Economics Club” [...], we conclude that the MOU and its related Donor Partner agreements are staking a very broad interest in the undergraduate component of the academic program of the Economics department ([Walker Report](#), finding 6, pg. 9).

In 2011, the faculty senate investigation summarized what resulted from the “undergraduate program,” highlighting “four specific items of concern relating to the undergraduate mission of the department”:

a) a **donor-prescribed** course with **donor-prescribed** curricular content, b) supervision and staffing of required lower-level undergraduate gateway courses; c) extra-curricular undergraduate programs, and d) procedures for creating a certificate program ([Walker Report](#), finding 6, pg. 9). (**Emphasis added.**)

The MOU outlines an “undergraduate program” defined with the stipulation: that “[a]pproval of this program will follow current department procedures for approving any new course offering” ([2008 MOU](#), Section 5.a).

The MOU specifies that course proposals come from an “Undergraduate Political Economy Committee,” who would “design and propose an Undergraduate Program to the department Chair that is consistent with advancing the Objectives and Purposes.” In the MOU, these responsibilities appear to be shared with a the DeVoe Moore Center:

Subject to terms of this Memorandum, the Undergraduate Program will be funded for a term of three years in the amount of \$30,000 per year by the DeVoe Moore Center of the College of Social Sciences at FSU. The Undergraduate Political Economy Committee will report to the SPEFE-EEE Advisory Board on its activities and accomplishments regarding the stated objectives of the program and its plans to obtain future funding to advance and continue the program.” ([2008 MOU](#), 5.c)

The faculty senate committee did not find evidence of such a committee convening, but the curricular elements proceeded. The 2009 College of Social Sciences annual report states clearly that “EEE has already created a Certificate Program in ‘Markets and Institutions’ and several new courses” ([COSS 2009](#), pg. 20).

The BB&T Charitable Foundation also committed \$2.25 million to the department over ten years to support an undergraduate teaching specialist (plus a four-year PhD fellowship, dissertation fellowships, visiting speakers, and several new opportunities for undergraduates). Joab Corey is the new BB&T Lecturer in Free Enterprise Economics. Joab, whose PhD is from West Virginia University, joins other outstanding economics instructors in the new program for Excellence in Economics Education (EEE), also in the Stavros Center. EEE has already created a Certificate Program in “Markets and Institutions,” and several new courses ([COSS 2009](#), pg. 20).

A [budget document](#) prepared by Bruce Benson shows that the Charles Koch Foundation expended an additional \$50,000 for “course support” during the 2007-2008 school year for the SPEFE/EEE grant.

The faculty investigation found that the certificate program was created outside of standard procedures:

The concern expressed to the committee is that this Certificate program was not vetted in proposed form by a department-wide mechanism, but there is disagreement on this point. There is an Undergraduate Committee in the department bylaws: “The Undergraduate Committee has overall responsibility for the Department’s undergraduate program. This committee must review all academic policy changes affecting the undergraduate program prior to their final consideration by the Executive Committee or the Department faculty as a whole” (G.1) Membership is defined as “a chair and not less than two other faculty in the Department, chosen from among those faculty who regularly advise undergraduate majors”(G.2) In the event [sic], the chair notes in his email of June 6, 2011 that “I wish I would have made a more significant effort to inform faculty about many things, including the development of the Certificate Program.” We conclude that the process of establishing the new Certificate must have fallen short of a usefully functioning standard of transparency and openness ([Walker Report](#), finding 6.d, [pg. 13](#)).

The Standley Report states bluntly, “[a] Certificate program in free market economics was established, again without faculty input” ([Standley Report](#) 2011, finding 3.j)

1. Donor Influenced Courses

In a statement made in 2015 by President John Thrasher directly addressed the Koch foundation’s impact on curriculum:

[T]here is no donor control over the curriculum in the economics department. All decisions regarding course offerings and content are made by the Graduate and the Undergraduate Studies Committees of the department and the faculty members teaching the courses ([Thrasher letter](#), January 2015).

In response to the 2011 revelation of FSU’s agreement with the Charles Koch Foundation, the Tampa Bay Times quoted Dean David Rasmussen who had overseen the agreement in the College of Social Sciences:

Rasmussen said hiring the two new assistant professors allows him to offer **eight additional courses a year**. "I'm sure some faculty will say this is not exactly consistent with their view of academic freedom," he said. "But it seems to me it would have been irresponsible not to do it." ([Tampa Bay Times](#), 9 May 2011) (Emphasis added.)

Based on our research, the agreements with BB&T and the Charles Koch Foundation allow donor influence over at least nine courses.

Introductory “Principles” Courses

The three introductory courses are taught by the donor obligated EEE hires through the Principles Committee (as described in [Chapter 3.C](#)).

- **(ECO 2000) Introduction to Economics**
- **(ECO 2013) Principles of Macroeconomics**
- **(ECO 2023) Principles of Microeconomics**

BB&T’s Program for Free Enterprise

The most well known courses associated with the agreements are two created as part of the BB&T agreement. These courses were stipulated by the donor to include the study of Ayn Rand’s *Atlas*

Shrugged. The following were created in the Department of Finance and Economics respectively ([2008 BB&T Letter](#)):

- **(GEB 4455) Perspectives in Free Enterprise**
- **(ECO 3131) Market Ethics: The Vices, Virtues, and Values of Capitalism**

These courses are electives not required for the Finance and Economic majors, but though they are required for the Koch certificate and BB&T minor.

Courses for the Certificate in Markets and Institutions

The faculty findings detail the creation of a certificate program. “Since the MOU was signed in the summer of 2008, the department has created and now offers a new undergraduate certificate program, the ‘Certificate in Markets and Institutions.’” ([Walker Report](#), finding 6.d)

The [department’s description of the certificate](#) lists the four “courses newly-created for the program” as:

- (ECO 3130) Free to Choose
- (ECO 4504) Public Sector Economics
- (ECO 3131) Market Ethics
- (ECO 3004) Debating Economic Issues

Another course from the Markets and Institutions Certificate that, according to FSU’s College of Social Sciences, was funded by the Charles Koch Foundation ([COSS 2008](#), pg. 20):

- (ECO 4132) Economics of Compassion

None of these classes disclose publicly that they are in any way affiliated with the donor’s funding or agreement.

2. Introductory Courses

The above section on “curricular capture” describes how the lecturers hired by the Koch Foundation and their donor partners constituted a majority of the Principles Committee, endowing them curricular control over the “principles” level courses: Introduction to Economics, Principles of Macroeconomics, and Principles of Microeconomics. All three currently use some form of the same textbook, respectively:

Economics: Public and Private Choice, by Gwartney, Stroup, Sobel, and Macpherson

Macroeconomics: Public and Private Choice, by Gwartney, Stroup, Sobel, and Macpherson

Microeconomics: Public and Private Choice, by Gwartney, Stroup, Sobel, and Macpherson

The Macro/Micro Principles sequence (ECO 2013 and ECO 2023) is required for both the [Economics major](#) and [Minor](#), as well as the [Finance Major](#).

Introduction to Economics (ECO 2000) is listed specifically for non-major students,

This course is a survey of the discipline for people taking only one economics course. Historical perspective and major principles of theory are presented. Not to be taken by students who have had or who must take ECO 2013 and 2023. Not applicable to the economics major nor the economics minor. ([FSU Registrar](#))

James Gwartney, director of the Gus Stavros Center, has taught at FSU since 1977. Along with Richard Stroup at North Carolina State University, and Russell Sobel at Citadel College, Gwartney has deep ties to the Koch network. Their textbook, *Economics: Public and Private Choice*, clearly reflects this political agenda.

a. Climate Change Denial

Over the years, *Economics: Public Private Choice* has received criticism for its inaccurate claims about climate change, earning it last place [for six consecutive years](#) in Economist Yoram Bauman’s list of economics textbooks ranked by climate change accuracy.

Indeed, Special Topic chapter 12, “Difficult Environmental Cases and the Role of Government” warns of the “scientific uncertainties” of global warming, and cast doubt on the renewal of the Kyoto protocol:

[t]he uncertainties surrounding climate change along with the political economy of regulation provide reasons for caution. A lot of critical information is still missing. Scientist have not quantified some of the factors causing major changes in the earth’s temperature. Global temperatures changed significantly long before the Industrial Revolution began to pump up fossil-fuel consumption. Two periods in the past 2,000 years stand out: the Medieval Optimum (a warm period from about 700 AD to 1200) and the Little Ice Age (a period of temperatures significantly colder on average, than today, from about 1560 to 1850). Thus the earth has experience both warming and cooling trends in the past, and the current warming trend may well be unrelated to the emissions of carbon dioxide and other greenhouse gases into the atmosphere (*Microeconomics: Public and Private Choice*, pg. 489-490).

As to the “political economy of regulation,” the chapter warns that “regulation overrides or ignores the information and incentives provided by market signals,” and as a result, “[a]ccountability of regulators for the cost they impose is lacking.” It is also warned that government action on climate change “allows

special interests to use political power to achieve objectives that may be quite different from the environmental goals originally announced” (Public and Private Choice, pg. 488).

A [2015 Greenpeace report](#) details how the “[t]hree authors of [Economics: Private and Public Choice](#) have overlapping connections to Koch-funded universities and political groups,” among them: James Madison Institute, Property and Environmental Research Center, State Policy Network, Fraser Institute, Tax Foundation, Mercatus Center, Cato Institute, and the Institute for Energy Research (the latter three were founded by Charles Koch).

The above groups have all been identified by Greenpeace as climate change denial groups, and have each received funding from the Charles Koch Foundation, other Koch family foundations, or the donor-advised funds used by Koch’s network, DonorsTrust and Donors Capital Fund. According to a 2013 study from Drexel University, Koch’s foundations, DonorsTrust, and Donors Capital Fund constitute the largest source of financial support for climate change denial in the United States ([Brulle, 2013](#)). In [2016](#), the Kochs refused to comply with a Senate investigation into industry funded climate change.

The [Greenpeace report](#) details how the “[t]hree authors of [Economics: Private and Public Choice](#) have overlapping connections to Koch-funded universities and political groups”:

- James Gwartney works in the Koch-funded Florida State University economics department, and is on the [Research Advisory Council](#) of the Koch-funded [James Madison Institute](#), itself a member of the Koch-funded [State Policy Network](#). Gwartney is an [adjunct scholar](#) at the Cato Institute, founded by Charles Koch and currently directed by David Koch and other close Koch associates. Gwartney [received](#) the Adam Smith award and Distinguished Scholar Award from the [Association for Private Enterprise Education](#) (APEE), which organizes professors at schools receiving Koch grants. Gwartney has served as [president, vice president and executive board member](#) of APEE. APEE itself [receives](#) money from Charles Koch. James Gwartney has [authored](#) at least 11 editions of “Economic Freedom of the World” for the Fraser Institute and the Cato Institute, a project funded by Koch. “Economic freedom” is written into the “Objectives” of Koch’s contract with Clemson University, as noted above.
- **Richard Stroup** teaches at North Carolina State University, which [helps](#) the Charles Koch Institute place “summer fellows” into paid internships at Koch-funded [political groups](#). Stroup is a director of the [Institute for Energy Research \(IER\)](#), itself founded by Charles Koch, and is a fellow at the Cato Institute, also founded by Charles Koch. Along with Charles Koch, Dr. Stroup is a member of the Mont Pelerin Society. Stroup authored “Free Market Environmentalism” for the anti-environmental Property and Environment Research Council (PERC), yet another organization financed by Koch foundations, which created a Free Market Environmentalism college course [syllabus](#).

- Russell Sobel now [teaches](#) at Citadel College Military College of South Carolina, after [abruptly leaving](#) West Virginia University in 2012, a top Koch-Funded school where Sobel was hand-chosen by the Charles Koch Foundation to direct the programs it funds. Sobel earned his economics Ph.D at FSU under Randy Holcombe. Sobel is a visiting fellow at the South Carolina Policy Council, part of the Koch-funded State Policy Network, and is [affiliated](#) with the Mercatus Center, the Cato Institute, the Fraser Institute, Tax Foundation, and Koch-funded hubs at Troy University in Alabama and Hampden-Sydney College in Virginia. Sobel [served](#) on the executive board of the Koch-funded consortium of professors, the Association of Private Enterprise Education, and received an award from APEE in 2007. [Sobel has argued](#) that mine safety regulations make coal miners less safe.

JMI, PERC, and SCPC are members of the State Policy Network (SPN) and are either directly funded by the Charles Koch Foundation, or are funded through the Koch network’s DonorsTrust/Donors Capital Fund.

PERC, JMI, and SPN are prominent climate change denial think tanks, recently mentioned by name in a Senate Investigation into fossil fuel funded climate change denial.

b. The 2008 Financial Collapse

The 2008 editions (of all three books) were updated to contain a chapter entitled “The Crisis of 2008: Causes and Lessons for the Future” which contains objectively flawed passages blaming the crash on the federal government.

i. Koch’s Role in the 2008 Financial Crisis

The 2008 financial crash has its roots in a class of complex financial instruments being traded in deregulated, or “dark,” markets. These “toxic assets” included certain kinds of Credit Default Swaps (CDS) and Collateralized Debt Obligations (CDO).

[State gaming laws](#) outlawed such financial instruments until 2000, when these laws [were specifically preempted](#) by the [Commodity Futures Modernization Act](#) (CFMA), which contained the infamous “Enron Loophole.”

Koch Industries has had a large presence in the financial sector, and in the 1980s, [pioneered a class of financial instruments](#) that allowed for speculation on the price of commodities like oil and natural gas. Along with Enron, Goldman Sachs and others, [Koch lobbyists](#) spent the 1990’s [deregulating commodity related derivatives](#), playing [a critical role](#) in the drafting and passage of the CFMA.

Senator Phil Gramm, who chaired the Senate Banking Committee, [lead the passage](#) of the CFMA, while his wife Wendy, a director at Enron, was also the head of the Regulatory Studies Program at Koch’s Mercatus Center. As summarized in Jane Mayer’s book *Dark Money*:

In 2001, Enron collapsed in a heap of bogus financial statements and fraudulent accounting practices. But Wendy Gramm had pocketed up to \$1.8 million from Enron the year after arguing for the loophole. And it emerged that before going under, Enron had made substantial campaign contributions to Senator Gramm, while its chairman, Kenneth Lay, had given money to the Mercatus Center (*Dark Money*, pg. 154-155).

Among other things, Koch was also involved in the Enron-esque trading of natural gas futures, [subpoenaed in 2002](#) by Commodity Futures Trading Commission.

In his book, the *Science of Success* (2005), Charles Koch lists financial products that Koch Financial traded, specifically “collateralized debt obligations and credit default swaps” (pg. 168)

This makes it particularly egregious for Koch backed economics and finance majors to learn misinformation about the activities of the donor.

ii. Origins of the Crisis and the “Big Lie”

Much like the crisis of climate change, there is a consensus among experts that the financial crash of 2008 was caused by reckless actions of the financial industry.

Phil Angelides, chair of the bi-partisan Financial Crisis Inquiry Commission, which conducted the official inquiry into the financial crisis, clarified that it was “the recklessness of the financial industry and the abject failures of policymakers and regulators that brought our economy to its knees,” but that a “historical rewrite is in full swing.”

He cited “shopworn data” from the American Enterprise Institute that was “analyzed and debunked by the committee” ([Washington Post, 2011](#)).

Jane Mayer’s book *Dark Money* clarifies:

In what the economic writer and asset manager Barry Ritholtz labeled Wall Street’s “big lie,” scholars at conservative think tanks argued that the problem had been too much government, not too little. The lead role in the revisionism was played by the American Enterprise Institute, whose board was stocked with financial industry titans, many of whom were free-market zealots and regulars at the Koch donor seminars.

Specifically, AEI argued that government programs that helped low-income home buyers get mortgages caused the collapse. Ritholtz noted that these theories “failed to withstand even casual scrutiny.” There was plenty wrong with the government’s quasi-private mortgage lenders, Fannie Mae and Freddie Mac, but numerous nonpartisan studies ranging from Harvard University’s Joint Center for Housing Studies to the Government Accountability Office proved they were not a major cause of the 2008 crash. Yet by shifting the blame, Ritholtz noted, those “whose bad judgment and failed philosophy helped cause the crisis” could continue to champion the “false narrative” that free markets “require no adult supervision.”

Self-serving research from corporate-backed conservative think tanks wasn’t exactly news by 2011, but what was surprising, Ritholtz contended, was that “they are winning. Thanks to the endless repetition of the big lie.”

The organizations involved the revisionism about the financial crisis are predominantly organizations funded by the Charles Koch Foundation, including: the [Heritage Foundation](#), [American Enterprise Institute](#), the [Cato Institute](#), the [Reason Foundation](#), and the [Foundation for Economic Education](#).

This lie has been propagated through Koch funded programs to students at universities. At Florida Gulf Coast University, the President of the Cato Institute presented at a Koch-funded [Students for Liberty meeting](#) with a talk called “The Financial Crisis: Causes, Consequences and Cures”:

John Allison, former Chairman and CEO of BB&T, presented his unique perspective of the financial services industry to support his argument that massive government intervention into the U.S. economy laid the groundwork for an unsustainable real estate boom. Allison also demonstrated that capitalism, far from being the cause of our financial ills, is its only cure.

iii. Textbook Claims

The claim that government regulation caused the Financial Crash is mirrored in *Microeconomics: Public and Private Choice*, by Gwartney, Stroup, Sobel, Macpherson. The chapter entitled "The Crisis of 2008: Causes and Lessons for the Future" begins:

Focus: Why did housing prices rise rapidly during 2001-2005 and then fall in the years immediately following? Did regulation play a role? Did monetary policy contribute to the housing boom and bust? What caused the economic crisis of 2008? What lessons should we learn from the Crisis of 2008? (pg. 405)

The **key introductory quote starting the chapter quotes the American Enterprise Institute:**

U.S. housing policies are the root cause of the current financial crisis. Other players - "greedy" investment bankers; foolish investors; imprudent bankers; incompetent rating agencies; irresponsible housing speculators; shortsighted homeowners; and predatory mortgage brokers, lenders, and borrowers - all played a part, but they were only following the economic incentives that government policy laid out for them. -Peter J. Wallison [from] "Cause and Effect; Government Policies and the Financial Crisis," AEI Financial Services Outlook, (pg. 405)

The final Key Point from the chapter is:

The Crisis of 2008 reflects the unintended consequences of regulatory and monetary policy and what happens when the incentive structure is polluted by unsound institutions and practices. (pg. 418)

The chapter's final Critical Analysis Question reads:

Some charge that the Crisis of 2008 was caused by the "greed" of Wall Street firms and other bankers. Do you agree with this view? Do you think that there was more greed on Wall Street in the first five years of this century than during the 1980s and 1990s? Why or why not? (pg. 418)

The College of Social Science reported that the Gus Stavros Center and the Economics Club put on considerable programming in the year following the Financial Crisis:

The Stavros Center and the FSU Economics Club co-sponsored several activities during the year. These included:

- “The Current Economic Crisis: Cause and Implications” led by a panel of faculty members from the Department of Economics.

[...]

- “The Current Economic Crisis; Cause and Future Prospects,” led by James Gwartney, Joe Calhoun, and Joe Connors.
- “Will President Obama’s Economic Policy Turn the Recession Around?” A panel presentation by economists from the FSU Department of Economics. (COSS, [2009](#), pg. 25)

3. BB&T’s “Morality of Capitalism”

The “Market Ethics” course was created initially through the BB&T Program of Free Enterprise. Two Professors of Free Enterprise, one in the Department of Finance and the other in the Department of Economics (Dr. William Christiansen and Dr. Bruce Benson respectively), were created to “develop and

promote a free-enterprise curriculum,” “a new speaker series,” and to establish “a new economics course, Morals and Ethics in Economic Systems.”

The Department of Economics will create a new course on Morals and Ethics in Economic Systems. The work of Ayn Rand will be among the required readings of this course. Initially the course will be offered to 108 students each term, and eventually increase to as many as 500 students. The college of Social Sciences will also offer this course in an online format in the near future (2008 [BB&T letter](#)).

This course would manifest in the Department of Finance as “Perspectives in Free Enterprise” ([GEB 4455](#)) and in the Department of Economics as “Market Ethics: The Vices, Virtues, and Values of Capitalism” ([ECO3131](#)).

The faculty senate’s findings describe that the Devoe Moore Center was involved in implementing the course:

Specific course content is dictated by the funding agreement implemented through the Devoe Moore Center, specifically that an academic course requiring “Atlas Shrugged” as a text be taught. This book is given free with enrollment. FSU course content and assignments should not be for sale ([Standley report](#), finding 3.h).

In the Department of Finance, the course has been primarily taught by Department Chair William Christiansen ([CV](#)). The [undergraduate course bulletin](#) discloses that the course is “[s]ponsored by the BB&T Center for Free Enterprise.”

In the Department of Economics, the course has been taught by Randall Holcombe (ECO 3131 - [Current Syllabus](#)). The [undergraduate course bulletin](#) does not disclose anything about this course.

On the [Markets and Institution Certificate page](#), the economics course is described:

Market Ethics: The Vices, Virtues, and Values of Capitalism -- ECO 3131
One goal of the course is to provide a good understanding about what ethics means in the context of economic activity. What is fair? What do people owe to each other? What criteria should society use to judge behavior as ethical or unethical? The course then applies these ideas to specific economic activities and policies. Some examples are price gouging, executive pay, sweatshop labor, and the sale of organs for transplants. The course uses Murray Rothbard’s [The Ethics of Liberty](#) and Ayn Rand’s [Atlas Shrugged](#) as textbooks, along with a few other readings.

John Allison, former CEO of BB&T and President of Charles Koch’s Cato Institute, [speaking at a Cato forum](#) on campus free market centers:

Looking at economics, what our research showed is that most people generally viewed capitalism, free markets, as economically successful, but a very large percentage of people viewed it as, at best, amoral and in many cases immoral. So we really went back to kind of a fundamental question; how can an immoral system produce a better outcome? [\(14:27\)](#)

Later in the panel, the Director of Clemson University’s Koch-funded Institute for the Study of Capitalism, Bradley Thompson, says that free market programs are “an attempt to retake the moral high ground.”

