

Initial Report by General Faculty Committee on Donor Influence, University of Arizona April 11, 2023

Note: Cited documents were obtained from publicly available sources; and from University of Arizona Public Records office. Whenever quotations are italicized, the italics were added.

A separate report on proposed general remedies for the problem of inappropriate donor influence across the University will be forthcoming from this committee.

Overview:

The Center for the Philosophy of Freedom, also known as the Freedom Center, was established at the University of Arizona in 2008. The Freedom Center was then instrumental in creating the Department of Political Economy and Moral Science (PEMS) in 2017. Both units have been well funded, with heavy contributions from the Charles Koch Foundation, Thomas W. Smith Foundation, and John Templeton Foundation, among many other sources. The Koch Foundation alone has contributed at least \$1.8 million to the Freedom Center.¹ In addition, the Arizona legislature has made available additional funds, with especially strong backing from the Arizona Republican Party. These public funds are presented as a dedicated line item for the Freedom Center, as part of the Arizona state budget.² The person who has played the most important role in both organizations is Professor of Philosophy David Schmitz, who was instrumental in creating both the Freedom Center and PEMS.

In this report, we would like to present to the Faculty Senate an analysis of questionable activity by both the Freedom Center and PEMS. First, we note concerns about the role of external donors in influencing the operation of the Freedom Center, in ways that go against widely accepted principles of academic autonomy. Second, we note concerns about the role of

¹ Michael McKenna, "UA Freedom Center Responds: We are Not a Nest of Koch Brother Acolytes," *Tucson Weekly*, November 2, 2017, <https://www.tucsonweekly.com/tucson/guest-opinion/Content?oid=12652092>.

² State of Arizona, Senate Bill 1729: Proposed General Appropriation Act, 2022-2023, p. 83, <https://www.azleg.gov/legtext/55leg/2R/bills/sb1729s.pdf>.

external donors in influencing the academic curriculum and teaching. Third, we note a lack of transparency and the use of deceptive practices.

Donor Influence: Faculty Hiring

There have been repeated instances where external donors to the Freedom Center have been allowed to influence the hiring of faculty, thereby interfering with the academic autonomy of the academic units where they were appointed. This has been especially true with the Thomas W. Smith Foundation and the Charles Koch Foundation. The influence was exerted in the hiring of [REDACTED] and [REDACTED], who were recruited by the Freedom Center in 2010 (both were also given appointments in the Philosophy Department, where they remain today).

Now, let us consider the specific evidence of donor influence. The UA Public Records Office provides the following document descriptions, with links to the actual documents:

1. “Koch.Approves.[REDACTED].doc.”³ This description – presented by the UA Public Records Office -- shows that the Koch Foundation *gave permission* to hire [REDACTED]. The attached email from Koch Foundation employee Matt Brown (sent to David Schmitz) states: “Our board is ok with moving ahead with [REDACTED] as the Koch professor.”⁴ This shows the Koch Foundation granting permission to the Freedom Center to hire faculty.
2. “TWS.Approves.[REDACTED].doc.”⁵ The document description again speaks for itself, and clearly shows that the Thomas W. Smith Foundation (“TWS”) *gave permission* for the hiring of [REDACTED]. The attached document is an email from David Schmitz, with the following statement: “Jim Pierson from TWS [Thomas W. Smith Foundation] confirms that I have run [REDACTED]’s name by him (by phone, which explains why I have no record). And Jim’s OK with it.”⁶ Again, this is donor approval for faculty hiring – i.e., inappropriate donor influence.

³ Screen shot of document title, as titled by the UA Public Records Office, “[Koch.Approves.xxxxxxx.doc](#).” Note that handwritten notes on document were added by David Gibbs, as an aid to the reader.

⁴ Email from Matt Brown to David Schmitz, February 8, 2010, https://docs.google.com/document/d/1pkUbtTGajXMNjb7rxkxIv04uDG_JVwzC/edit.

