

# Koch Foundation Memorandum of Understanding

## Ad Hoc Committee Review Report

### Process

In the interest of conducting this review as quickly as possible, we received input in a variety of configurations: individual meetings with the full ad hoc committee, partial committee, or with one of the co-chairs only; meetings via Skype; and email or telephone communications. We reviewed copies of the Koch Memorandum of Understanding and emails from the Department Chair, Dean and faculty members during discussion, adoption, and implementation of the agreement.

The 5 person ad hoc committee communicated with current members of the Economics faculty, prior Economics faculty at FSU when the agreement was negotiated who have since left the department, the department chair, the Dean, the Acting Provost, the Foundation Director, the University Counsel, and the two individuals who wrote the first op-ed newspaper article about this issue. Approximately one-half of the faculty in the department approached us for input. Our findings follow.

### **Summary of Findings**

- 1. The committee feels that this issue is not about the study of free-market economics. It is about outside control and undue influence over the academic endeavors of the FSU Economics department and about abatement of faculty control over the curriculum of the Economics department.**

2. **The committee found that there was extreme dissent among faculty on this issue at its inception which continues to this time some 3 years later. Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues.**

During the discussions on development of the Koch proposal, no formal process for considering these opinions was allowed. Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

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

It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair

were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones.

3. **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”** (S. Fish, New York Times Blog) . Specific examples of undue outside influence on FSU academic issues:

- a. There was Koch control over selection of FSU tenure-track faculty for funded positions via veto power, Koch prior approval of the advertisement used for filling positions, and Koch establishment of parallel interview activities at the professional conference where the FSU search committee was interviewing applicants.
- b. 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.
- c. 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.
- d. Administrative raises for the department chair constituted a conflict of interest.
- e. 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.

- f. 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.
- g. 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.
- h. 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.
- i. 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 the 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.

- j. A Certificate program in free market economics was established, again without faculty input.

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.

### Recommendations

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. If fixing is attempted via amendment and re-negotiation with the Koch Foundation, then it would be imperative to remove outside "control" elements:

- a. the Advisory Committee should be made advisory only by removing approval and oversight functions
- b. Faculty lines should be filled by a search committee comprised only of Economics faculty members who would select faculty with no direct Koch involvement;

There are no recommendations with respect to changing any of the employment conditions of the 2 current faculty on the Koch tenure-track line. The Economics faculty unanimously agreed that these individuals were outstanding scholars making excellent progress toward tenure, that they had no limitations on research or teaching content, and there was no fear of undue outside influences creating bias in their scholarship. Some Economics faculty expressed fear that they might be stigmatized by the negative national publicity and, to protect them, that they should be removed from Koch funded lines to non-Koch lines.

2. The Economics Club as constituted is in danger of promoting dogma vs. stimulating economic inquiry. There are 3 alternatives: terminate the “Economics” Club, retain the club in its present format but label it appropriately, i.e. “Free Market Economics Interest Group,” or keep the Economics club but ensure that it is representative of all types of Economic principles. If it continues to exist in any format, faculty should be charged to:
  - a. ensure that Economics students are taught academic discourse (formal rules of debate or deliberate, nonjudgmental voicing of pro and con opinions of issues under discussion)

- b. ensure that all reading lists for scholarship money are determined by the entire departmental faculty without undue, outside influence
- 3. The BB& T agreement to teach a course using *Atlas Shrugged* must be discontinued. This agreement is selling academic credit to outside influence. We must stop the distribution of free books in an academic course which implies greater importance for this text.
- 4. Re-establish faculty governance of the department that is balanced and inclusive of all areas.
  - a. Consider forming a departmental committee to determine if bylaws changes are necessary. Many Economics faculty questioned the definition of faculty in the department and confusion over who got to vote on what.
  - b. 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.
  - c. Re-establish the role of the Graduate Admissions Committee guidelines and recommendations for selection of graduate students for all fellowships, including the Koch ones.
  - d. Return control of introductory courses to the departmental curriculum committee for content, department tests, etc.
  - e. Solicit faculty input on selection of a chair. Some faculty feel that the atmosphere is so volatile that an interim chair should be appointed for the coming year while a search committee is formed for the selection of a new chair.

- f. 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.