4. Courses for Donor Created Certificates and Minors

a. Certificates and Minors

In the diagram below, we compare three certificate/minor programs created by private donors:

- the [Certificate in Markets and Institutions](#) (funded by the Charles Koch Foundation),
- the [Minor in Free Enterprise and Ethics](#) (funded by BB&T), and
- the [Specialized Study in Political Economy](#) created by the DeVoe Moore center in 1998.

The DeVoe Moore Center and the Certificate in Political Economy are discussed in similar detail as above. See [Appendix: DeVoe Moore Center](#).

i. Certificate in Markets and Institutions

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

The “principles sequence” consists of the introductory courses above:

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

Koch and Donor Partners’ Certificates and Minors

(Red = Directly Influenced by Donor Agreement)

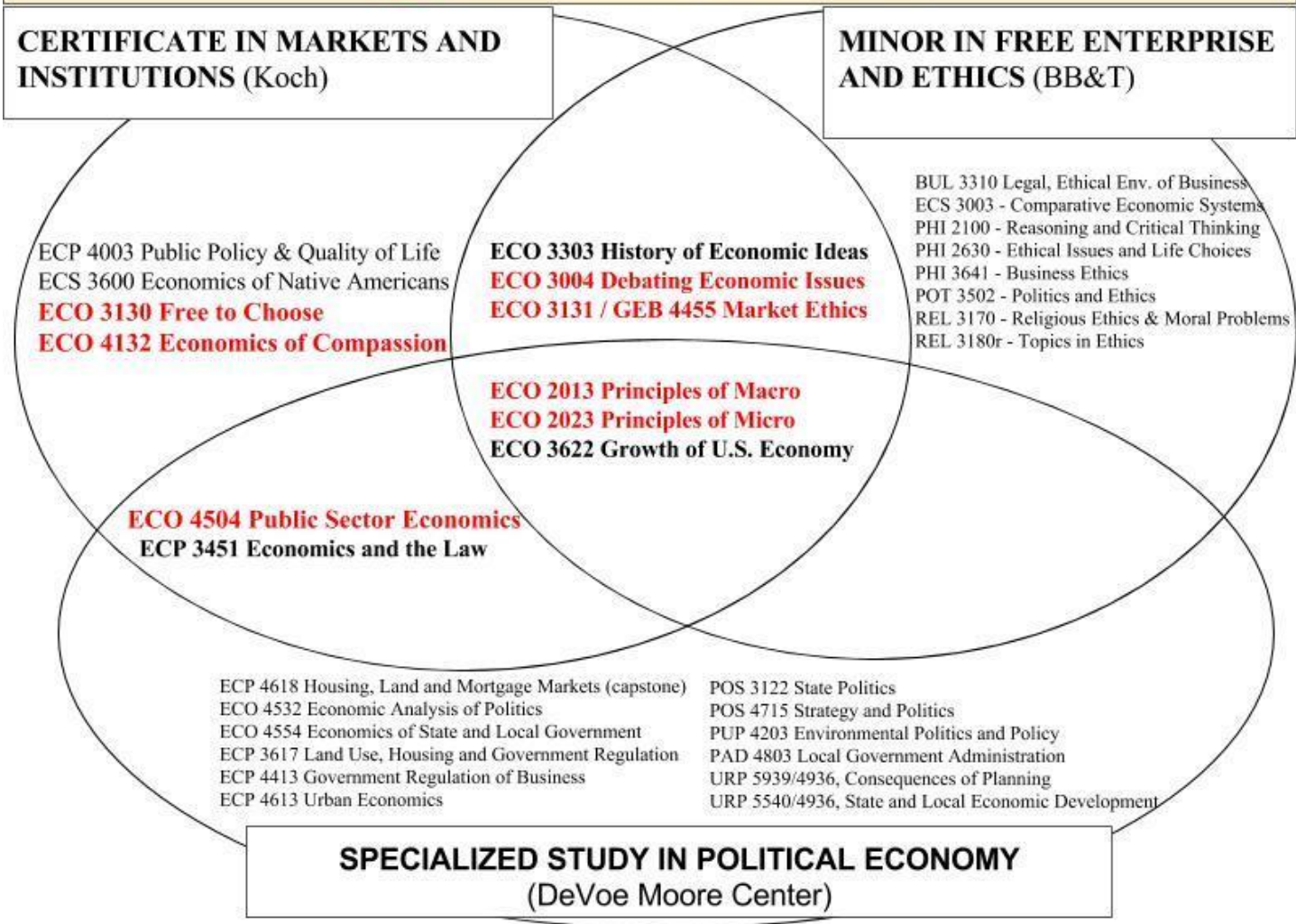


Figure 8 is a Venn diagram of course requirements for three donor created minor/certificate programs; those established by Koch, BB&T, and DeVoe Moore. The courses in red are those which this report finds to have considerable donor influence.

After that, “[s]tudents choose three additional elective courses from the curriculum,” including some “from the Department’s existing curriculum” and some “newly-created for the program.” The existing courses are listed as:

- ECO 3303 History of Economic Ideas
- ECS 3600 Economics of Native Americans
- ECO 3622 Growth of the American Economy
- ECP 4003 Public Policy and the Quality of Life
- ECO 4132 Economics of Compassion
- ECP 3451 Economics and the Law

The “newly-created” courses are listed as:

- ECO 3130 Free to Choose
- ECO 3131 Market Ethics: The Vices, Virtues, and Values of Capitalism
- ECO 4504 Public Sector Economics
- ECO 3004 Debating Economic Issues

ii. Minor in Free Enterprise and Ethics (College of Business)

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

No information about the donor is disclosed on the website for the [Minor Program in Free Enterprise and Ethics](#). In fact, the department cites student demand foremost in the motivating context:

There is an increasing interest and demand from business students for guidance in exploring the ethical pressures, perspectives and conflicts faced in making real world business decisions. In addition, the recent notoriety of ethical breaches in corporate America and political America puts a bright spotlight on temptations that sometimes compromise clarity in drawing ethical lines.

The College of Business [webpage](#) describes the minor’s requirements. The page clarifies that “[t]o be admitted to the College of Business, a student will have already taken and passed ECO 2013 and ECO 2023,” which are overseen by Koch’s EEE program:

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

Then the following two required courses:

- BUL 3310 The Legal and Ethical Environment of Business
- GEB 4455 Perspectives on Free Enterprise

Students then choose any two courses from a list of ten, including the following courses, which are also found on the EEE Certificate in Markets and Institutions:

- ECO 3303 History of Economic Ideas
- ECO 3622 Growth of the American Economy
- ECO 3004 Debating Economic Issues

The donor- created Perspectives on Free Enterprise (GEB 4455) is the capstone course for the minor.

b. Courses

i. Debating Economic Ideas (ECO 3004)

Debating Economic Issues (ECO 3004) is the capstone course for the certificate. According to the [College of Social Sciences webpage](#):

Debating Economic Issues -- ECO 3004

In this course, students will analyze and discuss the important role of institutions and markets in organizing economic behavior in a variety of contexts and branches of economics. The course is team-taught by six Economics faculty in order to offer a diverse set of applications.

Yet, according to the [FSU Registrar](#), and the [College of Business webpage](#), the course is available for the Minor in Free Enterprise and Ethics, and is described as:

ECO 3004 - Debating Economic Issues (3). Prerequisites: ECO 2013, 2023. Economic analysis applied to current economic policy issues. Topics may include financial markets, Social Security, debt finance, health care, immigration, global climate change and environmental policy, regulation, welfare reform, labor market discrimination, drug policy, and topics selected by students.

ii. Free to Choose (ECO 3130)

In 2014, Dr. Joe Calhoun wrote to Mark Isaac regarding a grant that the Koch Foundation provided for the development and teaching of a public choice economics course:

Mark: I first taught Free to Choose in Spring 2009. I've taught it every Fall semester since FA09. I approached the Koch Foundation in Spring 2008 about their willingness to assist with the development of the course. It was something I started on my own but could not finish because my course load was full. I could not get out of any courses so Koch agreed to pay me directly to teach the course as an overload in SP09. I received a one-time payment of \$12,000 for development and teaching. FSU did not receive any direct funding. I have not received any funding since. Joe Calhoun ([Calhoun to Isaac](#), 2014)

A 2015 departmental [course listing](#) describes “ECO 3130. Free to Choose (3). Prerequisites: ECO 2013 and ECO 2023. This course, dealing with liberty and economic freedom, addresses many present and past social issues and public policy decisions.”

On the [Markets and Institution Certificate page](#):

Free To Choose -- ECO 3130

This course is about liberty and economic freedom. It incorporates the ideas of Dr. Milton Friedman, as documented in his book *Free to Choose* and various talks he gave, as the launching point of classroom discussions. It addresses many social issues and public policy decisions of past and present.

“Economic Freedom”

The corporate-funded study of “economic freedom” was pioneered by the development of the “Economic Freedom Index.”

The index was developed by Milton Friedman, Michael Walker, James Gwartney, Robert Lawson, and Walter Block at the Fraser Institute, a Canadian think tank funded by Koch Network. The work has continued to be funded by the Charles Koch Foundation.

Gwartney, Lawson, and Block are all professors currently funded by the Koch Foundation. All were founding members of the Association of Private Enterprise Education (APEE).

Gwartney directs FSU’s Gus Stavros Center for the Advancement of Free Enterprise and Economic Education, which house the Koch foundation’s programs at FSU .

[Robert Lawson](#) received his Ph.D at Florida State University. In 2008, the same year FSU signed the first agreement with the Koch foundation, Lawson and the Koch foundation bypassed Auburn University hiring procedures to establish the “Economic Freedom Initiative” ([Auburn Villager](#), 2008).

The Economic Freedom Index is a single valued “measure” of economic freedom calculated by averaging 42 sub-indices, each of which rank (on a scale of 0-10) how unregulated or “free” certain parts of the economy are.

Walter Block describes the main assumption: civil and political freedoms can be boiled down to indicators of economic freedom:

Economic, political, and civil liberties are discussed and there is consensus with Milton Friedman's perspective that civil liberties can be reduced to economic liberties, and that political freedom and stability may derive from civil and economic liberalism ([Block](#), 1993)

At the 2016 meeting of the Association of Private Enterprise Education, Fraser’s Michael Walker described the Economic Freedom Index, and how to measure “economic freedom”:

You can measure it by a negative. You can measure it by how much government desists from doing bad things to people, and you give them a score by how much they desist from high taxes, desists from bad regulation, and so on, and so on. (Walker, APEE 2016)

He went on to describe how overtly political the subindices are:

It is undoubtedly one of the most successful pedagogical tools in the history of our profession, particularly in the development of better public policy around the world. ([Audio at 16:00](#))
[...]
[T]he freedom indices are like a recipe book for baking a freedom cake in your own jurisdiction. . . . We call it a recipe. The reason that we can call it that is that **each of the 42 indicators in the economic freedom of the world index is reflecting a specific policy that can be targeted by a reform minded government.** And so you’re teaching governments. And I’m going to show you now in a few minutes, the results of that, in the change in the amount of agreement around the world in the kind of policies that should be followed. ([Audio at 17:30](#))
[...]
The population weighted score from 1970 to today has basically doubled. Now you should all reach out and give yourselves a great big pat on the back for that because a lot of that gain, I’m certain, has come from, gain has come from people like you, pressing in China, pressing in India, pressing around the world to get better policies in place, and educating the people who are going to pass the votes and be the minister of economic development and so on in those countries to do the right thing. ([Audio at 29:00](#))

He continued to politicize the use, describing it as a tool to overcome the influence of teachers' unions:

The reason we persist in our plodding, measured approach on public policy issues is that sooner or later, these measurements provide the stepping stones across the gulf of values that can lead to progress. All those students that come into your classroom with the values of the NEA [National Education Association] or the AFT [American Federation of Teachers], or other preconceptions about how the economy works may be helped in their transition if they are provided with statistical stepping stones across their own gulf of values. (Walker, APEE 2016, [Audio at 8:10](#))

The Fraser Institute is a Canadian climate denial think tank, who has received at least \$1,040,500 from Koch family foundations since 2008.

In Charles Koch’s 2005 book *The Science of Success*, he explains his management philosophy Market Based Management as:

The Science of Human Action applied in an organization. Systematic study of classics in history, economic, philosophy, psychology and other disciplines reveals certain laws that govern human well-being.

This study leads us to conclude that long-term, widespread prosperity is only possible in free societies. Life for the overwhelming majority of people who haven’t been blessed to live in a free society has been, as Hobbes put it, “poor, nasty, brutish and short.”

Economic Freedom and Prosperity

The Index of Economic Freedom takes into account many factors that affect the ability of people in a particular country to choose how they work, produce, consume and invest.

Economic freedom is strongly correlated with income per capita, as well as other important measures of well-being such as life expectancy, environmental quality, health, education and reduced poverty rates (*Science of Success*, pg. 31-32).

More concretely, the Koch Foundation’s Kevin Gentry includes “economic freedom” as an integral piece of their “integrated strategy” for policy change where the university donations are arranged literally in the room where political donations are arranged. Kevin Gentry continues:

So the network is fully integrated. So it's not just work at the universities with the students, but it's also building state-based capabilities and election capabilities, and integrating this talent

pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it. And because we're (inaudible) well-being, **a lot of our current resources are focused on economic freedom and are focusing on electoral process.** We're trying to launch a new institution focusing on experimentation with well-being (inaudible) population. So I hope that those of you that are excited about the electoral process, you'll invest there. Those of you who are excited about universities, invest there. Those of you who are also excited in terms of investing in these new experiments (inaudible) well-being, I hope you invest there.

iii. Public Sector Economics (ECO 4504)

Another course “newly developed” by the donor for the Markets and Institutions Certificate is described on the [certificate webpage](#):

Public Sector Economics -- ECO 4504

The logic of collective actions, principles of government expenditures, theory and practice in taxation, shifting and incidence of taxes.

The course appears to have been developed by Randall Holcombe based on his book, *Public Sector Economics: The Role of Government in the American Economy*. The [course syllabus](#) describes the objectives:

COURSE OBJECTIVES: The object of the course is to provide an understanding of the economic activities of government. This includes taxation, government spending, and regulation. Government activities will be analyzed both with regard to the government's actual activities and from the standpoint of what governments can and should do. The paper assignment is designed to develop research and writing skills and to aid in understanding government taxation and spending over the past five decades.

iv. The Economics of Compassion (ECO 4132)

In 2008, the COSS annual report stated “Mark Isaac was awarded a grant from the Koch Foundation to develop a new course on The Economics of Compassion.” ([COSS 2008](#), pg. 20)

This fact is neither reflected in Mark Isaac’s CV, or the course description:

ECO 4132. Economics of Compassion (3). Prerequisites: ECO 2013 and ECO 2023.

This course addresses international and domestic issues of compassionate, charitable, and philanthropic activities. It offers an economic framework from which students can critically evaluate public and private actions whose purpose is to eliminate hunger, disease, poverty or other human burdens.

On the [Markets and Institution Certificate page](#), the course is described:

Economics of Compassion -- ECO 4132

One goal of this class is to develop students’ skills in the basic tools of critical economic analysis: opportunity costs, property rights, incentives, and so forth. In addition, the course emphasizes the role of the "independent sector" (private, non-profit organizations, for example) as a vehicle for addressing these issues, both historically and in terms of current domestic and international policy issues.

c. Impact on Majors

No majors appear to have been created in the Koch/BB&T donor agreements. The Economics major, and any major in the College of Business, require the donor-controlled Macro/Micro principles sequence. The economics course available for all non-economics majors is the donor-controlled Introduction to Economics (ECO 2000).

A BB&T requirement was that “[t]he Department of Finance would add additional reading and course content in free markets, self-interest and individualism and its current required coursework” (BB&T Letter, [pg. 2](#))

Not only was donor influence established over the principles courses, but also required BB&T’s involvement in two other courses in the Department of Finance. As will be discussed in the next section, Koch and BB&T set up a system of graduate fellowships. The BB&T letter was clear:

The BB&T Program of Free Enterprise Graduate Fellows will be established. These fellowships 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](#)).

The two classes alluded to appear to be required for the [Finance major](#):

- FIN 3244 Financial Markets, Institutions, and International Finance Systems

- FIN 4504 Investments

Any additional information regarding donor influence in these courses has remained outside the scope of this report, as have many details regarding the department of finance.

5.Donor Influence Over Extracurricular Activities

In Section 5 of the [2008 MOU](#), the “Undergraduate Program” is referred to as “an integral part of advancing the Objectives and Purposes set forth in Section 1(a).”

The 2011 faculty senate investigation summarized what resulted from the “undergraduate program,” highlighting “four specific items of concern relating to the undergraduate mission of the department,” only one of which was “extra-curricular undergraduate programs” ([Walker Report](#), finding 6, pg. 9). See [Chapter 4.C](#) for details about the undergraduate program.

The Faculty Senate investigation revealed that CKF’s Undergraduate Program consisted of several things:

The “Economics Club” conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding ([Standley report](#), Finding 3.g).

On this topic, the Walker report includes other details:

The funding for the “Undergraduate Program” is from a Donor Partner (5.c). In practice, according to an email from the department chair on June 6, 2011, these donor funds have been devoted to “activities for the economics club (pizza, sodas, snacks, for meetings, movies for movie nights), speakers who come to campus to give seminars geared to undergraduate students, and a partial summer stipend for the Director of the Koch Undergraduate Program.” There is also a scholarship program: “a small group of highly motivated students receive small “scholarships” of \$200 to participate. They read and discuss academic research done by the speakers who visit FSU to give talks to the economics club and then meet with the visitor to discuss his/her research.” ([Walker report](#), pg. 12)

The “Donor Partner” specified in the MOU was DeVoe Moore Center:

Subject to terms of this Memorandum, the Undergraduate Program will be funded for a term of three years in the amount of \$30,000 per year by the DeVoe Moore Center of the College of Social Sciences at FSU ([2008 MOU](#), 5.c).

a. Donor Created Student Groups

i. Economics Club

In the spring of 2008, as the Koch MOU was being finalized, a student club called the [Economics Club](#) emerged. In their archive of events, the third event description, [March 3, 2008](#), was simply “Koch.” At least as early as 2009, the Economics Club appeared on the College of Social Sciences website (www.coss.fsu.edu/econclub) where they “thank the [DeVoe Moore Center](#) for underwriting our club. Everything we do is made possible by their generous financial support.”

As of 2009, Lora Holcombe was listed as a Stavros Center “faculty associate”:

Lora Holcombe, [Stavros] Center faculty associate, is the faculty advisor for the Economics Club. This club is open to all interested FSU students and has just completed its most successful year. They meet on a regular basis, watch and discuss movies with economic content, and sponsor special lectures and events (COSS, [2009](#), pg. 25).

Lora Holcombe’s time as a faculty association coincides with her role as the director of the Undergraduate Program, which is noted in the Walker report and her Curriculum Vitae ([L. Holcombe CV](#)):

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

Lora Holcombe previously served as an employee of the James Madison Institute, a think tank that relies directly on funding from the Charles Koch Foundation, as well as DonorsTrust and Donors Capital Fund. Laura Holcombe is married to Randall Holcombe, an economics professor at FSU, affiliated with Koch’s SPEFE, the DeVoe Moore Center, and senior fellow at the James Madison Institute.

According to the Economics Club [Facebook group](#) (accessed August 2016)

The Economics Club is geared to enlighten and empower students in their future careers. Our events and meetings will be influenced by research and policy think-tanks and by those who work within these organizations. We will also take advantage of being located in our state's capital by hosting legislators as speakers and taking trips to see how economic policy is created. The club will partake in community outreach which will educate high school individuals about economics and also help increase the number of future economists. [...]Our main goal is to be a resource and a pathway for you to find any opportunity that can help you in your future endeavors. This includes the possibility to network with influential members in the policy world and academia. We would like to see our members more educated, confident in their economic training, and able to attain internships that can make them employable and well-known upon graduation.

The faculty findings were clarified in the recommendations of the Standley report:

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

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

ii. Students for Healthcare Reform

The Standley report expressed concern about the Economics Club, noting that “[t]he club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding. ([Standley report](#), Finding 1.g).

The page no longer exists, but during the faculty investigation the [Economics Club website](#) described a “spin-off from the economics club” called Students for Healthcare Reform. By November 2009, this student group had its own website through the College of Social Sciences (<http://coss-dev.fsu.edu/shcr>):

The Students for Healthcare Reform group began as a group of free market students, inspired by John Stossel videos, who were interested in educating others about alternatives to national health care. [...]Long term goals for our organization are to help write legislation to keep health care in the free market in Florida.

The video series John Stossel in the Classroom is a staple in the FSU economic department. It is produced by the [Center for Independent Thought](#), which has which has received at least \$235,000 from Koch family foundations since 2007. Stossel has also been a [celebrated attendee](#) of Koch’s donor summits.

The first meeting of Students for Healthcare Reform is [listed](#) as November 10, 2009, just one month after the [Affordable Care Act first passed in the U.S. House](#). One month later, their [event page](#) lists “Visit to State Representatives December 2, 2009 (All day).”

The club not only had state political aspirations, but was founded with a national mission; “[s]tudents for Healthcare Reform is ran [sic] both at a National Level, headquartered at Florida State University in Tallahassee, Florida and at local levels across the nation ([SHR website](#)).” They [list chapters](#) at University of Florida, University of North Florida, and Indiana University of Pennsylvania, [soliciting donations](#) for “a myriad of efforts, focused on education about our mission as well as political action in Washington D.C.”

Their site details direct ties to Koch affiliated groups for their educational materials:

We have been contacted by the Cato Institute, the Heritage Institute, the Institute for Humane Studies, and the Moving Picture Institute which is interested in having its films on free market healthcare screened by our group as well as providing educational materials to us [sic]. ([SHR website](#))

They list Bruce Benson and Lora Holcombe as members of the [Board of Trustees](#), and explain how:

Students for Healthcare Reform started as a research project for students who were not satisfied by the prospect of government intervention as a solution to the healthcare industry. With a commitment to sound economic principals [sic] and a respect for liberty and individual choice, the students interviewed multiple economists and researched many sources to find that there are viable solutions to the healthcare industry without government intervention. ([SHR website](#))

They attribute their “[Plan for Change](#)” to FSU faculty and their undergraduate principles textbook:

Students for Healthcare Reform would like to thank James Gwartney for assisting us in researching ways to improve the healthcare industry while still preserving individual liberty. The following suggestions are taken from Economics: Public and Private Choice (11th Edition) by Gwartney, Stroup, Sobel, and Macpherson.