⁵ Screen shot of document title, as titled by the UA Public Records Office, “[TWS.Approves.xxxxxx.doc](#).” Note that handwritten notes on document were added by David Gibbs, as an aid to the reader.

⁶ Email from David Schmitz to Chris Maloney, July 3, 2009, <https://docs.google.com/document/d/1Q0JuB38YD2PIY4H11E1eLqZ51rhLXUd5/edit>.

3. In 2018, the PEMS Department was hiring faculty with money provided by the Thomas W. Smith Foundation. David Schmitz wrote to a representative of the Smith Foundation, complaining that he “was bogged down waiting for various constituencies to accept *they have no right and no power to divert the search to some cause other than what TWS [Thomas W. Smith Foundation] wanted to support.*”⁷ The wording suggests that Schmitz is forcefully defending the donor’s right to influence hiring of University faculty.

The most recent instance of donor influence occurred on November 15, 2022, when the Freedom Center worked with the University of Arizona Philosophy Department to hire a new faculty member. We quote below from the minutes of the faculty meeting,⁸ which strongly suggest that Arizona legislators who are funding the Freedom Center will be allowed to influence the hire. Note that in the discussion below, the term “classical liberal” is similar to libertarian. Milton Friedman and Friedrich Von Hayek, for example, are often termed classical liberals.⁹

AA [Chairing the meeting): We will also be engaging in a search for an associate professor of political philosophy, funded by the FC [Freedom Center] for the first 3 years... We are looking for someone in the classical liberal tradition, because with Dave [FC founder David Schmitz] leaving, they want to maintain balance in the Freedom Center. *Those supplying state funding want this too* [emphasis added throughout]...

BB: I support this. *I’m not especially happy with state funding controlling the focus*, but if we agree we need someone in the classical liberal tradition, that seems fine. The relationship with FC is integral to our dept...

CC:... it’s nice to know who’s calling the shots. What’s the interest of those providing state funding?

AA: Their reasons are unclear, though *we are more vulnerable if we don’t appease those supplying this state funding.*

⁷ Email from David Schmitz to James Pierson, September 6, 2018, <https://static1.squarespace.com/static/5e027417387fad084ac66195/t/62b3aaf7688e0b08777b7372/1655941879711/Schmitz+email+to+TWS+re+returned+check.pdf>. Pierson’s affiliation with TWS is noted on his biography: <https://www.manhattan-institute.org/expert/james-pierson>.

⁸ [Meeting Minutes – Philosophy Department, November 15, 2022](#). The above text was taken verbatim from the Minutes, except that I have anonymized the initials, preceding the quotes.

⁹ <https://www.aei.org/carpe-diem/classic-milton-friedman-classic-liberal-friedman/>; <https://www.libertarianism.org/publications/essays/f-hayek-rebirth-classical-liberalism>.

There is a strong implication in the above transcript that the decision to hire a “classical liberal” is being influenced by funders. This is particularly evident in the last statement that “we are more vulnerable if we don’t appease those supplying this state funding.” Note also the phrase “state funding [is] controlling the focus.”

Overall, the Freedom Center and PEMS represent a massive effort led by the Koch family to sway academia in a free market direction, with large sums of money. According to 2018 article in the *Washington Post*, “The Charles Koch Institute distributed roughly \$100 million to 350 colleges and universities last year,” as well as extensive efforts to influence K-12 education as well. The *Post* article described the Koch effort as an effort to “fundamentally transform America.”¹⁰ The Koch family has had a history of influence in the Arizona state government,¹¹ which is now funding the Philosophy Department’s hire (working with the Freedom Center). It would be fair to say that Charles Koch has played a leadership role in an extensive lobbying effort, with national scope, and that the UA Freedom Center is part of that effort. And the Koch interests expect to exert control of institutions that they fund. David Koch, who long worked closely with his brother Charles, commented: “If we’re going to give a lot of money, we’ll make darn sure they spend it in a way that goes along with our intent... We do exert that level of control.”¹² The Koch-led effort to exert *control* over academic activity – including at the University of Arizona’s Freedom Center – is troubling.

