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Billionaire's role in hiring decisions at Florida State University raises questions

By Kris Hundley, Times staff writer

A dean says it would be "irresponsible" not to accept a large donation.

A conservative billionaire who opposes government meddling in business has bought a rare commodity: the right to interfere in faculty hiring at a publicly funded university.

A foundation bankrolled by Libertarian businessman Charles G. Koch has pledged \$1.5 million for positions in Florida State University's economics department. In return, his representatives get to screen and sign off on any hires for a new program promoting "political economy and free enterprise."

Traditionally, university donors have little official input into choosing the person who fills a chair they've funded. The power of university faculty and officials to choose professors without outside interference is considered a hallmark of academic freedom.

Under the agreement with the Charles G. Koch Charitable Foundation, however, faculty only retain the illusion of control. The contract specifies that an advisory committee appointed by Koch decides which candidates should be considered. The foundation can also withdraw its funding if it's not happy with the faculty's choice or if the hires don't meet "objectives" set by Koch during annual evaluations.

David W. Rasmussen, dean of the College of Social Sciences, defended the deal, initiated by an FSU graduate working for Koch. During the first round of hiring in 2009, Koch rejected nearly 60 percent of the faculty's suggestions but ultimately agreed on two candidates. Although the deal was signed in 2008 with little public controversy, the issue revived last week when two FSU professors - one retired, one active - criticized the contract in the *Tallahassee Democrat* as an affront to academic freedom.

Rasmussen [<http://www.coss.fsu.edu/faculty/drasmussen>] 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."

The Koch foundation, based in Arlington, Va., did not return a call seeking comment.

Most universities, including the University of Florida, have policies that strictly limit donors' influence over the use of their gifts. Yale University once returned \$20 million when the donor demanded veto power over appointments, saying such control was "unheard of."

Jennifer Washburn, who has reviewed dozens of contracts between universities and donors, called the Koch

agreement with FSU "truly shocking."

Said Washburn, author of *University Inc.*, a book on industry's ties to academia: "This is an egregious example of a public university being willing to sell itself for next to nothing."

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The foundation partnering with FSU is one of several non-profits funded by Charles Koch (pronounced "coke"), 75, and his brother David, 71. The aim: To advance their belief, through think tanks, political organizations and academia, that government taxes and regulations impinge on prosperity.

The Koch philosophy is similar to that of Rick Scott, who, in one of his first acts as Florida's governor, froze all new state regulations on businesses, and has pushed for tax cuts.

The Koch brothers own the second biggest private U.S. corporation, maker of such popular products as Brawny paper towels, Dixie cups and Stainmaster carpet. **Koch Industries** [<http://www.kochind.com/factsheets/kochfacts.aspx>], which had \$100 billion in sales last year, also owns thousands of miles of oil pipelines, refineries and Georgia-Pacific lumber. The Koch brothers are each worth \$22 billion.

Charles, chairman and CEO of Koch Industries in Wichita, Kan., cofounded the **Cato Institute** [<http://www.cato.org>], a policymaking group, in 1977. His brother serves on the board. David, who lives in Manhattan and is Koch Industries' executive vice president, in 2004 started the **Americans for Prosperity Foundation** [<http://www.americansforprosperity.org/about>], which has worked closely with the tea party movement.

The **Charles G. Koch Charitable Foundation** [<http://www.cgkfoundation.org>], to which he has given as much as \$80 million a year, has focused on "advancing social progress and well-being" through grants to about 150 universities. But in the past, most colleges, including Florida Gulf Coast University in Fort Myers, received just a few thousand dollars.

The big exception has been George Mason University, a public university in Virginia which has received more than \$30 million from Koch over the past 20 years. At George Mason, Koch's foundation has underwritten the **Mercatus Center** [<http://mercatus.org>], whose faculty study "how institutions affect the freedom to prosper."

When President George W. Bush identified 23 regulations he wanted to eliminate, 14 had been initially suggested by Mercatus scholars. In a *New Yorker* profile of the Koch brothers in August, Rob Stein, a Democratic strategist, called Mercatus "ground zero for deregulation policy in Washington."

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Now, rather than taking over entire academic departments, Koch is funding faculty who promote his agenda at universities where there are a variety of economic views. In addition to FSU, Koch has made similar arrangements at two other state schools, Clemson University in South Carolina and West Virginia University.

Bruce Benson, chairman of FSU's **economics department** [<http://www.coss.fsu.edu/economics>], said that of his staff of 30, six, including himself, would fall into Koch's free-market camp.

"The Kochs find, as I do, that a lot of regulation is actually detrimental and they're convinced markets work relatively well when left alone," he said.

Benson said his department had extensive discussion, but no vote, on the Koch agreement when it was signed in 2008.

He said the Koch grant has improved his department and guaranteed a diversity of opinion that's beneficial to

students.

"Students will ultimately choose," he said. "If you believe strongly in something, you believe it can win the debate."

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.

"So far, they're fine with what's going on," Benson said. "But I agree with what they believe, whether they give us money or not."

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As originally drafted, the agreement called for the Koch foundation and FSU to raise up to \$6.6 million for six faculty positions. That plan has been scaled back in the face of the recession, but FSU's dean dismissed suggestions that he signed the deal with Koch because of financial strain.

"This would have been an opportunity to improve our economics department under any circumstances," Rasmussen said.

In addition to funding two slots, Koch has also donated nearly \$500,000 for graduate fellowships. So far only BB&T, the bank holding company, has joined the effort, with its foundation pledging \$1.5 million over 10 years. The money is being used to hire an instructor who is not eligible for tenure; BB&T had no control over the hire, Rasmussen said.

A separate grant from BB&T funds a course on ethics and economics in which Ayn Rand's *Atlas Shrugged* is required reading. The novel, which depicts society's collapse in the wake of government encroachment on free enterprise, was recently made into a movie marketed to tea party members.

"If somebody says, 'We're willing to help support your students and faculty by giving you money, but we'd like you to read this book,' that doesn't strike me as a big sin," said Rasmussen of the BB&T arrangement, which the bank has with about 60 schools. "What is a big sin is saying that certain ideas cannot be discussed."

Nor does he fear that the agreements with Koch and BB&T will prompt future donors to demand control over hiring or curriculum.

Said Rasmussen, "I have no objections to people who want to help us fund excellence at our university. I'm happy to do it."

Times researcher Shirl Kennedy contributed to this report. Kris Hundley can be reached at khundley@sptimes.com or (727)892-2996.

On the web

To see the agreement between FSU and the Koch foundation, go to www.links.tampabay.com

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