Their plan is word-for-word the recommendations in a section entitled “How to Move toward Consumer-Driven Health Care” from the Special Topic Chapter 7, The Economics of Healthcare (pg. 442).

iii. Freedom Reader's Scholarship group (Paid Reading Group)

The faculty investigation revealed that a partner donor in the Koch MOU, the Devoe Moore Center, ran a scholarship program. Described to them in an email:

A small group of highly motivated students receive small “scholarships” of \$200 to participate. They read and discuss academic research done by the speakers who visit FSU to give talks to the economics club and then meet with the visitor to discuss his/her research (Faculty Senate 2011 [final report](#), pg. 12).

The reading group is a program put on by the Economics Club, called the [DeVoe Moore scholarship](#) and are tied to a speaker series, as described on DMC’s website

Want to know MORE about economics? Please apply for our DeVoe Moore Readers scholarship, sponsored, each spring semester, by the [DeVoe Moore Center](#). Read one or two assigned articles by an economist who will then come to FSU. He or she will visit our group for a private discussion of his or her works and then will present a general address, open to the public. These readings will be focusing on works on **economic freedom, institutions and limited government**. The scholarship awards up to \$200 per semester for four meetings. [...] See any officer at any Econ Club meeting for more information. (**Emphasis added.**)

A 2010 [event announcement](#) refers to these students as the “Freedom Reader’s Scholarship group.”

iv. Enactus (formerly Students in Free Enterprise)

In the College of Business, the Finance Department’s agreement allowed BB&T to “sponsor and support the Students in Free Enterprise student club” ([BB&T Letter](#)).

In 2012, Students in Free Enterprise (SIFE) [changed its name](#) to Enactus (a portmanteau of **Entrepreneurial, Action, Us**). Enactus is funded by a consortium of corporations, most prominent of which is Walmart, whose executives are 10 of the 35 members (including the chair) of the Enactus [U.S. National Advisory Board](#).

According to 990 tax forms, Enactus has [received](#) at least \$1,950,000 from the Walton Family Foundation since 2000. Faculty advisers of all Enactus chapters are “Sam Walton Fellows.” The [constitution](#) for the Enactus at FSU group reads “Advisor(s) shall be the Sam Walton Fellow(s) (Article VIII, Sec 1).

Since 2003 Enactus [has received](#) \$40,000 from Koch family foundations. As of 2010, other [corporate donors](#) include Georgia Pacific (a Koch subsidiary), Exxon Mobil, and Publix Supermarkets.

Enactus [claims](#) to be operating at 1,710 universities in 36 countries, describing itself as:

...an international organization that connects student, academic and business leaders through entrepreneurial-based projects that empower people to transform opportunities into real, sustainable progress for themselves and their communities ([Enactus website](#)).

The projects referred to are a series of competitions; regional, national, and international:

Students present their projects and are evaluated by business leaders serving as judges who rank them on how successful they were at using business concepts to improve the quality of life and standard of living for those in need. The winners of these national competitions are then invited to compete at the prestigious Enactus World Cup ([Enactus website](#)).

At Florida State University, Enactus’ [2011 constitution](#) suggests that a chapter existed as early as 2004.

b. Student Recruiting

The Economics Club’s 2009 [website](#) prominently hosts information about Koch’s Certificate in Markets and Institutions. It also has a page called “After FSU.” In [2011](#), the page’s topline read “Remaining connected to free market principles,” and while that line is now missing in [2016](#), the rest of the page is identical:

Would you like a job in economics? Graduate school? Not sure? How about an internship? Several of our Economics Club members have applied for internships, both paid and unpaid, at free market organizations such as [The Koch Foundation](#) and [The Institute for Humane Studies](#). Let us know if we can help you apply.
[...]
Here is an excellent discussion by Pete Boettke of George Mason University about reasons to pursue a graduate degree in economics and what you might expect to find, once you get into graduate school.<http://www.coordinationproblem.org/2011/04/advice-to-undergraduates.html>

Boettke’s advice begins by mentioning the Institute for Humane Studies, Foundation for Economic Education, and the Association of Private Enterprise Education, and includes the suggestion that “all first year graduate students should read Michael Polanyi’s essay “The Republic of Science,”” which [Charles Koch’s](#) personal philosophy upholds as the model for academic philanthropy.

As of [2011](#), the Economics Club’s “Internship Opportunities” page only showed opportunities with organizations affiliated with Koch’s donor network, specifically, the Koch Foundation, the Institute for Humane Studies (which Charles Koch chairs), and the Heritage Foundation (all three are active participants and presenters at the Koch Network’s donor summits).

i. Talent Pipeline

On a panel entitled “[Leveraging Science and Universities](#),” the Vice President of the Charles Koch Foundation (and Koch Industries’ Vice President of Special Projects) Kevin Gentry, bragged about the role that students are designed to play in the Structure of Social Change:

So you can see that higher education is not just limited to impact on higher education. Students who aren't interested in becoming professors, but are interested in what we're -- got to be careful how I say this -- more broadly, are very interested and then they, they populate our, our program these think tanks, and grassroots. And as we pointed out, that group of students taught in these centers, that we've been able to produce two million or so grassroots.

[...]

The network is fully integrated, so it’s not just work at the universities with the students, but it’s also building state-based capabilities and election capabilities and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it (Gentry, [session transcript](#), pg. 32). (Emphasis added.)

To see an example of how the “talent pipeline” works, here are two profiles of recent presidents of the FSU Economics Club.

ii. Past Economics Club Presidents

2015-2016 President of Economics Club

According to the [Linkedin page](#) of the next (2015-2016) Economics Club president, he began in 2014 with the **FSU Economics Club** and, after a summer Media Relations Internship at the **Mercatus Center**, he became outreach coordinator for the **DeVoe Moore Center**. He is now a Masters Fellow at the **Mercatus Center**.

2014-2015 President of Economics Club

According to the [Linkedin page](#) of the Economics Club 2014-2015 president:

Nov. 2013-May 2014

Research Assistant in the **Devoe Moore Center**.

May 2014: - May 2015

becomes President of the **Economics Club**, and
becomes President of the **FSU College Libertarians**.

June 2014-August 2014

Summer Koch Internship Program at the **Charles Koch Institute**:

During my time in the program I participated in weekly training sessions. Once a week, we learned about professional development, what positions would be a good match for our skills, and a heavy emphasis was put on Market-Based Management.

Summer Outreach Intern at the **Mercatus Center**, George Mason University:

During my time at the Mercatus Center I assisted the Outreach team in compiling information on research, committee hearings, and legislative contacts that are useful for the efforts of external relations. I attended various meetings to gain experience of how policy is discussed and implemented. I spent time researching and putting together a full policy report on Medicaid Expansion in the US with the other interns. Once the report was completed, we presented the research to the Outreach team so they could direct their efforts in the right direction.

August 2014- April 2015

Becomes Public Affairs Intern at the **James Madison Institute**:

At the James Madison Institute I worked closely with both the public affairs and policy team. This included compiling information that would assist in the success of their research and outreach. I also was present at events that were put on by the organization and worked with the events team so that logistical details were in order.

Simultaneously, I promoted programs and research on the campus of Florida State University so that students and faculty were aware of the Institute's presence and resources.

November 2014 - May 2015

Outreach Coordinator at the **DeVoe Moore Center**:

At the DeVoe Moore Center, I managed the social media marketing for the organization. This included promoting blog posts and policy reports completed by our analysts. I also helped coordinate events and advertised those to the correct audiences. I put together monthly newsletters and created a new design to present the work of our research analysts in a digestible and attractive format.

Additionally, the DeVoe L. Moore Center was embarking on a new adventure of establishing formative relationships in the capital of Florida. To assist in this process, I personally reached out to representatives with reports that were appropriate to their policy interests.

Upon my departure from the organization, I trained my successor and provided the tools to maintain the growth of the organization.

November 2015 - Present

Advanced Programs Assistant at the **Institute for Humane Studies**:

My main objective is to assist in the success of our educational programs that my team offers for graduate-level students.

iii. The Economics Club Hosts the James Madison Institute

During their second meeting of the 2015-2016 school year, the Economics Club hosted a **James Madison Institute** Speaker:

The second meeting will be on September 22, 2015 at 6:00 p.m. in the same room, Bellamy 102. We have Sal Nuzzo, Vice President of Policy and Director of the Center for Economic Prosperity at the James Madison Institute. He will speak on his career, what the non-profit policy life is like, and internship opportunities for us wannabe economists! He's a fantastic presenter and it is not one you will want to miss out on! ([Econ Club website](#))

This is one of many instances of State Policy Network academics entering campus through connections to donor related programming.

Sal Nuzzo is the James Madison researcher who [was recorded](#) in 2016 at a recent State Policy Network event, bragging about the intentionally misleading nature of the solar amendment being pushed in Florida by Consumers for Smart Solar, a front group funded by the Charles Koch Foundation and investor owned utility companies.

Nuzzo also bragged about the involvement of an unnamed Florida State University professor affiliated with the DeVoe Moore Center during this time ([Tampa Bay Times](#), October 18 2016).

Chapter 4.D: Graduate Fellowships, Post Docs

1. Graduate Fellowships

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

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

This finding was entirely omitted from the published version of the faculty investigation. Her recommendation was wholly omitted:

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

This is made clear by Dr. Bruce Benson's 2007 memo discussing donor expectations:

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). (Emphasis added.)

The BB&T donor letter describes the fellowships:

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

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

a. Koch/BB&T Fellows (**and Their Dissertations**) Must Comply with MOU

Although the student fellowships are not included in the 2008 or 2013 MOU, they are subject to identical conditions as those specified in the MOU, and considered part of the CKF program.

Fellows funded by Koch/BB&T are required to comply with Koch’s “Objectives and Purposes”: the provision that binds all of the “Affiliated Programs and Positions” in the MOU.

The 2008 and 2013 MOU state the Koch foundation’s Objectives and Purposes:

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

The emphasized text above is identical to the language in the department’s public facing description of the Koch/BB&T fellowships:

The BB&T and CKF fellowships are part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE). **Their purposes and objectives are “to advance the understanding**

and practice of those free voluntary processes and principles that promote social progress, human well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely.” Therefore, these fellowships are to support students who wish to pursue a course of study that combines rigorous technical economic training in the core areas of applied economic theory and applied econometrics with a focus on the political economy of contemporary economic issues, and particularly, on the roles and impacts of institutions on market processes and economic well-being ([CKF/BB&T Fellowship description](#)). (Emphasis added.)

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

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

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

The student must be advised by a faculty member who is a SPEFE associate. This means that a SPEFE-faculty associate must chair, co-chair, or be an active member of the student’s dissertation committee. At this point, the SPEFE faculty associates are: Bruce Benson, James Gwartney, Randall Holcombe, Mark Isaac, Shi Qi, and Danila Serra[...] **The dissertation project must be one that is considered by the selection committee to be consistent with the purposes and objectives of the SPEFE program** discussed above ([Internal CKF/BB&T doctoral fellowship eligibility](#)).

b. Screening and Renewal of Fellowship Funding

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

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

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

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

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

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

The PI will then distribute the files or relevant information from the files to the rest of the CGK-BB&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 eligibility](#), pg. 7).

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

c. Koch Controls Number of Fellowships Each Year

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

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

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

d. Koch Stipulations Applied to Non-Koch Fellowships

Student research has uncovered that donor-controlled selection procedures are extended to fellowships that are not subject to the agreement. [Internal emails](#) reveal the discussion, with Bruce Benson (Principal Investigator of the FSU/Koch agreement) asking the Department Chair and the Dean about offering a non-Koch fellowship to a “Koch-type” student. (Note to the reader: in the following text, a “top up” refers to a smaller fellowship awarded in addition to department funding, thus raising the pay near or to the level of the Koch fellows). Bruce Benson asks clearly:

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

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

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

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

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

According to the Dean, one set of donors, specifically “Department faculty and alumni, not all of who would find themselves aligned with the mission of SPEFE/M&I” have had the intent of their gift compromised in order to marginally bolster Koch’s intent.

e. Departmental Harms of Fellowships

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

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

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

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

The Graduate Policy Committee that issued the report on the Koch-type fellowships was tasked with recommending whether to continue the graduate economics program as it currently stands. An FSU official describes in [an email](#) that the committee's approval was a "close vote," recommending increased transparency around the Koch, and less reliance on their funding:

- Overall positive review of Economics. GPC review group didn't have access to the external reviewer's report. Only sticking point is the recommendation that the dept. put more information about funding sources (e.g., Koch bros) on public website to defuse criticisms. Will send the GPC report. Close vote, but passed.
- Also recommended a broader mix of funding

([Buchanan email re: Dept. of Economics GPC report](#), Nov. 2014)

The student member of the GPC committee, Alice Crisp, had long and direct ties to the Charles Koch Institute and its affiliated organizations. Besides being a Charles G. Koch Doctoral Fellow at the time as well as a research assistant for Dr. James Gwartney, she participated in the Koch Internship Program, worked for the Atlas Economic Research Foundation and the Foundation for Economic Education ([2013](#)). Her vote may not have been impartial due to financial and professional conflicts of interest, which makes the six-person committee's "close vote" appear all the more an impropriety.

Buchanan made an additional remark in the above email, regarding Graduate Teaching Assistant guidelines being "streamlined," where teaching assistants are not being required to attend FSU's Program for Instructional Excellence (PIE), which most graduate teaching assistants are required to complete as indicated in the [University-wide TA Standards](#)."

f. External Review

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

The major issue with the PhD program is the seemingly low retention and graduation rates. Approximately 50% of those entering leave the program or exit with a Masters degree. These numbers did decline with the class entering in 2011 (33%) but have risen again for the class entering in 2012 (41% with possibly more to come). There are two main reasons students who enter a PhD program in economics do not continue: they cannot do the work – indicated by failing to pass the core exams – or they find out it is simply not what they thought graduate economics would be.

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

2. TAs are paid significantly less than students on fellowships. A fellowship pays \$25,000 while a TA pays only \$17,000. The fellowship rate is competitive with other programs; the TA rate is not. [...]

Item 2 implies that the department loses many more 1st round admits who are offered TAs than those offered a fellowship. Thus, the quality of those on TA will be less than those on fellowships. Items 1 and 3 together imply that those on fellowship will generally be more prepared to begin graduate study and focus on that study than those on TA.

[...]

Item 2, the disparity in pay between fellowship and TA, can and should be addressed by increasing the TA stipend ([FSU Economics 2014 QER, External Reviewer](#), pg. 5-6)

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

2. Post Doctoral Programs

The Koch Foundation sought to establish a “Post Doctoral Program,” indicated by a \$300,000 line item in a memo written by department chair Bruce Benson. He explains that the purpose of the program was to artificially boost the credentials of the department:

...the money for Post Docs is not intended to bring post docs to FSU. It is intended to support FSU PhDs so they can have post docs at other institutions. They recognize that FSU is not a top 25 PhD program, so if we are going to be able to compete for good graduate students and those students are going to be able to compete for good positions when they go on the market, they are likely to need additional credentialing. A post doc at a high-prestige program can provide such credentialing ([Benson Memo](#)).

Since the implementation of the agreement at FSU, post doctoral positions were funded by the [Searle Freedom Trust](#). Searle's President Kim Dennis also chairs DonorsTrust, and is on the board of Donors Capital Fund, both donor advised funds utilized by the Koch network. Together with Koch family foundations, Searle, DonorsTrust, and Donors Capital Fund are among the top ten funders of climate change denying organizations ([Brulle, 2013](#)).

The Searle Freedom Trust donated \$180,000 between [2011](#) and [2012](#) to support the Post Doctoral Program in the department of economics. The letter from the Searle Freedom Trust confirms:

awarded the Economics Department at Florida State University a grant of \$240,000 over two years to support the post-doctoral fellowships for Cortney Rodet and Joseph Connors. The grant will be paid in two annual installments of \$120,000 in 2011 and \$120,000 in 2012.

[...]

It is our understanding that the fellowships will be used to allow each to spend two years as a postdoctoral fellow at a university with a very highly ranked economics program. If there is ambiguity as to what we consider a highly ranked program, feel free to consult us ([Searle Freedom Trust letter](#), July 2010).

Searle paid \$120,000 in [2011](#) and \$60,000 in [2012](#). While at FSU, both [Rodet](#) and [Connors](#) were the recipients of a Koch/BB&T dissertation fellowship for 2009-2010. Both are active members of APEE, and both have spent considerable time at other Koch-funded centers, such as the Koch funded Center for Free Enterprise at Florida Southern College.

Chapter 5: Violations of Florida State University Policies

While previous chapters are filled with examples of oversteps, this chapter addresses violations of explicit Florida State University policies.

The Faculty investigation highlighted faculty dissent created by the Koch foundation's programming, and noted how it created a poor working environment well after 2008:

The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a "done deal" that prevented faculty input on academic integrity or curricular issues ([Standley report](#), Finding 2).

This was confirmed independently in an October 2011 letter from Interim Dean of Faculties Dr. Jennifer Buchanan to President Barron. She wrote:

There are several curricular issues mentioned in the Faculty Senate Ad Hoc Committee report related to the specific circumstances of the Koch gift, and many more could occur at any time under our current procedures for faculty review of courses, certificates, majors, and degrees. This results from the fact that once a gift agreement is settled by the donor, the Foundation, and the academic unit, that agreement becomes invisible in the faculty governance processes designed to make decisions regarding the shape of the curriculum ([Buchanan letter](#), 2011).

After the release of the faculty report, President Barron wrote to Dean Rasmussen:

In the process of gathering information about the implementation of the MOU, the Committee reflects on several areas related to faculty governance, departmental bylaws, and the faculty involvement in the development of the curriculum. These issues are not related to the language in the MOU. However, they suggest weaknesses in faculty and departmental governance that should be addressed ([Barron to Rasmussen](#), 2011).

Barron's observations regarding "weaknesses in faculty and departmental governance" would appear to reflect his knowledge of the Standley report's findings, and clarify the administration's tactic of obfuscation; separating the issues of the MOU language from the MOU's implementation.

The original faculty findings confirm violations of academic freedom and faculty governance. Our record requests reveal several more examples.

The faculty describe how Koch's reporting requirement violated the faculty collective bargaining agreement, how the creation of the donor's certificate program bypassed university procedures, and how the donor's system of graduate fellowships bypassed the oversight of the Graduate Admissions Committee.

Nearly all of these findings were omitted in the [Walker/Barron edits](#) (see [Chapter 2.A](#) for more details).

We also conducted an extensive survey of FSU's "gift acceptance" policy in 2015, finding that the Koch agreement resulted in numerous and repeated violations.

Chapter 5.A: Violations of Academic Freedom/Faculty Governance

The Collective Bargaining Agreement between FSU’s Trustees and the United Faculty of Florida at FSU states that “shared governance and academic freedom are linked inextricably . . . The Board and the UFF recognize the necessity of a strong system of shared governance involving faculty members in areas of academic concern and that elected bodies are the primary vehicle for such shared governance” ([2013](#), [2016](#) CBA, Article 27, 26 respectively).

The protection of free inquiry is carried out through the maintenance of independent faculty governance over academic and curricular matters. The agreement states that FSU’s board of trustees “shall maintain, encourage, protect, and promote full academic freedom in teaching, research/creative activities, and professional, public, and University service” ([2013](#), [2016](#) CBA, Article 5).

These principles were violated by the Koch foundation through donor-imposed constraints on free inquiry and academic programming.

1. The primary finding of the faculty investigation concluded that Dean Rasmussen violated the academic freedom and faculty governance by forcing the agreement through by “administrative dictate”:

Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. **The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function** ([Standley report](#), Finding 2). (Emphasis added.)

The next finding clarified:

The committee determined that **the Koch Memorandum of Understanding as currently written allows undue, outside influence over FSU’s academic content and processes, a codified “danger that the doctrine of academic freedom is designed to avoid.”** (Emphasis added.)

The report went on to list several specific examples:

2. Koch retains control over selection of FSU tenure-track faculty for funded positions via veto power. Given President Barron’s statement, we know that the donor exercised this veto power on 34 of 50 candidates in a search process that ultimately failed in its first attempt to hire ([Standley report](#), Finding 3.a). See [Chapter 4.A](#) for more information.
3. Koch required prior approval of the advertisement used for job descriptions ([Standley report](#), Finding 3.a). See [Chapter 4.A](#) for more information.
4. Parallel interviews performed by the Koch foundation at a professional conference where the FSU search committee was interviewing applicants ([Standley report](#), Finding 3.a). See [Chapter 4.A](#) for more information.
5. Koch selection of the department chair: “departmental by-laws state that the Dean appoints the chair with input from the faculty. The re-appointment of Bruce Benson with the implementation of the Koch agreement did not include faculty input. Again, the Dean erred on a faculty governance issue.” ([Standley report](#), Finding 3.c). See [Chapter 4.A](#) for more information.
6. Koch graduate fellowships “may have targeted a specific type of graduate student that is not representative of the diversity of the economics department and determination of awards have not been implemented with input from the Graduate Admissions Committee.” ([Standley report](#), Finding 3.f). See [Chapter 4.D](#) for more information.
7. Koch’s undue control over extra-curricular programming:

The “Economics Club” conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of \$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding ([Standley report](#), Finding 3.g)

See [Chapter 4.C.5](#) for more information.

8. Koch and BB&T were given influence over the content of courses ([Standley report](#), Finding 3.h). See [Chapter 4.C](#) for more information.
9. Koch was found to have gained contractual influence over the curriculum and instruction of the introductory level courses:

Koch-funded non-tenure track faculty have been assigned to teach the service courses in Economics. Criticism of this administrative move asserts that faculty oversight of these positions and content no longer rests with the Economics department at large, but with [Koch's] SPEFE Program. These courses teach approximately 7000 FSU students/yr. Further criticism concerns implementation of issues related to the Koch agreement and that a free market firewall was established in the department with issues like content of service courses behind this firewall that did not allow for usual faculty input or governance process" ([Standley report](#), Finding 3.i)

See [Chapter 4.C.2](#) for more information.