¹⁰ James Hohmann, “[Koch Network Laying Groundwork to Fundamentally Transform America’s Educational System.](#)” *Washington Post*, January 30, 2018.

¹¹ Steven Greenhouse, “[Billionaires v. Teachers: The Koch Brothers Plan to Starve Public Education.](#)” *Guardian*, September 7, 2018; and Yvonne Wingett Sanchez, “[Gov. Doug Ducey Heading for Koch Brothers’ Network Summit in Palm Springs.](#)” *AZCentral*, January 27, 2018.

¹² David Koch quoted in Brian Doherty, *Radicals for Capitalism: A Freewheeling History of the Libertarian Movement*. New York: Public Affairs, 2007, p. 409.

Donor Influence: Curriculum and Teaching

There is also substantial evidence that external donors to the Program in the Philosophy of Freedom that became the Freedom Center were allowed to influence the academic curriculum and selection of teaching personnel at a formative stage. This was particularly true for early donations from the prominent Arizona political activist Randy Kendrick (married to billionaire Ken Kendrick), who was part of the same ideological network and, in her own words, “learned about enforcing donor intent” from Charles Koch after attending a meeting in the early 2000s.¹³

Before the formal creation of the Freedom Center a few years later, the leadership of its predecessor Program in the Philosophy of Freedom, proposed in 2004 to Ken and Randy Kendrick that they fund the development of curriculum, with explicit donor influence over its personnel and the content that would be taught to students. They would “build from an existing course, Philosophy of Freedom, developed by Dr. David Schmidtz,” by establishing a workshop, visiting professorship, fellowship, and summer fellowship. The Philosophy of Freedom course, according to the proposal, “explores the philosophical foundations of market society’s implicit commitment to individual liberty and individual responsibility,” but since this course already existed, its ideological orientation in alignment with a donor does not necessarily itself indicate forward-looking direct donor influence, in the absence of further evidence of earlier donor funding in its creation. While it was used as a hook for leveraging external gifts for further curriculum development and staffing from ideologically like-minded donors (the syllabus was

¹³ Email from Randy Kendrick to Charles Koch, December 21, 2012, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/63f64b847285c71bef86fbae/1677085576097/Schivone+request+%231+%28Kendrick+email%29.pdf>.

attached to the proposal), the content of that course is not by itself a problem in a university with faculty who come from diverse viewpoints, and where a variety of perspectives should be offered to students under the principle of academic freedom.¹⁴

However, further statements in the 2004 proposal provide troubling evidence of direct donor influence interfering with academic freedom and autonomy. One of the teaching positions proposed, the “Kendrick Fellowship,” would fund a graduate student to be a “Philosophy of Freedom apprentice,” who would provide one course in a two-course sequence (with Dr. Schmitz to teach the other course). The proposal promised that these courses would teach the works of Ayn Rand, including *The Fountainhead* and *Atlas Shrugged*. It is unknown from this document whether the teaching of Rand’s works, or the specific choice of which novels, was a request of the potential donor or simply a preference of Dr. Schmitz, made independently,