10. Koch improper role in development of curricular programming: "[a] Certificate program in free market economics was established, again without faculty input" ([Standley report](#), Finding 3.j). It is inappropriate for a donor to dictate the creation of a certificate program, or any curricular programming. This extends to the BB&T Minor in Free Enterprise and Ethics, as well as the DeVoe Moore Certificate in Political Economy. See [Chapter 4.C.4](#) for more on donor created certificates and minors, as well as [Appendix 4](#) for details about the curricular impacts of the DeVoe Moore Center.

The 2008 MOU describes how "[t]he creation of the Undergraduate Program to enrich and advance the studies of undergraduate students in economics is considered an integral part of advancing the Objectives and Purposes set forth in Section 1(a) above" ([2008 MOU](#), 5.a). The 2013 MOU kept this same language ([2013 MOU](#), 5.a).

The Undergraduate Program eventually created a "Markets and Institutions" Certificate Program, using a process that the Faculty Senate Ad Hoc Committee described as having "fallen short of a usefully functioning standard of transparency and openness" ([Walker report](#), Finding 6.d). See [Chapter 4.C](#) for more information.

11. Student research uncovered that graduate fellows are subject to a "screening committee" made up of donor-beholden SPEFE faculty and the three donor-elected members of the Donor Advisory Board, including a Koch representative. Not only was this committee allowed to screen fellowship candidates for compliance with the donor's objectives, but also the doctoral fellows must have their dissertation topics approved by the committee for compliance with donor objectives.

A private donor should play no role in selecting fellowship recipients or approving students' dissertation topics. These, especially the latter, are a matter that should be left to faculty. See [Chapter 4.D](#) for more information.

Chapter 5.B: Circumvention of University Procedures

The findings of the faculty investigation mention specific university procedures that were circumvented.

It was cited that funding for the donor-created system of graduate fellowships was granted in a manner in which the “determination of awards have not been implemented with input from the Graduate Admissions Committee” ([Standley report](#), finding 3.f). Graduate fellowships are covered in detail in [Chapter 4.D](#).

Additionally, the Markets and Institutions Certificate Program was created without faculty input, having “fallen short of a usefully functioning standard of transparency and openness” ([Walker report](#), 3.d)

CKF was granted involvement in faculty evaluations:

Individuals holding the Professorship Positions will [...] have included in the services component of their annual review by the FSU Department of Economics an evaluation of their performance at advancing the objectives of this Memorandum” ([2008 MOU](#), 3.e.iv)

Not only was it recognized by the faculty senate reports that this was a violation of governance, but also that it violated the faculty’s collective bargaining agreement:

The agreement states that the promotion and tenure process for Koch-funded faculty must include an evaluation of their contribution to Koch objectives. This may be a violation of the UFF contract ([Standley report](#), finding 3.b).

The Walker/Barron version of the report clarifies that “The FSUUFF Collective Bargaining Agreement does not allow such outside materials in a faculty member’s annual evaluation file” ([Walker report](#), finding 4).

The department maintains that this provision was not being followed.

Chapter 5.C: Violations of Donor Policy

Florida State University is one of many universities with a policy governing donor agreements. Donor policies determine to what extent donors can influence the administrative and scholarly activities, if at all. Neither of the faculty senate's reviews used FSU's donor policy as a source document.

In 2011, President Barron wrote to the [President of the FSU Foundation](#) and the [Dean of the College of Arts and Sciences](#), wherein he says, "I have tasked Vice President Jennings to review Foundation policies and to take actions to ensure that all gift agreements adhere to our academic principles." These revisions took place in 2013.

In the Spring of 2015, FSU Progress Coalition published [a report](#) outlining how the [2008](#) and [2013](#) Koch MOUs violate FSU's donor policy.

The report was released after it was discovered that the University was revising donor policy without consulting any academic stakeholders, including the faculty union. The FSView reported in June of that year:

Dr. Matthew Lata, a professor at the College of Music and president of the FSU chapter of the United Faculty of Florida, said he was also caught off-guard by the Foundation's policy review. Lata says he has grown increasingly concerned as most of the faculty and student body were not informed of the process.

"We're worried about the changes being made because they give administrators greater leeway to define conditions under which contributions are made," Lata said. "We're concerned that changes are being proposed to the gift policy that could affect academic freedom." (June 4, 2015, [FSView](#))

Below is a list of the violations found in Progress Coalition's 2015 report.

1. Explicit or Implicit Control Over the Use of a Gift

Section 1.1.7. of FSU gift acceptance policy reads "A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution" ([FSU Gift 2013](#), pg. 4).

The donor maintained the freedom to withdraw or withhold funding at any time under broad circumstances. Our findings point to the following examples of violations of this policy, involving the Koch foundation's mechanisms of influence.

1. All aspects of the programs (curriculum, tenure/non-tenure track faculty hiring, undergraduate curricular and extracurricular programming, etc.) at FSU are obliged to comply at all times with the Koch Foundation's Objectives and Purposes 1(a) in both the [2008 MOU](#) and the [2013 MOU](#).
2. An entirely Koch-appointed advisory committee, whose decision rule is a unanimous vote (7.(b)), is charged with "Ensur[ing] compliance with the terms of this Memorandum through appropriate administrative or legal channels" ([2008 MOU](#), 7.a.iv). This structure remains despite the recommendation of its restructure or removal by both faculty and administration ([2013 MOU](#), 7.b).
3. Veto power over instructor hiring with Koch funds; "No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board." ([2008 MOU](#), 3.d.(iii))
4. Influence after hiring; "annual renewal [of teaching specialist funding] 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)" ([2008 MOU](#) & [2013 MOU](#), 4.d)
5. The ability to withdraw funding for noncompliance at any point with 15 days' notice; "Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or University have not therefore corrected the events of default or performed the acts described in the notice." (2008 MOU [Attachment C](#), section V.(H))
6. Koch Graduate Fellows [are approved](#) through a committee comprised solely of SPEFE/EEE faculty, who determine whether the student will comply with the Objectives and Purposes, though "should their interests ever change", their fellowship is withdrawn, and they revert to department support; Koch fellows can make 50% more than the department stipend, while only ten hours a week, compared to the department's required twenty. These faculty are beholden to CKF's Purposes and Objectives in their selection of fellowship students, as the [BB&T and CKF fellowships](#) are explicitly "part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE)," and as such, are under the purview of the Koch Advisory Committee.

A statement made in 2015 by President John Thrasher acknowledges that the Koch Foundation maintains control over who their funding is applied to specifically:

The changes made in the current MOU protect against potential donor influence over faculty hiring decisions. A decision to hire is made entirely by the faculty of the department and the Dean, in accordance with university policy. **After the decision to hire is made, a separate decision** may be made to apply to the Koch Foundation for grant funding to support the position. The hiring decision is made based on the willingness and ability of the Dean and the department to support the position with university funds regardless of any subsequent grant funding decisions eventually made by the Koch Foundation. The Koch Foundation is an external source to which a request for grant funding may be made, of which there are many at the university ([Thrasher letter](#), January 2015).

The letter describes a situation that violates FSU's donor policy, "A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution." ([FSU Gift 2013](#), Section 1.1.7).

Koch maintains the ability to approve or deny the recipient of their funding on a case-by-case basis. Although the university nominally makes the first choice, the decision to apply Koch Foundation funding to the hire lies ultimately with the Koch Foundation.

2. Conditional Pledges

At **Florida State University**, Section 1.1.7. of the University's Gift Acceptance policy reads:

[...] Conditional pledges are those that place requirements on the university to perform some task or take some action that it might not otherwise initiate. [...] The university discourages the acceptance of conditional pledges ([FSU Gift Acceptance 2013](#), pg. 4).

A policy that "discourages" something is difficult if not impossible to enforce. For example, the Koch agreement contains clear examples of conditional giving.

1. In Attachment C of the 2008 MOU, the entirety of the CKF agreement is seen to exemplify the description of a "conditional pledge. The parties agreed on it as a matter of fact:

The Parties agree and acknowledge that, if not for the Donor's contributions to be made pursuant to this Agreement, FSU would not otherwise undertake to hire individuals to hold such Professorship Positions set forth in this Agreement and the MOU nor implement the programs mentioned in both documents ([Attachment C](#), Section V.H, pg. 7).

This is contrary to the university's claim that CKF's intentions were to support the mission or goal of the university:

Two programs – the Study of Political Economy and Free Enterprise (SPEFE) and Excellence in Economic Education (EEE) – support the department’s overarching goal by developing innovative ideas and original analysis that advance economic understanding among students and society as a whole. These programs have been strengthened with the support from CKF ([FSU 2014 Q&A](#)).

2. Another clear instance of explicit conditional giving from CKF is found in the admission of former Economics Chair Dr. Bruce Benson in a 2007 memo to the department:

I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so...([Benson Memo](#), pg. 2)

Dr. Benson was incentivized by a \$105,000 bonus. This was later deemed a “clear conflict of interest” by President Eric Barron. Benson was forced to step down as chair, and yet in spite of this, he remained the Principal Investigator of the CKF agreement with FSU until 2016.

3. Intentional Misuse of FSU Foundation

Emails show Bruce Benson and administrators in the FSU College of Social Sciences obscuring the purpose of Koch grant funds so that the grant would go through the tax-exempt FSU Foundation, as opposed to going through the not tax-exempt FSU Research Foundation.

Dr. Bruce Benson [describes](#) how the Koch Foundation was going to pay him \$38,000 summer salary while he would be writing a book. Benson says “presumably, the grant will be run through the FSU Foundation (that is Koch’s assumption),” after which he asks:

Can you suggest wording for the [grant] letter that will allow the grant to go through the FSU Foundation. Can it say that the purpose is research support as long as it does not say that there is a particular output intended? Or should the word "research" also be avoided?

Administrators [instruct](#) Benson that “it should not mention any particular output or deliverables whatsoever,” and that “it should not mention your [*sic*] working on a book during the time period covered by the award.”

Chapter 5.D: Ethics Violations

1. Donor Influence Over University Personnel

a. Matt Brown

The agreement with the Charles Koch Foundation was drafted by a Koch foundation employee named Matt Brown, who was also Bruce Benson's doctoral student. In addition to receiving his own graduate fellowship through the agreement, Matt Brown negotiated Bruce Benson's \$105,000 role as department chair. The original faculty findings called this part of the conflict "egregious."

A further egregious conflict of interest was apparent in the development and implementation of the Koch agreement. An FSU PhD student for whom the department chair was major professor worked for Koch, wrote the initial proposal, received a Koch fellowship funded via the agreement, helped negotiate the agreement proposing that Benson remain chair and be given administrative pay raises, and reported to Benson on Koch interests in faculty selection and hiring, etc ([Standley Report](#), Section 3.e).

In [a letter](#) to FSU President, the Dean of Faculties wrote that:

One of the unique aspects of this situation is that it involves a very different power dynamic than most faculty-student interactions, because the graduate student could be seen as wielding a certain amount of financial control over the chair.

At this time, Brown also served as the highest paid employee of the Charles Koch Foundation. According to CKF tax documents, Matt Brown made over \$549,931 between [2007-2009](#), making him CKF's highest paid employee in [2008](#). The activities of Matt Brown and organizations affiliated with the Charles Koch Foundation are seen as early as 2000, when a [publication](#) at the James Madison Institute lists Brown as a research associate at two Koch funded think tanks, the Property and Environment Research Center (PERC), and the James Madison Institute.

In [2003](#), Brown and Benson, collaborators in Koch funded economics, were listed as attendees at the "planning meeting for the formation of [Econ Journal Watch]." EJW describes itself as "a journal of the American Institute for Economic Research."



In Figure 9, see a photograph from the 2003 EJW meeting, Benson (front left) is with Brown (back right). Also included is Dr. Randall Holcombe (back left). Photo from econjwatch.org/about/who-is-ejw.

EJW describes its funding from the Koch Foundation in 2008, the same year the agreement with FSU is signed:

We are immensely grateful to the American Institute for Economic Research for their friendship and support [...]. Also we thank our other donors, especially the Charles G. Koch Charitable Foundation and the Earhart Foundation for their faithful support. And we are grateful to the Atlas Economic Research Foundation for their friendship and in-kind support in housing EJW within their organization ([Econ Journal Watch](#), 2008)

As of April 4, 2016, Dr. Bruce Benson and Dr. Matt Brown still have an active professional relationship in the free market academic network. Benson, now at Texas Tech, and Brown were scheduled as [co-panelists](#) at a recent meeting of the Association of Private Enterprise Education in Las Vegas, Nevada.

b. Chair Bruce Benson

In a 2007 memo, Dr. Bruce Benson states clearly that a \$105,000 line item in a proposed budget was payment to him for agreeing to remain department chair against his alleged preferences:

I also told Koch representatives that I did not intend to stay on as Chair after the current three year term. However, Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so and this line item reflects that effort ([Benson memo](#), pg. 2).

This was later [deemed](#) a “clear conflict of interest” by President Eric Barron, and Benson was forced to step down as chair, and yet in spite of this, he remained the lead recipient of Koch Foundation funding.

c. Dean David Rasmussen

The Dean of the College of Social Sciences not only oversaw the agreement in the Department of Economics, but the faculty investigation described how he worked with the department chair to overpower faculty dissent:

Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input.

The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

[...]

Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean’s wishes.

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones ([Standley report](#), finding 2, pg. 1-2).

In addition, the faculty senate investigation described the role that the Dean played in approving an agreement allowing CKF to appoint the department chair, giving Bruce Benson \$105,000 to remain the department chair:

The agreement mandated a particular individual to serve as chair of the department. The departmental by-laws state that the Dean appoints the chair with input from the faculty. The re-appointment of Bruce Benson with the implementation of the Koch agreement did not include faculty input. Again, the Dean erred on a faculty governance issue ([Standley report](#)).

2. Further Conflicts of Interest

a. Koch Industries

Aside from the “two-fold conflict-of-interest” between the Koch foundation, Bruce Benson, and Matt Brown, there were several structural conflicts of interest that appear to have allowed Koch Industries to have had considerable influence over the implementation of their programming.

From 2005-2009, FSU’s Board of Trustees was chaired by Jim Smith. In [2007](#), the year that the Koch agreement was being negotiated, Jim Smith’s son, James “Clark” Smith, became a registered lobbyist for Koch Industries.

Both Jim and Clark Smith are lobbyists with Southern Strategy Group, a lobbying firm [co-founded](#) by FSU President John Thrasher. Southern Strategy Group currently houses the all of Koch’s lobbyists in Florida, including lobbyists for Koch subsidiaries like Flint Hills Resources LP and Georgia Pacific.

T. K. Wetherell, FSU President from 2003-2010, [was a partner](#) at Southern Strategy Group, and was active immediately before and immediately after serving as FSU President.

John Thrasher was serving as chair of FSU’s Board of Trustees in [2002](#), and oversaw the search process that selected Wetherell as president.

b. BB&T

There is reason to consider the conflict of interest between FSU and the donors being greater than two-fold. The 2008 agreement between FSU and CKF involved BB&T as a partner donor. The [announcement](#) notes a BB&T official, Nan Hillis, presenting the gift:

Joined by FSU President T.K. Wetherell and the deans of the College of Business and the College of Social Sciences, BB&T Tallahassee President Paul Sullivan and **Nan Hillis, president of BB&T's Orlando-based East Florida Region, announced that the company is presenting the university with two gifts totaling \$3 million to establish several new programs.** One will encourage a thorough discussion of the moral foundations of capitalism; another will examine the proper role of government in a free-market economy; and a third will help to train future teachers of economics.

Nan's husband Mark Hillis sat on FSU's [Board of Trustees](#) at the time. Additionally, and more directly a conflict, Mark and Nan Hillis both served on the [FSU Foundation's Board of Trustees](#).

3. Department Reviewers with Ties to Koch

In 2015, as part of Florida State University's reauthorization of the economics graduate program, a Graduate Policy Committee (GPC) ultimately issued a report whose final recommendation was "[t]he GPC recommends that the graduate program in Economics be continued" ([GPC](#)).

An FSU official describes in [an email](#) that the six person committee's approval was a "close vote." Entirely undisclosed in the 2014 report was that the student member of the committee, Alice Crisp, was a Koch doctoral fellow with long standing ties to the Charles Koch Institute and its affiliated organizations:

Alice M. Crisp is currently working on a Ph.D. in Economics from Florida State University in Tallahassee, Florida. As a Charles G. Koch Doctoral Fellowship recipient, she serves as a research assistant for Dr. James Gwartney. [...] As an undergraduate, she participated in the Koch Internship Program, working for the Atlas Economic Research Foundation in Washington, DC as coordinator for the Sound Money Project. She also worked as an intern for the Foundation for Economic Education in Atlanta, Georgia ([2013](#)).

As one member of the six-person committee, Crisp's vote may have been enough to sway the "close vote" described in the FSU official's email.

Chapter 6: Misinformation

The 2008 MOU requires that “FSU will allow CGK Foundation to review and approve the text of any proposed publicity which includes mention of the CGK Foundation” ([2008 MOU](#), Sec 14). In addition, the MOU establishes confidentiality encouraging the university to keep considerable amounts of information private by deeming it confidential as defined by the 2008 MOU, despite the fact that the items deemed “confidential” are public record in Florida:

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

Though the contracts themselves have been disclosed, and considerable information has been released in response to records requests, the public statements from FSU have been consistently incomplete, misleading, or false. They also have consistently denied all wrongdoing and minimized disclosure.

Chapter 6.A. Censorship

1. Faculty Censorship

The agreement with the Charles Koch Foundation was made public in 2011. That same year, President Eric Barron called for a Faculty Senate Ad Hoc Committee to review the CKF agreement. The co-chairs of that committee were Dr. Eric Walker and Dr. Jayne Standley. Recently recovered emails have revealed an initial [report](#) written by Dr. Standley. It is clear from the [correspondence](#) that Dr. Standley believed her draft was not substantially changed through the final edits. However, much significant information in the earlier draft, including key findings and recommendations, was drastically altered in, or entirely missing from, [the final report](#).

On [November 18, 2014](#), Faculty Senate President Gary Tyson emailed Dr. Jayne Standley, asking for her copy of the “Koch report,” referring to the 2011 Ad Hoc Committee’s report. Standley [responded](#) that day with a report attached:

Hi Gary, Here is the file on my computer. Unfortunately, I don't know if it is the draft or the final copy. Eric tweaked my draft and softened the wording but changed none of the essence or the recommendations. Eric Walker may have the later file that is the official final report. Jayne

Two days later, Melissa Crawford [sent an email](#) to the Faculty Senate Steering Committee, (including Tyson and Standley) with a file containing the Walker/Barron version of the 2011 report.

Upon seeing this version, apparently for the first time, [Standley emailed Eric Walker](#), clearly indicating that she was not aware of the differences in the two versions, asking about several missing recommendations:

Hi Eric, I was reviewing the Koch report that Melissa sent out. What happened to the recommendations to reprimand the Dean and to fix the conflict of interest with the Chair and the PhD student? I know Eric [Barron] sent the letter of reprimand because I saw a copy of it and I know the Chair resigned and the conflict of interest was resolved. Didn't we write those 2 issues into the recommendations? Jayne

2. Web Censorship

Some of the programming created by the Charles Koch Foundation at Florida State University is visible on the College of Social Science website, whereas all public information that FSU has published to the web regarding the details and criticism of their agreement with the Koch Foundation had been posted on the FSU Foundation’s website, [one.fsu.edu](#).

This included the official position of the FSU Foundation on the controversial matter, as well as several supporting documents related to the agreement.

As of June 9 2016, FSU Progress Coalition has discovered that these resources, and literally any mention of “Koch,” have been removed from the [FSU Foundation Website](#). Previously, the site contained the following resources:

1. “Q & A: Charles Koch Foundation Gift to Florida State University”; originally located at <http://one.fsu.edu/foundation/news/2014/fd-af-news-koch-gift-qa>. Though this link is now dead, an archived version can be found [here](#).

2. Comments that President Thrasher made on the Koch Foundation Gift on January 22 after canceling his meeting with community members about the Koch agreement were posted at <http://one.fsu.edu/foundation/news/2015/koch-gift>. Though that link is now dead, a [backup cache](#) shows it on one.fsu.edu (full original document [here](#)).
3. A Dec. 12 memo from the Faculty Senate President Gary Tyson to Interim Provost Sally Mcrory was referenced by and released with Thrasher’s statement: “Memo RE: Review of the February 2013 Memorandum of Understanding between the Charles Koch Foundation and the FSU Board of Trustees.” The link: http://one.fsu.edu/file/fd-communications/2014_12_12_Faculty_opinion_to_Provost.pdf is dead, but a [backup cache](#) shows the document on the university’s site (full original document [here](#)).
4. A 2008 announcement of BB&T Charitable Foundation’s \$3 million to FSU in partnership with the Charles Koch Foundation, once found at <http://one.fsu.edu/document.doc?id=265> can now be seen at in a [backup cache](#).

These pages were taken down in 2015, shortly after Progress Coalition released its [2015 report](#) exposing the original faculty investigation findings, most of which directly contradict the “Q&A” statement’s claims.

Chapter 6.B: Public Misinformation

Several documents created by Florida State University are excerpted below in order to explore the validity of their claims.

1. FSU's "Q & A" Statement

The ["Q&A" statement](#) was posted in 2014 on the FSU Foundation's website after FSU Progress Coalition publicized the discovery of a renegotiated Koch contract in [April 2014](#). The statement's purpose was "[t]o answer questions regarding how these programs promote the university's commitment to free inquiry and academic integrity, the following information is provided."

The statement was taken down in 2015, shortly after Progress Coalition released its [2015 report](#) exposing the original faculty investigation findings, most of which directly contradict the "Q&A" statement's claims.

The Q&A from FSU Foundation Website reads "Posted May 9, 2014," asserting

Private support from alumni, friends, businesses and private foundations also strengthen and help establish innovative programs throughout the university. Programs within the Department of Economics aim to serve students with the highest quality education; and private funding helps the department do just that. **Two programs – the Study of Political Economy and Free Enterprise (SPEFE) and Excellence in Economic Education (EEE) – support the department's overarching goal by developing innovative ideas and original analysis that advance economic understanding among students and society as a whole. These programs have been strengthened with the support from CKF (["Q&A" statement](#)).** (Emphasis added.)

This seems to suggest that CKF supported programs that already existed in the department, and yet the CKF agreement explicitly establishes SPEFE/EEE;

The Parties desire to enter into this Memorandum to set forth their understanding with respect to establishing a Program for the Study of Political Economy and Free Enterprise as described in Section 2 ("SPEFE Program") and a Program for Excellence in Economic Education ... ([2008 MOU](#), pg. 1)

Furthermore, it is also the case that one of the 2008 MOU supporting documents recovered by students goes further to clarify that;

The Parties agree and acknowledge that, if not for the Donor's contributions to be made pursuant to this Agreement, FSU would not otherwise undertake to hire individuals to hold such Professorship Positions set forth in this Agreement and the MOU nor implement the programs mentioned in both documents ([Attachment C](#), Section V.H, pg. 7).

The Q&A continues:

Q: What does CKF's gift support?

A: In early 2009, Florida State University and the Florida State University Foundation accepted a pledge of \$1.5 million from CKF, payable over six years. The pledge supports a program for the Study of Political Economy and Free Enterprise (SPEFE) and a program for Excellence in Economic Education (EEE) within the College of Social Sciences and Public Policy. The pledge also provides additional salary support to faculty approved and hired by FSU. **As of April 30, 2014, FSU has received \$1 million from CKF (["Q&A" statement](#)).** (Emphasis added.)

According to a budget document from Bruce Benson, the lead faculty for the Koch program, CKF donated \$1,560,800 between 2008-2013. By 2013-2014, the total was \$2,008,751 ([Benson Budget, 2015-2016](#)).

A figure of \$1 million as of the publication of the "Q&A" statement (and \$1.5 million over six years) accounts solely for the tenure track faculty support. This exemplifies the administration's constrained narrative, neglecting any mention of the Koch's undergraduate and graduate programs.

See [Chapter 4.C](#) for an account of the Undergraduate program being established through Koch's MOU. Koch's donations to the undergraduate had doubled every year since 2012.

Koch's donations toward FSU graduate fellowships has more than doubled every two years since they are renewed. See [Chapter 4.D](#) to see documentation of the fact that the system of graduate fellowships is required to adhere to the exact terms of the MOU's Objectives and Purposes.

Other members of Koch's network, including partner donors BB&T and Manley Johnson, provide funding that is subject to the Koch foundation's objectives and purposes. The Koch network's donor advised fund, the DonorsTrust, contributed \$207,140 to the FSU foundation for "for (4) four-year PhD fellowships in economics in [2013](#).

The Searle Freedom Trust donated \$180,000 between [2011](#) and [2012](#) to support the Post Doctoral Fellowships in the department of economics. See [Chapter 4.D.2](#) for more details.

The Q&A continues:

Q: What is the purpose and intent of the relationship with the CKF? How and when did the relationship begin?

A: In July 2008, the College of Social Sciences and Public Policy, Florida State and the FSU Foundation jointly approved and signed a preliminary agreement with CKF. It established the framework to provide support for two programs within the Department of Economics:

- SPEFE – which focuses on analyzing and researching economic institutions and political economy
- EEE – which focuses on sound economic education, especially ways to improve the teaching of economics, as well as improving economic literacy among college and high-school students both within Florida and the rest of the country. EEE is part of the Department of Economics’ Gus Stavros Center for Economic Education and Free Enterprise ([“Q&A” statement](#))

Both programs are part of the Department of Economics’ Markets and Institutions Initiative. (Markets and Institutions is one of five initiatives within the Department of Economics; the other four initiatives include: Macroeconomics, Urban Economics, Public/Labor Economics and Experimental Economics.)

Based on the framework established in the 2008 preliminary agreement, the relevant university authorities and CKF mutually approved and signed a grant agreement in early 2009 that included a pledge of \$1.5 million from CKF to be paid over six years at an annual rate of \$250,000 per year to fund professor positions within the economics department.

The University described its intent in accepting the agreement with the Koch Foundation, but not the foundation’s. The Charles Koch Foundation’s intent is clearly explained by its current Vice President, Kevin Gentry. The Foundation and a network of donors fund and coordinate their political efforts twice annually at a secretive “donor summit.”

At a [2014 summit](#), in a session entitled “Leveraging Science and Universities,” a CKF official explained how:

students that graduate out of these higher education programs also populate the state-based think tanks and the national think-tanks...they become the major staffing for the state chapters on the grassroots innovation around the country....So the network is fully integrated. So it’s not just work at the universities with the students, but it’s also building state-based capabilities and election capabilities, and integrating this talent pipeline. I hope that those of you [who] are excited about the electoral process, you’ll invest there. Those of you who are excited about universities, invest there.

Fundraising simultaneously for academic and political projects, he reminds donors of a 32-state strategy for a “culture of freedom that will not just change the policies of those states, but also have a significant impact on the federal government.”

Florida State University’s Bruce Benson described in 2007 how potential university grant recipients may attend Koch Foundation summits:

Koch has organized a group of Foundations with similar agendas that meet twice a year to discuss funding strategies, etc. If some version of this proposal is agreed to, Koch will invite representatives from FSU to these meetings, introduce us, allow us to make our pitch, and encourage others to join them in funding the program.... [T]hey also want FSU to demonstrate a commitment to the program (e.g., make a sincere effort to raise other money from their network of foundations). ([Benson memo](#), 2007)

The Q&A continues:

The 2009 commitment is the only one from CKF for faculty support. **Since 2011 only one faculty position has been funded by CKF. Prior to 2011, CKF funded another faculty position but that faculty member left FSU and the position remains vacant.** ([“Q&A” statement](#)) (Emphasis Added.)

To diffuse concerns, FSU uses “faculty” to refer only to tenure track faculty. In doing so, they consistently omit the non-tenure track positions that teach the large principles courses as outlined in the MOU.

According to the MOU (and the [Benson memo](#)) the undergraduate program specifies the funding of a “teaching specialist position.” The faculty investigation reported on this “non-tenure track faculty hire in the Economics Department,” and how “[a]n individual was hired on this line and began teaching in the department in Fall 2009” ([Walker report](#), Finding 6.b).

Koch’s MOU allows a partner donor to take over this line of funding, though it is still bound by Koch’s MOU:

Funding for the Teaching Specialist Position may be provided by a Donor Partner pursuant to the terms of a separate Donor Agreement in the form substantially similar to that attached as Exhibit A ([2008 MOU](#), Section 4.c)

The College of Social Sciences [2009 report](#) verifies that “Joab Corey’s position is funded by a gift from BB&T as part of the new Program for Excellence in Economic Education.”

In addition, several of Koch's partner organizations, DonorsTrust, Donors Capital Fund, and Searle Freedom Trust have contributed considerably. The Searle Freedom Trust donated \$180,000 between [2011](#) and [2012](#) to support the Post Doctoral Program in the department of economics. Searle initially:

awarded the Economics Department at Florida State University a grant of \$240,000 over two years to support the post-doctoral fellowships for Cordet Rodet and Joseph Connors. The grant will be paid in two annual installments of \$120,000 in 2011 and \$120,000 in 2012. ([Searle Letter](#), 2010)

Searle paid \$120,000 in [2011](#) and \$60,000 in [2012](#). Both [Rodet](#) and [Connors](#) have gone on to bolster Koch's [Center for Free Enterprise](#) at Florida Southern College.

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

In 2014, Donors Capital Fund, gave \$439,500 to:

the Florida State University Foundation for the "Common Sense Economics for Life" project at the Stavros Center for Economic Education. This gift was made possible through generosity and recommendation of an account holder who wishes to remain anonymous ([Donor Capital Fund grant to FSU](#), 2014)

See [Chapter 1.B.9](#) for more on the increased presence of Koch's donor network at FSU.

The Q&A continues:

Q: Does FSU take donor political views into consideration?

A: Our donors are comprised of individuals, corporations, foundations and organizations with a wide range of political, religious, business and personal views and values. We do not have a political litmus test for our donors. We work diligently to align donor interests with university priorities. Donor gifts, regardless of their size, have always been accepted with the clear understanding that the gift will not compromise academic integrity or infringe on the academic freedom of our faculty (["Q&A" statement](#)).

According to former economics department chair 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.

[...]

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. There clearly is a danger in this, of course ([Benson Memo](#)).

The Q&A continues:

Q: How does FSU ensure there is no undue influence by donors when it comes to academic freedom and integrity?

A: All gifts, including the gift from CKF, are reviewed and approved by university personnel, as well as by officials from the Florida State University Foundation ([“Q&A” statement](#)).

See [Chapter 5](#) for examples of the Koch contract’s violations of FSU’s gift acceptance policy, as well as several other university policies and procedures.

The Q&A continues:

Q: Does CKF play a role in Department of Economics faculty hiring?

A: No. Our work with CKF has always upheld university standards. Updates made to our preliminary agreement with CKF in 2013 have further refined that commitment. All faculty hires within the Department of Economics follow long-established departmental bylaws which require the approval of two different internal committees before a tenure-track offer can be made. The department’s bylaws are consistent with overarching university guidelines that apply to all departments ([“Q&A” statement](#)).

Regarding “work with CKF has always upheld university standards,” see [Chapter 5](#) for an account of several instances where FSU’s work with CKF violates university policies or fails to uphold university standards and procedures.

The Q&A continues:

Q: What changed between the original 2008 agreement and the updated version?

A: In May 2011 then-Florida State President Eric J. Barron established a Faculty Senate Ad Hoc Committee to review the 2008 preliminary agreement. The faculty committee found that the faculty hiring associated with it to date had been appropriately governed and managed by the Economics Department faculty and offered nine recommendations to “protect and to continue to affirm the academic integrity” of FSU.

FSU, the College of Social Sciences and Public Policy, the Department of Economics, and/or the Florida State University Foundation fully endorsed, adopted directly or equivalently addressed the nine recommendations set forth in the Faculty Senate Report. Two of these recommendations related directly to the 2008 preliminary agreement and were incorporated into the updated one.

The primary change in the updated agreement addressed the role and function of a three-person advisory group that was originally established to ensure that the intent of the donor and the educational objectives of FSU were being followed.

The Ad Hoc Committee recommended: 1) that the agreement specify that the three-person advisory committee include two faculty members of the Department of Economics, which had been the practice but was not outlined explicitly in the agreement; and 2) that the voting rule be changed to a majority vote. While adding recommendation one, rather than “tweaking” the voting rule of the advisory group, the decision was made to eliminate any role whatsoever of the advisory group in the hiring of tenure-track faculty members in the Department of Economics. Instead, the role of the three-person advisory group was switched to one of stewardship; they were tasked with making sure that donor intent was met. That role put them on the back side of the giving continuum instead of the front side ([“Q&A” statement](#)).

As detailed in [Chapter 2.A](#), the Faculty Senate recommendations here were drastically censored by administration.

The answer regarding the voting rule is fundamentally misleading. The advisory board retained the unanimous voting rule over all other programming, and so a fundamental mechanism of control was retained despite the university’s call for the change:

The decision rule of the SPEFE-EEE Advisory Board in all matters will be unanimous vote of all three members. The term of appointment for the SPEFE-EEE Advisory Board members will be two years, with the possibility of reappointment. In the event that a board member is unable or unwilling to fulfill their obligations to the satisfaction of CKF, the appointing party will have the right to name a replacement as outlined above ([2013 MOU](#), Section 7.b).

See [Chapter 3.B](#) for more on the Advisory Board's authority.

The Q&A continues:

Q: How are faculty chosen to receive funding from the CKF?

A: FSU approves and budgets for all faculty positions within each college and unit. When approved and budgeted faculty hires are made in the College of Social Sciences and Public Policy's Department of Economics, the department can subsequently recommend to the dean of the college the names of faculty who are likely candidates to receive funding from CKF. The dean of the college then submits a grant proposal to CKF, which reviews the request.

The revised 2013 preliminary agreement further spells out this adherence: "The decision of CKF on the funding proposal will under no circumstances jeopardize the offer to the candidate approved by the Executive Committee and the dean. Nor will the approval of the dean create an obligation for CKF to provide any funding under this Memorandum or Donor Agreement. (["Q&A" statement](#))

The 2013 MOU, which the university quotes in their response to this question reads:

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

The Koch foundation retains veto power over the use of their funds. The department is incentivized to select candidates that fit the Koch foundation's narrow specifications, while the Koch foundation has no obligation to support these candidates. See [Chapter 3.B](#) for more details about the advisory board's authorities.

The Q&A continues:

Q: What is the Florida State University Foundation?

A: The Florida State University Foundation is the academic fundraising arm for the university with the mission of raising and managing private support to advance FSU’s academic mission, as set forth by the university. This private support is used to fund, among other items, facilities, student scholarships and endowed professorships and academic chairs — thereby helping the university attract students and hire and retain outstanding faculty. ([“Q&A” statement](#))

In a memo prepared for President Thrasher from the Deans’ Development Committee, seven Deans of FSU Colleges raise the concern that:

First, we believe that the Foundation’s vision and mission statement is truly perfunctory and as such it reflects our perception of its performance. The university is presently being asked to contribute significantly to the Foundation’s operating budget and current estimates suggest that this subsidy could be \$100 million over the next decade. The Foundation’s leadership advises and informs its Board, which in turn is a strong advocate of the Foundation without regard for the effectiveness with which the Foundation serves the university.

The Foundation is supposed to serve the university and we believe the university needs to exercise more influence over the Foundation if we are to continue to subsidize its operation [...]

An organizational structure exists that, through no fault of the incumbent administrators, undermines accountability. The positions of Vice-president for University Advancement and President of the FSU Foundation to be held by the same person, blurs the lines of authority between the University and the Foundation as well as complicating the relationship between the President of the Foundation and the Executive Vice-president of the Foundation. ([Deans Memo](#))

2. McNair Correspondence

In late November of 2014, a journalist with the Kentucky Center for Investigative Reporting, Jim McNair, submitted a series of questions for Florida State University officials while writing [an article](#) about a Koch-supported center at the University of Louisville. See the [full email correspondence here](#).

Below, we address the misinformation provided by FSU university officials. Find McNair’s numbered questions, with the **university’s response immediately following in bold** (a slight format change from the original document).

On December 3rd, FSU sent final responses to the journalist:

Below is the university's response to your questions. Please let me know that you have received it. . .

1. In the original contract proposal, FSU spoke of a "group of foundations" that CKF has organized to make a total grant of \$7 million. Who were the other donors and how much did each donate? **The original contract proposal that you are referring to never materialized. Therefore, there is no group of foundations that CKF organized to make a total grant of \$7 million ([FSU/McNair emails](#)).**

This is false. See previous section and [Chapter 1.B.9](#) for detailed information about partner donors including the very public BB&T partnership. In fact, this false statement was noticed before the draft was sent, but disregarded. On November 26, Jesse Colvin writes to Dean Rasmussen:

David-- In his proposed responses, Pat [Crowley] omitted the BB&T funding we have received as part of our partnership with the Charles Koch Foundation. I suggest we ask Rob [Nixon, Director of Communications for College of Social Sciences & Public Policy] to redraft responses to send in reply to the inquiry. Jesse

In response, on December 3rd, Mark Isaac writes to Dean Rasmussen and Jill Elish

Hi Jill, Attached are a couple of minor revisions to David Rasmussen's draft. David can nix any he doesn't like. But.....Open Question to David and Jill.....Isn't it true that the Market Ethics class was not related to a donation from the Koch Foundation but rather was related to a gift from BB&T? If that is correct, do you think that matters in terms of responding to this inquiry?

The announcement of the BB&T gift to the College of Social Sciences very clearly describes the agreement as one done in partnership with the Charles Koch Foundation:

BB&T's second \$1.5 million gift will help the College of Social Sciences create a Program for the Study of Political Economy and Free Enterprise within the economics department, and to develop a Program for Excellence in Economic Education within FSU's Gus A. Stavros Center for the Advancement of Free Enterprise and Economic Education. These programs are intended to improve free-enterprise education and foster research on the proper role of government in a free-market economy. To that end, the gift will help fund new faculty positions, stimulate innovative educational programs for undergraduate students, and increase support for Ph.D. students. The Charles G. Koch Foundation has agreed to match this BB&T gift, committing \$1.5 million of its own to pay new faculty members for a period of six years ([BB&T gift announcement](#)).

The 2014 Graduate Policy Committee Report refers to a variety of foundations, all connected through this agreement:

A group of donors, led by the Charles Koch Foundation, entered into an agreement with the College to support a research program in “Markets and Institutions,” and to improve economic education at FSU. This original donation and subsequent donations have funded hiring at the junior level, hiring of a teaching specialist for the Principles of Economics sequence, provided well over a million dollars in fellowships and post-docs for doctoral students, and funded visiting speakers and extra-curricular programs for undergraduates ([GPC report](#), section 1, subsection xi).

McNair’s questions continue, referring to the above Q&A statement (**FSU response in bold**):

3. I need to get a better idea of how the money received has been put to use. Your Q&A says one faculty position (economics?) has been funded by Koch. Is that still correct? What about faculty positions funded by the CKF-organized donors? Also, the Q&A speaks of faculty "chosen to receive funding from CKF." Does that mean their salary/their job? Is their funding available to faculty for other purposes? And what makes a "likely candidate" for CKF funding? Please be specific. **Two faculty hired by the economics department were funded by the CKF for a period of six years. In each case, the positions were guaranteed by FSU so that their tenure is in no way dependent on the source of funds. After three years, one of the faculty members was hired away by another institution. The department has since hired another faculty member just as any other faculty hire would be made, on a faculty line provided by the provost. Subsequently, CKF agreed to fund the salary for that faculty member using funds earmarked for the departing faculty member.**

This response omits the Excellence in Economic Education (EEE) program, post doctoral program, graduate fellowships, undergraduate support, and course support (see [Bruce Benson’s budget](#)). It is consistently the case that the university fails to account for programs (see: Q&A responses in this same section above).

McNair’s questions continue (**FSU response in bold**):

4. The Q&A says SPEFE and EEE receive CKF funding. Were they created with CKF funding? Is there a description available for SPEFE? **The title SPEFE was first adopted in the MOU to refer to the more generic specialty that is characterized in the economics discipline as “the new institutional economics” or in our case, “markets and institutions.” This has long been a strong area of research and teaching in the economics department, which was strengthened by Koch Foundation resources. Likewise, the Program for Excellence in Economic Education is also rooted in the long-standing commitments to Economic Education of the previously existing Stavros Center for Economic Education.**

This is quickly disproven by the language found in both the original and 2013 agreements between FSU and CKF. Both the SPEFE and EEE were originally put in place in the 2008 agreement. As per the agreement:

The Parties desire to enter into this Memorandum to set forth their understanding with respect to establishing a Program for the Study of Political Economy and Free Enterprise as described in Section 2 (“SPEFE Program”) and a Program for Excellence in Economic Education ... ([2008 MOU](#), pg. 1)

McNair’s questions continue (**FSU response in bold**):

5. Were any FSU courses introduced or altered as a result of the CKF funding to reflect free enterprise philosophies of CKF? **No.**

See [Chapter 4.C](#) for the account of courses created and impacted by Koch and BB&T. The omission of BB&T as a partner donor (referenced above by Rasmussen) allows an omission of the course clearly created as a part of BB&T’s donor partnership (referenced above by Isaac).

McNair’s questions continue (**FSU response in bold**):

6. What did/does FSU say to address concerns that the contract with CKF would allow CKF economic philosophies or agendas to be included in FSU curricula or instruction? **The FSU Faculty Senate appointed an Ad Hoc Committee of faculty to review the original MOU. All of the Ad Hoc Committee’s recommendations have been addressed by the Department of Economics and the FSU Foundation. CKF has no control over or influence in hiring decisions, faculty evaluations, curricular decisions or awards of support to graduate students. Our donors are comprised of individuals, corporations, foundations and organizations with a wide range of political, religious, business and personal views and values. FSU does not have a political litmus test for our donors. We work diligently to align donor interests with university priorities. Donor gifts, regardless of their size, have always been accepted with the clear**

understanding that the gift will not compromise academic integrity or infringe on the academic freedom of our faculty.

This is addressed exhaustively in this report (see [Chapter 2.A](#)). The Ad Hoc Committee's original recommendations were suppressed along with most the investigation's findings.

As for the university's claim to McNair that:

Donor gifts, regardless of their size, have always been accepted with the clear understanding that the gift will not compromise academic integrity or infringe on the academic freedom of our faculty.

See [Chapter 5](#) for a full account of the extensive violations of several university policies.

Chapter 6.C Internal Misinformation

On December 1 2014, Interim Provost Sally McRorie sent [an email](#) to College of Social Sciences (COSS) Dean David Rasmussen, Dept. of Economics Chair Mark Isaac, and Gary Tyson asking for a brief comment on the Koch issue from their “sphere.”

1. Mark Isaac, Chair of the Economics Department

Isaac [responded](#) to the email, and his remarks were ultimately forwarded to the faculty senate steering committee as part of their review of the 2013 Koch foundation agreement:

1) The Department of Economics did everything asked of it (or more, in some cases) by the faculty Senate Ad-Hoc Committee. The new Department Chair (myself) sent that "checked-off-list" to President Barron as it was completed.

Isaac is referring to the ten recommendations from the [Walker report](#). We shall consider Isaac’s claim, despite the overarching fact that the Walker recommendations reflect a censored account of the Koch agreement (see [Chapter 2.A](#)).

Several of Walker’s recommendations are shown to have been ignored, while it is not clear whether others have been implemented.

Among the several recommendations not implemented, the most glaring is the very first recommendation which would have removed Koch’s veto power over the advisory board. The Walker report recommendation reads: “In its review and advisory capacities, the Advisory Board should be able to offer recommendations on a majority basis” ([Walker report](#), Rec. 1.c).

The donor advisory board contains one Koch foundation representative, and in both the 2008 and 2013 MOU, the “decision rule of the SPEFE-EEE Advisory Board in all matters will be unanimous vote of all three members” ([2008](#) and [2013](#), 7.b).

The unanimity, and thus Koch’s veto power, controls the renewal of funding for “Affiliated Programs and Positions.” See [Chapter 3.B](#) for the authorities of the board, including annual retention non-tenure hires and fellowship students, including approval power over dissertation topics. Control over programming included the development of curricular and extracurricular programming.

Another entirely unheeded recommendation was “that the Economics Club be renamed something more specific to match its focus in practice” (Walker, rec. 5). The Economics Club, so named, continues to this day (refer to [Chapter 4.C.5](#) for details).