¹⁴ March 9, 2004, proposal to Ken and Randy Kendrick to support the Program in Philosophy of Freedom, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62c9d39156ed6070658ef295/1657394066393/proposal-to-kendrick-3-9-2004OCR.pdf>, p. 1. The Freedom Center would later make use of a similar leveraging strategy by proposing to another like-minded foundation, the Templeton Foundation, which donated millions of dollars, that they fund curricular development aligning with the donors’ preferred ideology. Such funded programs would include a larger PPE network extending from the University of Arizona to several other universities worldwide, to teach 2200 students per year with a promise of “a new PPE ‘culture’ among PPE students evidenced by changed attitudes about public policy” that would be accomplished through “changes in 50 course syllabi over the duration of the grant.” (from 2014 “Grant Requirement – Progress Report” to John Templeton Foundation, <http://static1.squarespace.com/static/5e027417387fad084ae66195/5e02a20c6bb8731299212438/5e02a20c6bb8731299212418/1577230860502/progress-report-to-templeton-re-changing-ppe.pdf?format=original>.) This would build on the measurable changes observed in the University of Arizona’s own Ethics and Economics of Wealth Creation course, which were reported in a 2010 newsletter from the Freedom Center that discussed percentage changes in student beliefs about economic policy from the taking course, using the example of the minimum wage, in <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62b3a6b1e7006b54f83753aa/1655940786219/inaugural+newsletter+article+on+surveys+in+PPEL+101.pdf>. This is also in outcomes reported to Templeton: <http://static1.squarespace.com/static/5e027417387fad084ae66195/5e02a20c6bb8731299212438/5e02a20c6bb8731299212416/1577230860500/proposal-to-templeton-re-freedom-center-objectives.pdf?format=original>. The evidence thus far suggests that these curricular proposals, and the measures for changing student beliefs, were solely generated from the faculty of the Freedom Center itself, so it appears to be more a matter of donors providing funding support for curricula already favored by certain faculty rather than others. This is itself a matter of potential concern for tilting the curriculum in ideological directions favored by donors – as well as the troubling broader implication that the donor would be enabled to change the ideology of an entire area of study through spreading a “new PPE culture” – but does not, necessarily represent the kind of explicitly-stated, direct donor influence centered in this report, without further evidence of Templeton or other donors’ direction or veto power over this curriculum, beyond that already demonstrated in the earlier funding by the Kendricks that created the course.

which the donor approved. It does indicate, however, that the teaching fellow, not yet selected, would have the specific readings in a course required by an agreement with a donor.¹⁵

Another example of direct donor influence in the 2004 proposal is a stipulation in the section on how the candidates for the various funded positions would be selected. Each year, Schmitz would propose a list of candidates for the positions, submitting it not only to the academic department, but also would “send it to Randy Kendrick for further discussion and final approval.” This provision for donor final approval of candidates, including for both research and teaching fellows, directly interferes with academic autonomy. There was also a yearly offer that they would “come to Phoenix to present the plan in person and to evaluate the results of the previous years’ efforts,” with the explicit proviso “that the grant may be terminated at any time if either party concludes that the program has not been worth the investment of time and money.”¹⁶

In 2006, a further donor proposal to the Kendricks indicated an understanding that they intended to give five further annual donations ranging from \$200,000 to \$234,972 each. One of the promises made to them in that letter (in addition to making Schmitz the Kendrick Professor of Philosophy with an augmented salary) was a promise to develop a new undergraduate course at the University of Arizona on “The Ethics and Economics of Wealth Creation,” to be taught each semester as a general education course.¹⁷ The Kendricks attached a condition to their gift, as indicated by an addendum summarized shortly thereafter, which required that “the wealth

¹⁵ March 9, 2004, proposal to Ken and Randy Kendrick to support the Program in Philosophy of Freedom, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62c9d39156ed6070658ef295/1657394066393/proposal-to-kendrick-3-9-2004OCR.pdf>, p. 2.

¹⁶ March 9, 2004, proposal to Ken and Randy Kendrick to support the Program in Philosophy of Freedom, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62c9d39156ed6070658ef295/1657394066393/proposal-to-kendrick-3-9-2004OCR.pdf>, p. 3.

¹⁷ November 27, 2006, letter to Randy and Ken Kendrick, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62c9d5ef4040f055be895a4d/1657394672240/contract-for-kendrick-to-sign-11-27-06+OCR.pdf>.

creation course will be taught substantially per the syllabus provided,” thereby indicating direct donor influence over the curriculum that would be offered at the University of Arizona, at least through the period of donations, if not indefinitely.¹⁸ A further thank-you letter from the department reinforced this commitment to teach the curriculum as directed by the donors, promising to insure that the course would be taught “as per the syllabus sent to you by Professor Schmidtz.”¹⁹ This course, which still exists and is taught regularly, thus was initially created under the troubling influence of the donors’ specified condition that was required for their gift.