Isaac Continues:

2) There were two items dealing with the MOU that the Department could not address on its own:

a) Remove the disputed language on faculty reviews. This was done and the Department fully supports this change.

b) The Ad-Hoc Committee recommended removing the "unanimity rule" if the "Koch Advisory Committee" was going to continue to play a role in department hiring. In a meeting with President Barron, it was clear that he wanted to go beyond this and eliminate the "Advisory Committee" entirely from any role in hiring. This was done in the revised MOU. The "Koch Advisory Committee" now plays no role whatsoever in any department hiring. The revised MOU switches to a "grant application" model which is in effect only for faculty already hired on department-funded lines by regular department hiring policies. President Barron and Provost Stokes approved the final language. The Department fully supports this change ([Isaac](#), 2014).

In 2014, when FSU Progress Coalition discovered the renegotiated Koch agreement, many within the economics department had not even heard that the agreement had been resigned, let alone approved of the changes.

As mentioned above, the advisory board's role in hiring a clear case of the Walker report's recommendations being ignored. The call to remove the "unanimity rule" was a relevant beyond the very specific instance of tenure-track hiring.

The claim that Koch has "no role whatsoever in any department hiring" is patently false. The 2013 MOU allows the advisory board to preside over the entire hiring process for non-tenure hires: "The selection of the Teaching Specialist Position will be determined by the Chair of the Economics Department and the Dean of the College of Social Sciences in consultation with the SPEFE-EEE Advisory Board" ([2013 MOU](#), 4.b).

Explicit and implicit control are granted by Koch's veto power on the advisory board, combined with the fact that Koch "reserves the right to discontinue or revoke any part of this Memorandum (including withholding any amounts to be made under this Memorandum or any separate Donor Agreement regarding the Affiliated Programs and Positions)" ([2008](#) and [2013](#), Section 12).

Moreover, the 2013 MOU grants Koch the ability to approve or deny the recipient of their funding on an annual basis, including graduate fellows, non-tenure, and tenure track faculty. Although the university

nominally makes the first choice in the specific case of tenure track hires, the decision to apply Koch Foundation funding to the hire lies ultimately and solely with the Koch Foundation.

This violates FSU's donor policy, which states "A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution." ([FSU Gift 2013](#), Section 1.1.7).

2. David Rasmussen, Dean of the College of Social Sciences

Dean Rasmussen's [response](#) to interim Provost Sally McRorie's request was as follows:

The issue of outside influence on faculty hiring was of major concern to the College of Social Sciences and Public Policy. A review of the actual hiring procedures for the two faculty hires that were supported by the Koch Foundation for a limited time revealed the economics department did not alter its long standing hiring procedures for faculty hiring. ([Rasmussen on Koch](#), 2014)

Rasmussen's claim is disproven by the faculty investigation (see [Chapter 1.B](#) and [Chapter 2.A](#)). Moreover, if the findings of the Standley report had not been suppressed, faculty would have understood Rasmussen's role in violating a wide array of university policies and procedures, including "long standing hiring procedures." See [Chapter 5](#) for an account of violated policies.

Rasmussen continued:

Because the original Memorandum of Understanding left the impression that the Koch Foundation could be actively engaged in the hiring process, the revised MOU made clear that the sanctity of the hiring process in economics could not be affected by the foundation. ([Rasmussen on Koch](#), 2014)

See Mark Isaac's comment above, as well as [Chapter 1.B](#) and [Chapter 2.A](#), for contrary evidence on the matter of hiring.

Rasmussen on advisory board "consultation"

On December 4, 2014, Rasmussen and McRorie [developed an answer](#) to the faculty's questions about the role of the donor advisory board regarding matters left to the purview of the chair in "consultation" with the advisory board.

Rasmussen stated:

In the 2013 MOU, "consultation" means communication that allows the dean and department chair to meet with SPEFE-EEE Advisory Board to provide information in an open and forthright manner.

Such a consultation, whether regarding specialized or tenure track faculty, would necessarily follow agreed-upon practice: the donor cannot dictate nor advise upon the hiring of someone who did not pass muster with the department and dean, nor someone who had not already been hired by the department. Items 3 (d)(i-v) stipulate that the department hires the candidate.

([Rasmussen on "consultation,"](#) 2014)

Again, Koch maintains the ability to approve or deny the recipient of their funding while the university nominally makes the first choice, the decision to apply Koch Foundation funding to the hire lies solely with the Koch Foundation. The department knows this, and is highly incentivized to select a hire that will satisfy the donor's narrow requirements.

Moreover, the advisory board has authority over the entirety of the programming, not just the tenure-track hiring. See [Chapter 3.B.1](#) for details on the extensive authority that remained with the advisory board, and thus within Koch's veto power, including funding for non-tenure hires, programming, selection of graduate fellows, and approval of their dissertation topics.

Rasmussen continued:

Specifically, per item 4(b), the teaching specialist who was hired 8 years ago was not funded by the Koch Foundation. That position was funded for 10 years by BB&T. ([Rasmussen on "consultation,"](#) 2014)

In Section 4, the MOU stipulates that "(f)unding for the Teaching Specialist Position **may be provided by a Donor Partner** pursuant to the terms of a separate Donor Agreement in the form substantially similar to that attached as Exhibit A ([2008 MOU](#), Sec. 4.c).

As of 2009, the College of Social Sciences reported four EEE faculty, supported by Koch and BB&T:

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

As pointed out above, the donor advisory board has annual veto power over the renewal of these hires, 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) above” ([2008](#) and [2013](#) MOU, Sec. 4.d).

See [Chapter 2.B](#) and [Appendix 3](#) for complete records of the 2014 faculty review.

Appendix 1: Recommendations

This report was prepared as the basis for an informed review.

We submit our findings for the consideration of the Florida State University community, the Faculty Senate, the FSU chapter of the United Faculty of Florida, and the Southern Association of Colleges and Schools (SACS).

The findings in previous chapters make up the most complete account of any university's relationship with the Charles Koch Foundation and should serve as context for the stakeholders of higher education, namely any parent, student, faculty, administrator, alumni, or citizen affected by the affected universities.

It is critical that that the relationship with the Koch foundation be radically rethought based on a clear understanding of Koch's influence on campus.

Faculty Recommendations

Although the matter has technically gone before a Faculty Senate committee twice already (once in 2011 and again in 2014) we have shown in [Chapter 2](#) that both were ultimately hindered as a consequence of administrative interference.

We are asking that the members of the Faculty Senate take the issue up, once again, in a process that is open and independent from administrative interference.

Past reviews have suffered from the findings being confined to a small committee. We recommend that the matter be brought to the attention of the full Senate, and participation be open to all senators.

There are two vulnerabilities that need to be addressed: FSU's current relationship with Koch and FSU's future relationship with private donors.

A. FSU's Current Relationship with the Koch Network

It is the opinion of this investigation that there is no relationship with the Koch foundation that leaves our institution's integrity intact. We also find that relationships with Koch's partner donors (BB&T, Searle, DonorsTrust, and Donors Capital Fund) are identically untenable.

There has been a long running pattern of institutional corruption, intimidation, and anti-transparency.

The initial recommendation of the faculty investigation was to:

Consider terminating the Koch amendment. It is very tainted by having crossed the line on giving undue influence in return for money and the receipt of negative national publicity on this issue. It may not be “fixable” since FSU’s academic integrity has been jeopardized ([Standley report](#), Recommendation 1).

Our findings overwhelmingly confirm the harms of Koch’s relationship with Florida State University, not the least of which is the suppression of the Standley report itself.

Despite our findings that the 2013 MOU has been allowed to “sunset,” we have shown the continued existence of clear and present dangers to the academic integrity of Florida State University.

We have shown that the expanding system of Koch/BB&T fellowships is in urgent need of intervention, as the Koch foundation has been granted approval power over graduate fellows and their dissertation topics. Internal reports have documented other harms of the fellowships on department retention (as covered in [Chapter 4.D](#)).

We have shown the expansion of Koch programming into the new Hilton Center and the Project for Accountable Justice, both of which are closely tied to Koch’s political network of donors, think tanks, and political groups like ALEC, the American Legislative Exchange Council, which named President John Thrasher ALEC’s 1998 Legislator of the Year. See [Chapter 1.B.8](#), and our [2016 special report](#) on the Project for Accountable Justice.

B. FSU’s Future Relationship with Private Donors

Faculty do not currently have an explicit ability to review or approve proposed private donations that impact curriculum.

Recent examples such as the Moran Institute, the Hilton Center, and the Project for Accountable Justice, were all approved by administrators without disclosure to faculty beforehand.

Donor influence is granted by the FSU Foundation, FSU administrators, and the General Council, who has the sole ability to review. This is outlined Section 1 of FSU’s donor policy, the [Gift Acceptance and Counting Policy](#) (Policy 8-1):

Prior to obtaining a donor’s signature, gift agreements in support of academic, research, and co-curricular initiatives for gifts of \$100,000 and above must be reviewed and approved by University General Counsel. The Vice President for Central Development is responsible for coordinating with the Office of the General Counsel.

The policy outlines that the only people overseeing “gift agreements in support of academic, research, and co-curricular initiatives require all of the following signatures” for gifts larger than \$100,000 are:

- o The donor or donors
- o The dean or university vice president who will administer the gift
- o University General Counsel
- o The Vice President for Research (for gifts supporting research)
- o The President of the University
- o The Provost/Executive Vice President for Academic Affairs
- o The President of the Florida State University Foundation.

For gifts less than \$100,000, oversight does not require the General Counsel, President, Provost, or Foundation President, but does include the Executive Vice President of the Foundation.

In a memo prepared for President Thrasher from the Deans’ Development Committee, seven Deans of FSU Colleges raise the concern that:

[t]he Foundation’s leadership advises and informs its Board, which in turn is a strong advocate of the Foundation without regard for the effectiveness with which the Foundation serves the university.

[...]

An organizational structure exists that, through no fault of the incumbent administrators, undermines accountability. The positions of Vice-president for University Advancement and President of the FSU Foundation to be held by the same person, blurs the lines of authority between the University and the Foundation as well as complicating the relationship between the President of the Foundation and the Executive Vice-president of the Foundation ([Deans Memo](#))

This system has clearly failed.

There must be faculty oversight over any donation that has “academic, research, and co-curricular initiatives.” The faculty oversight needs to have final approval power, and not just serve in an advisory capacity.

Such a process would have to result in an amendment of FSU’s Gift Acceptance Policy which does not currently protect against donor influence, and does not allow for faculty review of donor funded curricular changes.

We are calling on faculty to propose revisions of FSU donor policy, and for the FSU Foundation and administrators to accept the faculty proposal without objection.

C. Examples of Faculty Action

In response to the Faculty at Western Carolina University just seriously strengthened their institution's donor policy, Policy 104. Helpful examples of good policy may be found in Western Carolina University's revised [Policy 104](#).

The [exercise](#) and subsequent revisions to WCU's donor policy were championed by an active faculty. One of the faculty leading the effort described their motivation:

A lot of my colleagues — smart, energetic, engaged colleagues — are frustrated by what they perceived as substantial glossing over of faculty concerns,” [David] McCord said, citing the trustees’ approval of the center despite an overwhelming resolution by the faculty senate opposing it. “There is a temptation to check out, but we need to engage rather than disengage. That is our job, we need to be the guardians of the mission of the university ([December 16, 2015](#), Smoky Mountain News).

Their Chancellor acknowledged “the faculty review of the gift agreement could slow things down, but so be it.”

Yet, because their WCU faculty role was strictly advisory, their administration approved a Koch funded center despite a near unanimous rejection by the faculty senate. **It is critical that faculty body have the open and sole authority to approve grants or gifts with curricular impacts.**

In response, WCU faculty have [pro-actively](#) created an independent oversight body and partially renegotiated the Koch foundation contract (October 4 2016, [Chronicle of Higher Education](#), September 21 2016, [Smoky Mountain News](#)).

They were not successful at removing the mechanisms of influence, but the oversight body will monitor for examples of donor influence.

D. Additional recommendations

It is recommended that “academic, research, and co-curricular initiatives,” (WCU’s “curricular impact”) be rightfully broadened to include gifts that hire or otherwise impact faculty support, the hiring of faculty, or affect the student learning experiences, including student clubs and organizations, visiting speaker programs, etc.

Another suggestion is that donor agreements adhere to a template approved by the faculty, and any agreements that would stray from this template would be subject to review.

Faculty around the country are looking for policy solutions to protect from donor influence.

Members of FSU Progress Coalition and UnKoch My Campus will be able to provide updates and further insight during any policy review.

For further information about changing FSU's Gift Acceptance Policy, see our [2015 report](#) and the recommendations (pg. 29). The relevant procedures are described in FSU's [Policy 2-1](#), "Development and Approval of University Policies."

Appendix 2: President Barron's Collected 2011 Statements

After the Koch agreement with Florida State University became public, between May and July 2011, President Eric Barron made a series of public proclamations before the faculty investigation published their findings. As seen in [Chapter 2.A](#), these findings were suppressed and the report censored to conform to President Barron's early statements. The proclamations/statements that President Barron made are included below, chronologically.

May 10 2011:

President Eric Barron's statements to WCTV

Chandler Jill, (2011, May 18). FSU Faculty Approves Koch Deal, With Caveats, WCTV, WCTV.com (accessed July 21, 2011)

**STATEMENT BY FLORIDA STATE UNIVERSITY
PRESIDENT ERIC J. BARRON
RE: KOCH FOUNDATION GIFT**

Recent stories in the news media have made a number of claims about Florida State University's relationship with a prominent philanthropic organization that are far off the mark. I welcome this opportunity to set the record straight because I fervently believe Florida State University did not — and would not — sacrifice its academic freedom in order to receive a donation of any kind.

In 2008, the Charles G. Koch Charitable Foundation pledged \$1.5 million to establish a program for the Study of Political Economy and Free Enterprise and a Program for Excellence in Economic Education in FSU's Department of Economics. Part of the gift allows for the hiring of two assistant professors to staff the program.

The news stories raise questions about the hiring process. To be crystal clear: The Economics Department Executive Committee screens the candidates, interviews them and has the final vote. The Koch Foundation does not hire faculty, nor does it exercise control over course curricula.

Florida State is diligent and resolute in maintaining its academic integrity. Donor gifts, regardless of their size, have always been accepted with the clear understanding that the gift will not compromise that integrity or infringe on the academic freedom of our highly regarded faculty.

May 12, 2011:

Barron's Op-ed in the Tampa Bay Times

Barron, Eric. (2011, May 12). [FSU advisory board, appointed by Koch foundation, isn't hurting academic freedom](#), Tampa Bay Times

Tuesday's article in the St. Petersburg Times, "Billionaire's role in hiring decisions at Florida State University raises questions," and an editorial that appeared in Wednesday's paper made a number of claims about Florida State University's relationship with a prominent philanthropic organization that are far off the mark. I welcome this opportunity to set the record straight because I fervently believe Florida State University did not — and would not — sacrifice its academic freedom in order to receive a donation of any kind.

In 2008, the Charles G. Koch Charitable Foundation pledged \$1.5 million to establish a program for the Study of Political Economy and Free Enterprise and a Program for Excellence in Economic Education in FSU's Department of Economics. Part of the gift allows for the hiring of two assistant professors to staff the program.

The Times article by reporter Kris Hundley repeatedly suggests that a memorandum of understanding signed by representatives of the Koch Foundation, Florida State University and the FSU Foundation allows the Koch Foundation to exert undue influence over the hiring of these professors. She wrote that the agreement has given the Koch Foundation "the right to interfere in faculty hiring" and goes so far as to say faculty only retain an "illusion of control" with regard to hiring decisions. She further states that "Koch rejected nearly 60 percent of the faculty's suggestions" when the economics department was hiring two new faculty members. Hundley has misconstrued the facts.

These are the facts:

- FSU's economics department received nearly 500 applications for the two positions established by the Koch Foundation donation.
- The Economics Department Executive Committee, consisting of department faculty, reviewed the applications. Approximately 50 were considered worthy of consideration.
- These 50 applications were sent for input to an advisory board approved by the Koch Foundation. The advisory board, formed in 2008, consisted of two FSU faculty members, both Eminent Scholars in Economics, and a Ph.D. economist appointed by the Koch Foundation. (It is not unusual for a donor to have representation in an advisory capacity.)
- The advisory board recommended interviewing about 16 of the 50 candidates proposed by the faculty search committee.
- Ultimately, the two people hired did not come from the advisory board's short list, but instead were put forth by the faculty. One came from the original pool of 50 and was added to the list of interviewees, and the other was hired from a separate pool of applicants for a different position, and the advisory board accepted those choices.

To be crystal clear: The Economics Department Executive Committee initially screened the candidates, and the Economics Department Executive Committee had the final vote. The Koch Foundation does not hire faculty. Nor does it exercise control over course curricula. Academic freedom has not been compromised in any way.

Regardless of the funding source for these two positions, the faculty of the Department of Economics are unanimous in their agreement that the two new hires, both with doctorates from prominent research institutions — one with a background in industrial organization and the other in experimental economics — are excellent additions to the faculty.

And no matter how much innuendo Hundley and the editors at the St. Petersburg Times wish to employ, Florida State University makes decisions to establish programs and hire the appropriate faculty based on academic needs, not political motivations of donors or anyone else.

Florida State is diligent and resolute in maintaining its academic integrity. Donor gifts, regardless of their size, have always been accepted with the clear understanding that the gift will not compromise that integrity or infringe on the academic freedom of our highly regarded faculty.

Eric J. Barron is the president of Florida State University. He can be reached at ebarron@admin.fsu.edu.

May 17, 2011:

President Eric Barron's statements to WCTV

Chandler Jill, (2011, May 18). FSU Faculty Approves Koch Deal, With Caveats, WCTV, WCTV.com (accessed July 21, 2011)

Dear friends and colleagues,

It has been a difficult week for Florida State. First we had the news about more state budget cuts, and then we were pilloried about hires related to a Charles G. Koch Charitable Foundation (KCF) gift that occurred three years ago. Regarding the latter, I was certainly upset that a St. Petersburg Times article assumed, and even encouraged, the worst possible view of the KCF gift — that FSU sold off its academic integrity for money. Other media repeated this claim, and with each new turn, the language used in the media became even more unkind and more outrageous in its claims. I am sorry that this fine institution, and each of you, should be subjected to something that is so unfair.

I want you to know my position with some clarity. As you know, I was not at Florida State when the KCF agreement was signed, so I did not hear the original discussions. My views come from independently analyzing the contract, from looking at the outcomes, and from interviewing both college leadership and members of the faculty. This is my view.

The contract presents the appearance of outside influence because a KCF appointment on the three-person advisory board has the potential to deny donor funding for a faculty hire that he or she feels is not suitable. The nefarious interpretation is that job candidates would not be among those offered for final consideration for political reasons, with the alternative interpretation being that they would not be selected because they did not fit into the intent of the gift to support a specific area of disciplinary study or were not of high enough caliber. For many, even the appearance of influence that may be political is sufficient reason to object. Others assume the very worst occurred — we would yield just for the money. None of these interpretations is a good outcome.

Since this analysis is in retrospect, we know what actually happened, and that is much more important to the reputation of this institution than whether the contract opened the door to the possibility of undue influence. It is very clear from emails from Robert Bradley, then serving as FSU's vice president for Planning and Programs, to the College of Social Sciences and Public Policy that the university called attention to the potential threat of undue influence in this case. It is equally clear that Bradley's email required the college to have the resources to cover the salaries of the faculty if the KCF relationship failed, thus removing the potential that the college would feel forced to live with the agreement.

We also know that the faculty of the Department of Economics had significant debate about accepting the gift specifically because of the potential that external influence might compromise the integrity of the department, especially if that influence was not focused on bringing true scholars to Florida State. But members of our department, in expressing concerns about outside influence, also committed themselves not to accept any candidate that they would not be proud to accept as a member of their faculty. In addition, the two FSU Eminent Scholars in Economics who represented two-thirds of the advisory board worked together with that very same level of commitment to quality and integrity. The faculty went into the process ready to reject the gift if it meant compromising the department.

In some ways, I am most amazed that both the writers and some readers of the media reports and blogs, and even a few members of our own academic community, haven't given our faculty in Economics more credit. It should have been difficult to imagine that a community of tenured faculty would have caved to special interests.

Further, the economics department controlled the search. It made the first cut on the applications — reducing the list to approximately 50 candidates. Yes, faculty did send this list of 50 potential candidates to the three-person advisory committee, and the advisory committee narrowed the list to 16. Yes, the KCF representative weighed in on who on the list of 50 candidates she thought were qualified. The three-person advisory board had to be unanimous in its choices of finalists, so yes, any one of the board members could have denied a candidate. And yes, members of our faculty worried out loud about what criteria the KCF representative might apply. But the faculty interviewed some of the 16 recommended by the advisory board, and they also interviewed others not on this list.

In the end, the faculty offered the job to one individual of the 16, but that person took a job at Cornell University instead. The faculty also proposed hiring one person who was not one of the 16 from the list of 50 candidates, and no objection was offered by the advisory board. At the same time, the faculty had a separate candidate search going on involving a position funded by the university's Pathways of Excellence hiring initiative. The faculty proposed to offer a position to an individual from this group of candidates using KCF funds, and this too received no objection from the advisory board. So in both cases, the choice of the faculty was honored.

Unlike the St. Petersburg Times' contention, the KCF representative never "rejected" a decision by our faculty. I am equally convinced that if KCF had attempted to actually interfere, the Economics faculty would have objected and would have asked that the money be returned rather than compromise their principles. The end result was a common commitment to fast-rising stars, and certainly the department gained two fine scholars.

Clearly, Florida State University did not sell its academic soul, as some seem to eagerly want to contend. Clearly, much of what has been written has been distortion of reality. We did not deserve the attack on our integrity. Certainly, our Economics faculty deserve much more credit for actively debating their concerns and then for committing themselves never to compromise their high scholarly standards, and university leadership through Dr. Bradley deserves credit for supporting the independence of our institution.

At the same time, we should always be careful not to put ourselves in the position where either our motives or our integrity can be questioned. I promise that we will be diligent in working to prevent outcomes like this in the future.