Deceptive Practices

The UA administration has long denied that the Freedom Center is influenced by its donors. In a 2011 interview with the *Tucson Weekly*, SBS Dean J. P. Jones stated: “I’ve looked into this and can report that there has been *no donor influence* over the hires we’ve made at the Freedom Center.” In the same article, Acting Provost Jacqueline Mok affirmed: “We would not permit a donor to make a hiring decision for the institution.”²⁰ In 2019, a program review of the Freedom Center reaffirmed that external donors were not allowed to influence faculty hiring and curricula.²¹ And the former Associate Director of the Freedom Center Mario Villerreal-Diaz

¹⁸ December 4, 2006, summary of addendum to gift of Randy and Ken Kendrick, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/62b3ab7fb8e9434195f1eb90/1655942016242/Item+19+-+Summary+of+Addendum+to+December+2006+Gift+from+Kendrick.pdf>.

¹⁹ December 11, 2006, letter to Randy and Ken Kendrick, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/620bf44684a9d87490601fa1/1644950598272/maloney-thank-you-to-kendrick-12-11-06.pdf>.

²⁰ Both quotes in Tim Vanderpool, “Freedom’s Ring: The Mysterious Funding behind a New UA Philosophy Think Tank Continues to Raise Concerns,” *Tucson Weekly*, August 11, 2011, <https://www.tucsonweekly.com/tucson/freedoms-ring/Content?oid=3133482>.

²¹ “Report of the External Evaluation Committee,” for the Freedom Center, February 13-14, 2019, p. 6, <https://static1.squarespace.com/static/5e027417387fad084ae66195/t/5ed960c344e40f1f8156a1ef/1591304388689/FC+review+FY19+External+Evaluation+report+%28Redacted%29.pdf>.

(more recently at the University of Texas) repeatedly denied that donors were allowed to influence the Center. As we noted above, these claims are all incorrect.

The 2017 creation of the PEMS department, orchestrated by Freedom Center founder Schmidt, also entailed questionable practices, specifically regarding the name of the new department. On August 28, 2017, the proposed department was discussed before the UA Faculty Senate, which gave approval.²² However, it was not authorized to use “Department of *Political Economy* and Moral Science,” apparently due to objections from the UA School of Government and Public Policy and Department of Economics. The minutes of the Faculty Senate Executive Committee read: “Both Economy [Economics] and Political Science departments were not in favor of having their department name affiliated with the new department.”²³ Instead, the Senate stipulated that the new department was to be named “Department of Moral Science,”²⁴ omitting the words political economy. Professor Schmidt evidently accepted this abbreviated title.

And then, after receiving Faculty Senate approval, the Arizona Board of Regents also gave approved the new department, now renamed as the “Department of Political Economy and Moral Science,”²⁵ which remains in place today. The name change was undertaken without approval from the Faculty Senate.

There are further instances of questionable practices: On March 1, 2021, the Head of PEMS spoke before the Faculty Senate, requesting Senate approval for a new graduate program. When asked about any possible Koch funding for PEMS, the Head responded: “The

²² Minutes of UA Faculty Senate, August 28, 2017, Item 11, https://repository.arizona.edu/bitstream/handle/10150/625785/20170828_minutes.pdf?sequence=2&isAllowed=y.

²³ UA Faculty Senate Executive Committee, Minutes, August 21, 2017.

²⁴ Minutes of UA Faculty Senate, August 28, 2017, Item 11, https://repository.arizona.edu/bitstream/handle/10150/625785/20170828_minutes.pdf?sequence=2&isAllowed=y.

²⁵ Arizona Board of Regents, [Minutes of the Academic and Student Affairs Committee](#), September 27, 2017, pp. 6-7.