Eric Barron
President, Florida State University

May 18, 2011:

Barron's statements FSU Admin and Faculty

Chandler Jill, (2011, May 18). FSU Faculty Approves Koch Deal, With Caveats, WCTV, WCTV.com (accessed July 21, 2011)

Email from FSU President Eric Barron to staff regarding Koch

Dear members of the faculty, vice presidents and deans:

I wanted you to know that I have requested the input of the Faculty Senate in ensuring that we always maintain the academic integrity of our great university. I attach below the formal request to the Faculty Senate.

Best, Eric

Dear Members of the Faculty Senate Steering Committee:

There is no doubt in my mind that the academic integrity of Florida State University should be one of the most cherished and protected assets of our University. As you know, I have examined the contract with the Koch Foundation, interviewed the College leadership, and interviewed members of the Economics Department. My objective was to determine whether our faculty were the decision-makers in the selection of faculty and in the setting of curriculum. As you know, my interviews indicated that, even though there was the potential for interference, our faculty played expected and appropriate roles, and the faculty searches yielded candidates that are true scholars. In each case, I have come to understand that the department is proud to have these individuals as colleagues.

As you also know, I have suggested that we should have the expectation that a tenured faculty would not accept undue influence. However, I also know that some faculty members worried about outside influence, that the level of influence was actively discussed by the department, and that some may have felt that the level of influence was problematic. Given the importance of the issue of academic integrity, I would like to formally ask that the Faculty Senate set up a committee to examine the issues surrounding the Koch Foundation agreement and its implementation to ensure that the integrity of Florida State University was protected. I believe it is essential for members of this committee to meet with the members of the faculty in Economics. I would appreciate receiving your findings in as timely manner as possible, as well as any recommendations you might have to ensure that we maintain the highest possible standards in ensuring academic integrity of our programs.

I greatly appreciate your willingness to accept this important assignment. It is my opinion that an independent assessment is essential to ensure the utmost clarity of this important issue, and that we take any steps that are necessary to ensure the academic integrity of our University.

Thank you
Eric J. Barron
President

July 15, 2011:

Barron's response to Faculty Senate investigation

Wilmath, Kim. (2011, July 15). [FSU's review of Koch deal suggests future donors shouldn't have power over faculty decisions](#), Tampa Bay Times

Nothing went wrong, but it could have.

That was the conclusion of a Florida State University review of a controversial contract with a conservative billionaire that came under fire earlier this year.

FSU "maintained its integrity" in its hiring of two faculty members — funded by libertarian businessman Charles G. Koch's \$1.5 million donation — but that was partly because the school didn't follow the stipulations spelled out in the 2008 donation agreement. If it had, members of the foundation would have had the power to approve or deny the hires, as well as have a say in annual faculty evaluations. And, according to FSU president Eric Barron, "We don't do that."

"Every donor out there wants to make sure their money is used the way they've intended," said Barron, who was not in office when the agreement was signed. "We just have to make sure that involvement is advisory."

FSU faced harsh criticism of the deal after a Times investigation revealed that it gave Koch representatives power to influence hires and evaluations, a major stray from fundamental principles of academic freedom.

The deal also set up an undergraduate "market ethics" elective that used Ayn Rand works as required readings and established a vaguely named "Economics Club" that narrowly promoted free-enterprise ideas, the review said.

What ended up happening, according to the review, was that the faculty members hired with Koch money were evaluated and approved without outside influence. In accordance with normal FSU policies, no input from the wealthy donor was considered in their evaluations, either.

The problem was, the Koch agreement left open the possibility and perception of outside influence, even if it didn't come to bear, Barron said.

"We did the right thing, but we've got to make sure there's no question," he said.

He said that kind of donor agreement would not be allowed in the future. Though the school isn't amending the Koch agreement at the moment, Barron said the clause about the donor's involvement in faculty decisions would be changed the next time someone's hired.

Other recommendations from the review remain up for consideration, including that the elective course be suspended and resubmitted with an indication of its relationship to Koch, that the "Economics Club" be renamed to better match its focus and that the FSU Foundation further review its gift policies. The Koch Foundation issued a response to the findings Friday, too.

"We agree with the committee that the (partnership) has solid guiding principles, and we are open to modifying the agreement as long as it continues to ensure a strong commitment to academic freedom, faculty governance and donor intent," said Ryan Stowers, the foundation's director of higher education programs.

The scandal made waves far beyond the FSU community. The day before the review was released, advocacy group Progress Florida sent Barron a petition signed by nearly 9,000 people, including about 1,000 FSU faculty members, students, alumni or donors, calling for the university to dump the deal.

Barron responded to the group, saying, "Presented with a statement given as fact that Florida State sold off its hiring decisions, I am not surprised that Progress Florida collected a number of signatures. But the facts are that we have not done so, and we would not do so."

July 15 2011, Barron's Letters to FSU Administrators

See Barron's [letter to Dr. Jennifer Buchanan](#), Interim Dean of Faculties (current Associate Vice President of Faculty Development and Advancement)

See Barron's [letter to Dr. David Rasmussen](#), then Dean of the College of Social Sciences and Public Policy

See Barron's [letter to Dr. Thomas Jennings](#), Vice President for University Advancement and President of the Florida State University Foundation

Appendix 3: Email Records of 2014 Faculty “Review”

People

Faculty Senate Steering Committee (FSSC)

- [Gary Tyson](#), 2014-2015 Faculty Senate President
- [Eric Walker](#), former Faculty Senate President ('09-'11) & Member of FSSC during review
- [Bridgett Birmingham](#), Member of FSSC during review
- [Susan Fiorito](#), 2015-2016 Faculty Senate President ('07-'09) & member of FSSC during review
- [Jayne Standley](#), Member of FSSC during review
- [Kristine Harper](#), Member of FSSC during review
- [Sandra Lewis](#), Member of FSSC during review
- [Nancy Rogers](#), Member of FSSC during review
- [Melissa Crawford](#), Faculty Senate Coordinator

Administrators

- [Sally McRorie](#), Interim Provost (& VP for Faculty Advancement & Development)
- [David Rasmussen](#), Dean of the College of Social Sciences
- [Mark Isaac](#), Chair of the Economics Department
- [Eric Barron](#), ex-President of FSU (2010-2014) & President of Penn State University
- [Robert Bradley](#), VP for Planning and Programs
- [Garnett Stokes](#), ex-Provost & ex-Interim President of FSU
- [Bruce Benson](#), ex-Chair of Economics Department (involved in 2008 MOU)
- Matt Brown, PhD student of Benson's (involved in 2008 MOU)
- [Tonja Guilford](#), Executive Assistant to Dean Rasmussen

Charles Koch Foundation Officials

- John Hardin, Director of University Relations for CKF

Full Timeline and Records of the 2014 FSSC Review

November 2014

- [Tuesday, 11/10/14, 6:53 pm:](#)
 - Bradley emails McRorie with the “start to the response,” before “having a chance for further review.” [His attachment](#) included draft responses to the demands of FSU Progress Coalition to John Thrasher.
 - In response to the call for faculty review, he wrote that he would “discuss this with the Senate and determine if they would like to have a follow up that looks in the Barron administration’s implementation.”
- [Tuesday, 11/18/14, 11:50 am:](#)
 - Charles Koch Foundation Director of University Relations John Hardin emails Dean of the College of Social Sciences Dr. David Rasmussen to confirm lunch in Washington, DC for the following day.
- [Tuesday, 11/18/14, 2:05 pm:](#)
 - Tyson emails Standley asking for the 2011 Faculty Senate Ad Hoc Committee report. John Thrasher’s administration is in its second week, and Tyson explains that the administration wants to put out a press release, and Tyson would like to refer to the 2011 report before commenting
- [Tuesday, 11/18/14, 2:14 pm:](#)
 - Standley emails Tyson with [her copy of the report](#), explaining that she is unsure if it is the draft or the final copy
 - Standley further mentions that “Eric [Walker] tweaked my draft and softened the wording but changed none of the essence or the recommendations,” including that Walker may have a copy of the final report
- [Tuesday, 11/18/14, 3:53 pm:](#)
 - Dr. Rasmussen responds to Hardin to confirm lunch
 - “We have something substantive to discuss tomorrow as a result of our new president’s ‘information’ session with some student protesters. I think you will find it interesting.”
- [Tuesday, 11/18/14, 9:39 pm - 10:24 pm:](#)
 - Rasmussen and Hardin make plans for lunch
- [Wednesday, 11/19/14, 12:25 pm:](#)
 - Rasmussen emails Hardin to let Hardin know he is close
- Wednesday, 11/19/14:
 - The Faculty Senate Steering Committee meets in person
 - According to [minutes from the December 3rd Faculty Senate meeting](#), the FSSC decided to look into the Koch agreement again`
- [Thursday, 11/20/14, 12:05 am:](#)

- o Hardin emails Rasmussen to thank him for his visit
- o Hardin also mentions that he “look[s] forward to touching base soon with the gentleman that you [Rasmussen] mentioned today.”
- [Thursday, 11/20/14, 3:36 am:](#)
 - o Rasmussen responds to Hardin thanking him for the meeting
 - o Rasmussen also mentions setting up a conversation between Hardin and David Coburn, the Chief of Staff to the President of FSU
- [Thursday, 11/20/14, 3:56 pm:](#)
 - o Crawford emails the FSSC (Lewis, Rogers, Standley, Tyson, Fiorito, Birmingham, Harper, Walker) with the “Koch report” attached. The attachment was not Standley’s, but the [public \(censored\) version](#) of the 2011 Faculty Senate Ad Hoc Committee report on the Koch agreement.
 - o She mentions that she can’t locate either the 2008 agreement or the 2013 agreement but that “maybe Jayne [Standley] or Eric [Walker] have them”
- [Thursday, 11/20/14, 4:18 pm:](#)
 - o Walker responds to Crawford’s email with a copy of the 2013 Koch MOU, saying that he can’t find the 2008 version (yet)
- [Thursday, 11/20/14, 4:40 pm:](#)
 - o Rasmussen emails Hardin informing him that “the president has called z [sic] meeting on Monday and I will make the case for supporting academic freedom”
- [Friday, 11/21/14, 12:50 pm:](#)
 - o Standley emails Walker asking about the report that Crawford sent on 11/20/14
 - o “What happened to the recommendations to reprimand the Dean [Rasmussen] and to fix the conflict of interest with the Chair [Benson] and the PhD student [Brown]?”
 - She includes that she knows Barron sent the reprimand to the Dean and that the conflict was resolved, but was wondering about those two issues being recommendations in the official report (the confusion being that they were supposed to be included in the original report, but are not in the report sent to her by Crawford)
- [Monday, 11/24/14, 1:41 pm:](#)
 - o Tyson responds to Walker’s 11/20/14 email that the FSSC had been asked to provide their opinion on the 2013 MOU to indicate whether the changes made addressed the concerns of the 2011 faculty report, suggesting they begin the discussion over email then continue it in person before their upcoming Faculty Senate meeting
 - o Tyson also asks Walker and Standley to start the discussion, since both were involved in the 2011 Faculty Senate Ad Hoc Committee review
- [Monday, 11/24/14, 2:02 pm:](#)
 - o Standley responds to Tyson’s request to start the discussion, stating that the University (under Barron’s administration) implemented all of the recommendations
 - o Standley continues that “the Koch agreement issues related to faculty control of curriculum and academic freedom were addressed and there is no longer a conflict” and that all concerns were responded to

- [Monday, 11/24/14, 4:25 pm:](#)
 - Walker responds to the 11/24/14 email from Tyson. Attached is “a document that the students sent me last year, which sets out their reading of what the new Koch agreement addresses and what it doesn’t.”
 - Walker explains the color-coding system of the document, then says the red text is what “they (the students)” are pushing on
 - Walker goes on to express that he hadn’t yet had a chance to look at the attachment with both agreements in front of him, but that he would do so soon and get back to the rest of the members of the FSSC
- [Wednesday, 11/26/14, 2:07 pm:](#)
 - Tyson responds to Walker’s 11/24/14 email (the rest of the FSSC is still receiving the emails as well)
 - Explains that he has “had a chance to talk with Garnett (Stokes) and Sally (McRorie) about items 8 and 9 (review processes)” and that they told him “this has been addressed in policies adopted over the past few years”
 - Tyson goes on to explain that he has not had a chance to look at the administrative policy web page to verify, but that he will look when his family leaves town the following week (after Thanksgiving)
- [Wednesday, 11/26/14 - Friday, 11/28/14:](#)
 - Thanksgiving Holiday. No classes

December 2014

- [Monday, 12/1/14, 10:33 am:](#)
 - McRorie emails Rasmussen, Isaac, and Tyson asking for a brief comment about the Koch issues within their respective “sphere”
 - McRorie includes that “it’s clear from all conversations what the judgment of you and your colleagues is, but [they] could use a succinct statement from each of [the three recipients] that puts that in a sentence or two”
- [Monday, 12/1/14, 11:02 am:](#)
 - Isaac responds to the above email, addressing it to McRorie, Rasmussen, and Tyson, with a 3-part statement regarding the Koch agreement
 - 1) The Department of Economics did everything asked of it (and in some cases more) in the original Faculty Senate Ad-Hoc Committee Report. He personally claims to have sent a checked-off list to that effect to President Barron as it was completed.
 - 2) There were 2 separate parts dealing with the MOU that the department could not address on its own, which was to 1) remove disputed language on faculty reviews and 2) addressing the “Koch Advisory Committee” and its role in hiring that was created in the 2008 MOU, which was changed in the 2013 MOU
 - 3) Speaking officially for himself only, he believes “any attempt by anyone (students, faculty, external pressure groups) to tell a member of my department ‘You may not make a grant application to Foundation X because we don’t like Foundation X,’ is, at a minimum, a gross violation of academic freedom. Such

attempts may also raise CBA and State of Florida legal issues, but those are not within my area of expertise.”

- [Monday, 12/1/14, 11:10 am:](#)
 - Tyson emails members of the FSSC (Birmingham, Fiorito, Standley, Harper, Walker, Lewis, & Rogers) and Crawford in a response to the email thread, including the emails by McRorie and Isaac
 - Tyson tells his colleagues they will discuss the matter on Wednesday (the 3rd of December)
- [Monday, 12/1/14, 11:12 am:](#)
 - Tyson emails McRorie, informing her that he forwarded Isaac’s response to her request to the other members of the FSSC (his email from 11:10 am the same day) and that they are scheduled to meet on Wednesday (12/3/14)
 - “So far, from a brief email exchange it appears we will write up something stating that the committee agrees that our earlier concerns have been addressed in the 2013 MOU and policy changes,” adding that she can expect a statement from them on Wednesday evening
- [Monday, 12/1/14, 1:35 pm:](#)
 - Rasmussen responds to McRorie’s request for comment about the Koch situation
 - “The issue of outside influence on faculty hiring was of major concern” to the COSS, and the review of the 2 faculty hires from the original agreement revealed “the economics department did not alter its long standing hiring procedures for faculty hiring.”
 - He claimed that because of the impression in the 2008 MOU that CKF could be actively engaged in the hiring process, “the revised [2013] MOU made clear that the sanctity of the hiring process in economics could not be affected by the foundation”
- [Wednesday, 12/3/14,](#)
 - The Faculty Senate meets in person
- [Thursday, 12/4/14, 11:18 am:](#)
 - McRorie emails Rasmussen for a short note clarifying what “consultation” means in the 2013 MOU in items 3(d)(i) and 8(a)(i). She also provides the state’s definition of “consultation”
- [Thursday, 12/4/14, 11:55 am:](#)
 - Rasmussen responds to McRorie’s request with the following:
 - The parts of the 2013 MOU to which she refers [3(d)(i) and 8(a)(i)] are not relevant and not existent, respectively
 - The “consultation” is the university consulting with CKF to make the case for funding after committing to a hire
 - This is how they funded [Carl Kitchens](#), using the funding that would have gone to Danila Serra (one of the faculty members who would have been funded through the 2008 agreement, but left for SMU)
- [Thursday, 12/4/14, 1:23 pm:](#)
 - McRorie clarifies to Rasmussen that the first section to which she meant to refer was 4(b), dealing with specialist hires, rather than 3(d)(i)

- [Thursday, 12/4/14, 1:43 pm:](#)
 - Rasmussen explains that the teaching specialist was hired about 8 years earlier (2006), and was not funded by CKF, but instead was funded for 10 years by BB&T (a partner donor in the 2008 MOU)
 - He explains that he doesn’t recall a consultation occurring, but were one to happen would “necessarily be in the same spirit as regular professorship positions”
- [Thursday, 12/4/14, 5:23 pm:](#)
 - McRorie emails Rasmussen with an email entitled “you okay with this?”
 - The email is essentially a statement built on a combination of Rasmussen’s emails from 12/4/14 at 11:55 am and 1:43 pm
 - “In the 2013 MOU, “consultation” means communication that allows the dean and department chair to meet with SPEFE-EEE Advisory Board to provide information in an open and forthright manner.”
 - The consultation, according to the statement, would “necessarily follow agreed-upon practice,” claiming that the donor could not “dictate nor advise upon” the hiring of a candidate who was not already agreeable to and hired by the department. “Items 3 (d)(i-v) stipulate that the department hires the candidate.”
 - Additionally, Rasmussen claims that the teaching specialist who was hired “8 years ago” (which at this point means in 2006/2007) was not funded by the Koch Foundation, but instead by BB&T for 10 years.
 - Rasmussen continues to say that the SPEFE-EEE Advisory Board consists of two faculty members of the Econ department and one CKF representative. “They may consult with the dean, department, Executive Committee, faculty, and representatives of CKF regarding the qualifications of any faculty members already hired by the department to be grant funded by CKF for a specified time.”
- [Friday, 12/5/14, 6:45 am:](#)
 - Rasmussen responds to McRorie that the statement she had sent him is agreeable, and makes only a small formatting suggestion.
- [Friday, 12/5/14, 11:29 am:](#)
 - McRorie emails Tyson and Fiorito with the statement from Rasmussen in response to a FSSC request for clarification of the term “consultation” in the current (2013) MOU
- [Friday, 12/5/14, 11:41 am:](#)
 - Tyson responds to McRorie, informing her that he has spoken with Isaac regarding the same clarification
 - Tyson then explains that he will talk to the other members of the committee, then return a short message stating their opinion of the 2013 MOU
 - Tyson specifies that the opinion “will be that we are fine with it”
- [Friday, 12/5/14, 11:47 am:](#)
 - McRorie forwards the conversation with Tyson to Crawford

- [Monday, 12/8/14, 9:32 am:](#)
 - Fiorito emails McRorie, letting her know that she will make sure to bring Rasmussen’s clarification email from 12/5/14 up at the FSSC meeting to be help the upcoming Thursday, 12/11/14
- [Monday, 12/8/14 - Friday, 12/12/14:](#)
 - Final Exams Week
 - Friday, the 12th is the final day of classes for the semester
- [Thursday, 12/11/14,](#)
 - The Faculty Senate Steering Committee meets in person
- [Friday, 12/12/14, 2:43 pm:](#)
 - Tyson emails Walker w/ “draft of memo to Sally [McRorie]” on Koch to get input before rest of FSSC sees the memo
- [Thursday, 12/18/14, 10:32 am:](#)
 - Tyson replies to his 12/12/14 email to Walker, adding the other FSSC members (Fiorito, Birmingham, Standley, Harper, Walker, Lewis, Rogers)
 - Tyson mentions that he would like to send a memo to McRorie regarding the Koch agreement before next Wednesday, attaching the draft memo that he sent to Walker
- [Thursday, 12/18/14, 11:42 am:](#)
 - Walker emails the entire FSSC in a response to the email he had received an hour before (at 10:32 am) with a few changes to the draft that Tyson sent him on 12/12/14
- [Thursday, 12/18/14, 3:15 pm:](#)
 - McRorie emails Tyson saying she never received the statement that he promised in his email to her on 12/5/14, asking for it as soon as possible
- [Thursday, 12/18/14, 3:37 pm:](#)
 - Tyson responds to McRorie’s email explaining that he wrote up a memo which he sent to the FSSC for comment, and that he is waiting to hear from 2 more members before sending it to McRorie
- [Thursday, 12/18/14, 5:04 pm:](#)
 - Lewis responds to Tyson’s email adding a quick grammatical edit
- [Friday, 12/19/14, 8:20 am:](#)
 - Harper responds to Lewis’ email with another quick grammatical edit
- [Friday, 12/19/14, 9:17 am:](#)
 - Tyson emails McRorie, Rasmussen, and Isaac with a pdf file containing a memo on the FSSC evaluation of the 2013 MOU
- [Friday, 12/19/14, 9:19 am:](#)
 - Rasmussen responds to Tyson’s email thanking him and wishing a happy holiday
- [Friday, 12/19/14, 9:26 am:](#)
 - Rasmussen responds to Tyson’s email with a blank email
- [Friday, 12/19/14, 10:13 am:](#)
 - Isaac emails Tyson back thanking Tyson and the rest of the FSSC for the time and effort to review the agreement
- [Monday, 12/22/14, 9:49 pm:](#)

- o Rogers emails the FSSC explaining that she hasn't been able to check her emails over the preceding several weeks due to an injury in the family
- o She questions why the FSSC would want to state that the Koch agreement is fine without mentioning their reservations
- o "Unless I seriously misunderstood our conversations about the agreement, not one of us thinks it is a good idea."
- o Rogers mentions the prevalence of confusion regarding certain aspects of the agreement, and that she was under the impression that the FSSC would not want to endorse the agreement
- o Rogers states that she does not "want to send a memo that declares the Koch agreement acceptable without also stating legitimate concerns"

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- [Wednesday, 2/18/15:](#)
 - o A note about the review is included in the Faculty Senate's minutes
 - o "We reviewed the 2013 Memorandum of Understanding between the Charles Koch Foundation and the FSU Board of Trustees. Though no formal vote was taken prior to the Faculty Senate President's response to Dr. McRorie, a majority of Steering Committee members concurred that the MOU does not interfere with faculty governance, nor does it restrict academic freedom of faculty or students. Faculty Senate President wrote a response to Dr. McRorie that conveyed the Steering Committee's majority opinion on December 12th, 2014."

Appendix 4: DeVoe Moore Center's Curricular Impact

DeVoe L. Moore Family Center for the Study of Critical Issues in Economic Policy and Government, now known as the DeVoe Moore Center. The founding director was David Rasmussen, who would go on to serve as the Dean of the College of Social Sciences from 2003 to 2016.

The 1998 letter of agreement establishing the DeVoe Moore Center:

The Moore Center's educational mission will be to strengthen the theory of the market (for example the American Free Enterprise System) through instruction, research, and public service. The goals and objectives of the Moore Center will be concentrated in the American Free Enterprise System and will be met through the application of public choice theory, a highly regarded and recognized interdisciplinary approach to addressing critical economic issues in government and the rules and regulations related thereto. The Moore Center's focus will be local and state government, which is a relatively new direction for public choice application (DeVoe Moore 1998 [Letter of Agreement](#))

The [first annual report](#) from the center details further:

The DeVoe L. Moore Center's mission includes educating our students to have a greater appreciation for the free enterprise system and improving their understanding of the causes and consequences of local government rules and regulations.

The political mission of the institute is further laid out in the activities expected:

Research reports, manuscripts, articles and other publications should be widely disseminated to the public. Because the mission of the Moore Center is the study of the American Free Enterprise System and to inform and influence the quality of public policy, the published products of the Center should primarily focus on that purpose or a closely related purpose.

And that the program would utilize Florida's gift matching program:

The Florida State University, the College of Social Sciences and the Florida State University Foundation will aggressively pursue additional contributions to the Moore Center Endowment recognizing that, with agreement by the respective donors, said contributions (regardless of

dollar value) will qualify for a 100% match under the State of Florida Matching Gifts Program if received within one year of your gift.

The current director, [Sam Staley](#), has had close ties to Koch funded groups like the [American Legislative Exchange Council](#) and the State Policy Network. Staley served as president of Ohio's free-market think tank, the Buckeye Institute.

While in Ohio, Staley and fellow economist Josh Hall were banned from publishing in the Columbus Dispatch for journalistic fraud; they were accused of plagiarizing content from the Reason Institute that they got from a PR firm out of Alexandria VA. [The editor of the Dispatch wrote:](#)

[W]e have discovered that a guest writer plagiarized part of an opinion piece published in The Dispatch. In an Aug. 18 column, Joshua C. Hall, a director of research at the Buckeye Institute and a lecturer in the School of Management at Capital University, suggested that Ohio privatize more of its work force to save money.

A little more than a week ago, an interested reader provided me with proof that some of what Hall purported to be his own work was eerily (and sadly) similar to the views of Geoffrey F. Segal of the [Reason Public Policy Institute](#). A column Segal had written on the same topic was published [Aug. 6 in The Sun of Baltimore](#).

Five passages were nearly identical.

[...]

Finally, after meeting with Glenn Sheller, our editorial page editor, the president of the Buckeye Institute, **Samuel R. Staley**, admitted that the research and text were prepared by a public-relations firm in Alexandria, Va., and sent to people who would use the information in such columns.

When submitted, the column **carried the dual byline of Staley and Hall**. Our policy requires a single byline on an opinion piece, and they chose to use Hall's name.

As a result of this journalistic fraud, **The Dispatch no longer will publish columns submitted by Hall or Staley.**

There is great irony in this tragedy: Two men who work for a think tank had to "borrow" ideas from a public-relations firm for the column.

Josh Hall is now a Koch-funded professor at West Virginia University, and a past president of the Association of Private Enterprise Education (APEE).

A. Moore Center's Donor-Created Courses

The [first annual report](#) from the Moore Center details further:

The DeVoe L. Moore Center's mission includes educating our students to have a greater appreciation for the free enterprise system and improving their understanding of the causes and consequences of local government rules and regulations. New courses focusing on these issues have been developed by Center faculty.

Introduction to Economic Thinking: ECO 2000

[Chapter 4.C](#) of this report details Koch's donor influence over principles courses, including ECO 2000, but the Moore center annual report tells the story of donor control over this course before Koch:

ECO 2000: Introduction to Economic Thinking. This is a one-semester course intended for students who will take this as their only economics course. DeVoe Moore Professor Randall Holcombe began teaching this course in the Fall of 1998, and substantially redesigned the course so that it is oriented toward showing the way that a market economy works, emphasizing the great prosperity that has been produced by the market economies in the United States and around the world. Rather than focusing on the way that government policy works in a mixed economy (as has been done previously in this course), the course now focuses on the way that the "invisible hand" of the market allocates resources efficiently, and the way that the market coordinates decisions of market participants to enhance the well being of everybody. The course emphasizes the role of investment and entrepreneurship in economic progress, and shows how well intentioned regulation and government interference have often been counterproductive.

Public Policy and the Quality of Life: ECO 4003

One of the courses required for the Koch established certificate, ECO 4003, was "was developed with resources from the DeVoe Moore Center specifically to fulfill a part of the educational mission of the DeVoe Moore Center." The annual report details:

ECO 4003: Public Policy and the Quality of Life. This is a completely new course designed to teach students how the market mechanism works to allocate resources, and to show that market mechanisms work better than government planning to enhance the quality of life. While people agree that the market system is better than government planning for producing goods and services, people still argue that in many quality-of-life areas, such as environmental protection, land use planning, and product quality regulation, government planning is needed to

effectively allocate resources and enhance the quality of life. This course is designed to show how the market mechanism can be applied to these quality of life issues to produce results superior to government planning. The course lays the foundation by describing the way that the market mechanism works to allocate resources efficiently, and shows the problems with government planning. The course then illustrates the benefits of reducing government involvement in health care, product quality regulation, professional licensing, environmental protection, land use planning, and other areas. This course was developed with resources from the DeVoe Moore Center specifically to fulfill a part of the educational mission of the DeVoe Moore Center.

ECO 3933 Undergraduate course on Critical Issue Symposium

This course is described in the DeVoe Moore report:

ECO 3933 Undergraduate course on Critical Issue Symposium. A Special Topics course, Markets and Land Use, was organized around the Critical Issues Symposium held on March 3 and 4, 2000. Eight students enrolled in the course. Students did background reading, read the papers presented at the Symposium, attended the Symposium, and prepared a major research paper. Several students had the opportunity to interview DCA Secretary Steven Seibert. This course was very unique. One student wrote in his course evaluation, "I loved the fact that we dove deeply into one subject and all the contemporary policy issues surrounding it." Other students valued the opportunity to discuss the papers and then meet the authors at the seminar. The experiment to tie an undergraduate course to our Critical Issues Symposia was successful and will be a regular feature of the Center's instructional efforts.

Public Policy and the Idea of Freedom in America

One donor-created course mentioned in the Moore Center's annual report was created by the Templeton Foundation. The course is "expected to be a prototype for an interdisciplinary course that will be regularly offered to educate students about economic freedom and public policy arenas where individual liberty comes in potential conflict with the coercive power of the state":

Public Policy and the Idea of Freedom in America. This course is being developed under a grant from the Freedom Project of the Templeton Foundation by Center Director David Rasmussen together with Professor Tomi Gomory (Social Work) and Dean Daniel Maier-Katkin (Criminology). This course is designed to facilitate exploration of the idea of freedom and public policy in the context of contemporary America. Different conceptions of freedom will be discussed and debated because this idea is used to justify different conceptions of the state. This course will be offered in Spring 2001 and is expected to be a prototype for an interdisciplinary course that will be regularly offered to educate students about economic freedom and public

policy arenas where individual liberty comes in potential conflict with the coercive power of the state.

The Templeton Foundation is among the top ten funders of climate change denial, along with the Charles Koch Foundation.

B. Donor Created Certificate in Political Economy

The DeVoe Moore center lists the creation of a certificate program as an accomplishment in its [first annual report](#). The new certificate is the Certificate in Political Economy:

Students can earn the Certificate in Political Economy by satisfactorily completing the Principles of Economics (two courses) and five other courses in Economics, Political Science, and Public Administration that are closely related to the Center's mission. Although hundreds of students have been enrolled in the courses that can be used to earn the Certificate, few students have expressed interest in the program despite a significant outreach effort. We intend to explore the possibility of increasing interest in this course of study by offering an internship program. (pg. 11)

In a 2007 memo from Bruce Benson, he compares the DeVoe Moore Center to the Mercatus Center at George Mason University, a standalone think tank founded by Charles Koch and the recipient of millions of dollars from the Koch foundation:

Mercatus is similar to the DeVoe Moore Center in a lot of ways, except that it is larger and focused on national rather than state and local policy issues; that is, it produces both quality academic work and policy studies for non-academic audiences ([Benson Memo](#)).

C. DeVoe Moore and James Madison Institute

The [James Madison Institute](#) is Florida's premier free-market, climate change denialist think tank. It is a member of the State Policy Network, and has received over \$200,000 from the Koch foundation directly since 1997.

In the 1998 agreement, the university acknowledges and affirms that DeVoe Moore would have the Center affiliated with the James Madison Institute:

DeVoe, we recognize that you view the James Madison Institute as a strong defender of private rights and the promotion of entrepreneurship. Further, you have considered an association with the Institute in the future and look upon this venture as a promising way to fuse your interests with the Institute and the Moore Center

Many of the faculty affiliated with the center are also affiliated with the James Madison Institute.

In May of 2016, the Charles Koch Institute and the James Madison Institute co-hosted an event entitled "[A More Competitive Florida: How to Grow the Economy](#)," with panelists including Sal Nuzzo and DeVoe Moore/Hilton Professor Shawn Kantor to discuss "[w]hat risks do past and continued government interventions pose to [economic] growth," and "[w]hat policies will encourage a vibrant economy for all."

Not long after, Nuzzo was recorded at a State Policy Network event talking about the intentionally misleading nature of the solar amendment being pushed by Consumers for Smart Solar, a front group funded by the Charles Koch Foundation and investor-owned utility companies.

Nuzzo also bragged about the involvement of an unnamed Florida State University professor affiliated with the DeVoe Moore Center ([Tampa Bay Times](#), October 18, 2016). In the full audio, provided by the Center for Media and Democracy, Nuzzo recalled how:

Consumers for Smart Solar came to JMI and said you guys are the adults in the room, you're the ones that have access to the research, to the scholars, to the State Policy Network, to a lot of the national organizations.

[...]

So, JMI partnered with the Heartland Institute, and an economist from Florida State University. Florida State has two free market economic research centers that we have the pleasure, we're really fortunate to be able to have the both of them with us. So, the DeVoe Moore Center sent a scholar over, and we actually built a model on the cost shift over a period of ten years (Recording at [4:38](#))

Appendix 5: John Thrasher's 2015 Letter

The following is the entirety of [John Thrasher's January 2015 letter](#) regarding the relationship between Florida State University and the Charles Koch Foundation. References direct the reader to the chapters of this report that address his claims.

Thrasher's letter begins:

I have been asked several times to comment on the current Memorandum of understanding (MOU) between the Department of Economics at Florida State University, and the Charles Koch Foundation. I have reviewed the current version of this MOU and the university's relationship with the Koch Foundation. Contrary to misinformation being circulated, the current version of the agreement contains no provisions that violate the academic freedom of the faculty or the students or threaten the integrity of the university's policies regarding faculty governance. The original 2008 MOU raised concerns among some faculty. Former President Barron asked the Faculty Senate to review the agreement, and the Senate appointed an ad hoc committee of faculty to do so. The committee reviewed the 2008 MOU, discussed it with the broader faculty, and in 2011 made a series of recommendations for changes to the MOU and gift acceptance policies. Changes to the MOU were made and have been reviewed by the Faculty Senate Steering Committee, at my request. The President of the Faculty Senate, Dr. Gary Tyson, recently sent Vice President Sally McRorie the attached memo from the Senate Steering Committee, in which he indicates that the members of the Steering Committee "do not believe that the 2013 MOU interferes with faculty governance, nor restricts academic freedom of faculty or students."

For more information on the flawed nature of the 2011 and 2014 faculty reviews, see [Chapter 2](#).

Thrasher's letter continues:

The changes made in the current MOU protect against potential donor influence over faculty hiring decisions. A decision to hire is made entirely by the faculty of the department and the Dean, in accordance with university policy. **After the decision to hire is made, a separate decision** may be made to apply to the Koch Foundation for grant funding to support the position. The hiring decision is made based on the willingness and ability of the Dean and the department to support the position with university funds regardless of any subsequent grant funding decisions eventually made by the Koch Foundation. The Koch Foundation is an external

source to which a request for grant funding may be made, of which there are many at the university.

For information on how the donor maintains influence over hiring with this model, see [Chapter 4.A](#).

For more information on how the process described by Thrasher violates FSU's Donor Policy, see the [Chapter 5.C](#).

Thrasher's letter continues:

The faculty members of the economics department feel strongly that any attempt to limit their ability to obtain funding from the Koch Foundation is a violation of their academic freedom. The Chair of the department, Dr. Mark Isaac, stated, "I believe that any attempt by anyone, be they students, faculty, or external groups, to tell members of my department that they may not make a grant application to a foundation because 'we don't like that foundation' is, at minimum, a gross violation of academic freedom."

For more information on this statement, see [Chapter 2.B.1.d](#), in the section entitled "Dean Meeting With Koch Foundation Officials."

Thrasher's letter continues:

Similarly, there is no donor control over the curriculum in the economics department. All decisions regarding course offerings and content are made by the Graduate and the Undergraduate Studies Committees of the department and the faculty members teaching the courses.

For examples of donor control over curriculum in both the Department of Economics and the Department of Finance, see [Chapter 4.C](#).

For examples of the Koch program bypassing graduate and undergraduate procedures for creating courses, fellowships, and programming, see [Chapter 5](#).

Thrasher's letter continues:

The "alternative undergraduate program" in economics to which some so strenuously object is actually referred to in the 2013 MOU as an Economics Club. This club is now a registered student organization on campus, subject to all the rules governing such organizations, including that the students choose their faculty advisor.

For more information on the true extent of the “undergraduate program,” including (but not limited to) donor stipulated extracurricular activities, see [Chapter 4.C](#).

Thrasher's letter continues:

The ad hoc faculty committee's recommendations regarding the receipt of gifts by the FSU Foundation were sound. Gift policies have been reviewed to ensure that the autonomy and integrity of the faculty processes regarding hiring and curricula are preserved. Deans and Vice Presidents overseeing units accepting gifts are required to review and approve gift agreements, and have been instructed to consult with faculty and department chair within their respective areas prior to signing an agreement. In addition, gift agreements are reviewed in advance by the FSU General Counsel's Office, and gift agreements over \$100,000 require review and signature by the Vice President for University Advancement, the Provost, and the President of the University.

Tom Jennings, Vice President for University Advancement, made it clear again last week that no gifts involving any curricular or hiring issues will be accepted without input from the Dean and Faculty involved. “I am asking the FSU Foundation to again review its gift acceptance policies to ensure that donors, their relatives, and their business associates have no control over the awarding of funds to individuals. Nor should they have influence over any faculty performance reviews, faculty or administrative appointments, or curriculum decisions.

For information about our efforts to address changes in FSU's Donor Policy, see the “donor policy skirmish” section of [Chapter 1.B.7](#).

See our 2015 [Report on FSU's Gift Acceptance Policy](#), exposing the vulnerabilities in FSU gift policy and how the administration's changes actually weakened them. For the most detailed account of how the Koch agreement violates FSU's gift policy, see [Chapter 5](#).

Thrasher's letter continues:

With regards to the “secrecy” claims, it should be noted that four senior FSU officials signed the 2013 MOU, then President Barron, then Provost Stokes, Vice President Jennings, and Dean Rasmussen. It was also reviewed by the General Counsel's staff. This was hardly a secret document, except perhaps to those who were not concerned about it at the time.

In 2014, when FSU Progress Coalition discovered the 2013 MOU, there were still members of the economics faculty who did not know the agreement had been resigned.

Citing the fact four signatories and the General Council's staff completely fails to demonstrate that the agreement was somehow available to people who were "concerned at the time."

Thrasher's letter continues:

In sum, both the Faculty Senate Steering Committee and the Administration are satisfied that there are no provisions in the current MOU that restrict academic freedom or interfere with faculty governance on this campus. As the ad hoc committee of the Faculty Senate stated in 2011, "...external funding and expertise are celebrated and eagerly solicited by the university, with proper controls. We could not do our work without such generous support. " We have the proper controls in place, and we will continue to work with the faculty and staff to improve them.

Again, for a full breakdown of the Faculty Senate's reviews of the Koch agreement, see [Chapter 2](#).

Appendix 6: Jim Moran Foundation and JM Family Enterprises

Florida State University's much lauded \$100 million donation from the Jim Moran Foundation to expand the FSU's Moran Center for Global Entrepreneurship into a standalone school is touted as a tribute to Jim Moran's business "legacy."

Before erecting further tribute to Moran, there are several reasons for pause. Some are predictable, like the connections between the Jim Moran Foundation and the political empire of Charles Koch.

Other concerns stem from a consideration of the actual history of Jim Moran Family Enterprises (JMFE) and how Moran made his billions; a multi-state system of corruption, racketeering, electioneering, and overt racial discrimination.

A. Multi-state Racketeering

After a being convicted on [seven counts](#) of tax evasion in 1984, Moran used decades of political spending and lobbying in Florida to help create [tax-loopholes](#) that left JMFE with a negative tax rate by the late nineties. In [2015](#), JMFE reported revenues of \$14.5 billion.

For decades, Moran's Southeast Toyota has had exclusive rights to sell Toyotas in Florida, Alabama, Georgia, and the Carolinas. JMFE operated a "[civil racketeering](#)" operation that systematically coerced dealers into using Moran's other automotive businesses, subsidiaries of JM Family Enterprises. [Dozens of lawsuits](#) (in all 5 states) corroborate these claims.

In [North Carolina](#), JMFE executives "intentionally and wantonly attempted to obstruct justice" by "lying under oath and ordering the shredding of incriminating documents."

A 1992 [congressional investigation](#) was launched into widespread allegations of systemic racial discrimination. According to sworn deposition from several Southeast Toyota officials, JM Family Enterprises rejected dealership applicants on the basis of race, prompting perhaps one of the few recent times that the phrase "F***** N*****" has appeared in congressional testimony.

Much of [Moran's philanthropy](#) was court ordered, or designed to patch his growing public image problem. Moran created the African American Achievers awards amidst the racial discrimination investigation and lawsuits, whose verdicts and settlements totaled over \$100 million dollars. His Youth Automotive Training Center was created in the 1980's as public service that accompanied a \$35,000 fine for income-tax fraud.

B. Political Coercion

Another consistent claim in the dozens of lawsuits against Moran was that he forced dealers to make specific [political contributions](#).

Alongside John Thrasher, JM Family Enterprises built a “soft money” political machine to fundraise for the election of George W. Bush in 2000. Calling themselves the “[Florida Pioneers](#),” members overcame Florida’s \$1000 limit on political contributions by “bundling” campaign contributions from as many legally separate entities allowed, i.e. family members and businesses.

This was a tactic Moran had been using for decades, as documented as far back as [1988](#), where he raised [tens of thousands](#) of dollars for Broward County Sheriff Nick Navarro (who infamously [manufactured crack cocaine](#) out of the Sheriff's Department in the late 1980's).

When John Thrasher [claims](#) “[w]e are ready to build on the legacy of Jim Moran to create a robust entrepreneurial ecosystem,” his reference to ecosystems is ironic, in that it overlooks the fact that Moran’s Southeast Toyota, like invasive Japanese Kudzu, flourishes throughout the southeast by leveraging unchecked advantages, and not by its own virtue.

In addition to Moran’s history, other concerns involve Moran’s ties to the political machinations of Charles Koch.

Top JMFE leadership have connections to Koch’s network of think tanks. JMFE CEO Colin Brown, and board member Steve Evans, are active leaders of [Florida Taxwatch](#), a member of the Koch-funded State Policy Network.

Alan Anderson served as JMFE’s Vice President of Public Affairs and Government Relations, as well as Treasurer of JM Family Associates Political Action Committee between 1994 and 2003 while [serving](#) on the board of Florida Taxwatch.

Anderson has also cited his partnership with the American Legislative Exchange Council (ALEC). Another critical element of Koch’s nationwide pro-corporate reform movement, ALEC is a “bill mill” that allows corporate lobbyists to draft and adopt legislation alongside lawmakers, who then take the “model bills” back to their states and file them to become law.

According to the [Center for Media and Democracy](#), JM Family Enterprises was the [largest corporate sponsor](#) of ALEC “scholarships” in Florida for 2006. In [2009](#) JM Family Enterprises supported ALEC’s Georgia Delegation Reception.

Other JMFE ties to Koch are more direct. Corliss “Corky” Nelson [served](#) as Treasurer of Koch Industries, President of Koch International, and President of Koch Capital Services shortly before serving as JM Family Enterprise’s Executive Vice President and CFO between 2003 to 2005. Corky has since returned to Koch Industries, serving as Treasurer of their coal subsidiary, [C. Reiss Coal Company](#).

To this day, JMFE is active with Koch Public Sector LLC and John Thrasher’s lobbying group, the Southern Strategy Group as recently as [2015](#) sharing membership in the State Government Affairs Council.

C. Thrasher and Moran

Putting aside entrepreneurship’s questionable status as an academic field warranting its own school, there was no faculty oversight involved in the creation of the new Moran school. This is yet another example of FSU acquiescing to corporate directives in the absence of meaningful faculty review.

In return for granting a “standalone” school to a private donor, the Moran gift counts towards John Thrasher’s fundraising bonus pay. Since the announcement of the \$100 million donation from Moran, Thrasher has been compensated considerably.

According to the [Tallahassee Democrat](#), in late 2016, FSU’s:

Trustees also approved a \$100,000 performance bonus, the maximum allowed under [President Thrasher’s] current contract. They also voted to eliminate language in his contract that caps his performance bonus at \$100,000.

Thrasher’s history of political fundraising gives the agreement the appearance of impropriety, but it wouldn’t be the first time FSU’s legitimacy was lent to Moran’s “legacy.”

In 1994, one year before FSU’s Moran Institute opened, JMFE was in the headlines for a “[Sex for Cars](#)” scandal, detailing how dealerships were coerced into having prostitutes on hand when JMFE executives visited.

In 1995, FSU created the Moran Institute. In 1997 FSU bestowed Jim Moran with an honorary doctorate. According to the [Moran foundation](#), the doctorate was “to recognize his marketing talent and skills.”