Koch Foundation retracted their money and the *worry is based on something that no longer exists*.”²⁶ The Head did not inform Senate members that, in fiscal year 2020, Koch sources provided \$414,500 to PEMS, according to information later divulged by the UA Public Records office.²⁷ Perhaps this was the last funding received from Koch sources, but since the fiscal year 2021 was not yet completed at the time the information was released, this is not publicly known. Moreover, the funding of such a large percentage of the department’s budget just one year earlier, during a formative period for the new department -- and by donors with a track record of influencing academic decisions such as hiring -- is itself a matter of some concern that should have been openly discussed, even (or especially) if the costs of the program were then partly or wholly shifted to general university funds from the state. At the very least, the PEMS statement that Koch funding “no longer exists” was incomplete, since it failed to acknowledge the substantial recent funding from Koch sources in the preceding year. Following this response, the PEMS-proposed graduate program was approved by the Senate.

And finally, we note a lack of any publicly available by-laws or other operational guidelines for the Freedom Center. We attach a letter from Philosophy Professor Daniel Russell,²⁸ who was formerly affiliated with the Freedom Center and left in 2018. Professor Russell notes a longstanding problem of arbitrary and nontransparent operation in the Freedom Center’s internal practices and absence of written procedures.

²⁶ Minutes of UA Faculty Senate, March 1, 2021, Item 6, https://repository.arizona.edu/bitstream/handle/10150/657632/20210301_minutes.pdf?sequence=2&isAllowed=y.

²⁷ [List of PEMS funders, 2018-2021](#), provided to Professor David Gibbs by UA Public Records office. Note that handwritten notes on document were added by David Gibbs, as an aid to the reader.

²⁸ [Letter from Professor Daniel C. Russell](#) to the Faculty Senate, August 9, 2022. Note that handwritten notes on document were added by David Gibbs, as an aid to the reader.

In general, the Freedom Center and PEMS operate with a high level of secrecy and resistance to transparency. Efforts by community members to obtain basic information have often met with delays of several years.²⁹ Donor agreements with the Freedom Center that have been released are only *summaries* of the agreements;³⁰ the original documentation for these agreements have never been released. It seems unreasonable that the Freedom Center is allowed to keep its donor agreements secret, since the University of Arizona is a public university, supported by taxpayers. Officially, the Freedom Center extols the virtues of transparency and openness. A textbook coauthored by Freedom Center founder Schmidt states that “people who have nothing to hide are not afraid of the truth.”³¹ Yet, in practice, the Freedom Center is for the most part nontransparent.

The Problem of Line-Item Funding by the State Legislature

In addition, we find the use of line-item funding by the state legislature for the Freedom Center to be in violation of principles of shared governance and academic freedom. The earmarking of public funds to specific departments or programs contravenes the process by which shared governance bodies, such as the Strategic Planning and Budgetary Committee and the Faculty Senate, collaborate with administrative authorities in order to approve curricula and allocate funding across campus departments.

²⁹ Credit: Information made available by the organization *Kochs Off Campus!*, including documents they obtained through public records requests, was valuable in the construction of this report.

³⁰ Summaries of donor agreements to the Freedom Center, as released to Professor Laura Tabili by the UA Public Records office, <http://static1.squarespace.com/static/5e027417387fad084ae66195/5e02a20c6bb8731299212438/5e02a20c6bb8731299212412/1577230860496/3-2018-ua-foia-response-gift-agreement-summary-forms.pdf?format=original>.

³¹ Cathleen Johnson, Robert Lusch, and David Schmidt, *Ethics, Economy, & Entrepreneurship*. Tucson, AZ: Sagent Labs, 2016, p. 8.

Conclusion

The committee finds that significant and troubling evidence exists for the inappropriate intervention of donors to the Freedom Center in academic decision-making, including in such matters as faculty hiring, as well as in teaching and curriculum. We are also concerned about a lack of transparency about donor influence on the Freedom Center and line-item funding outside the typical University budgeting process. While a further report will detail our proposed forward-looking recommendations for addressing the challenges to academic autonomy and shared governance at the University of Arizona posed by donor influence in the future, the Faculty Senate should adopt a resolution of censure for the past violations. Some of this evidence goes back to the period when the Freedom Center was formed, but the donor influence has endured, both through the faculty hired and courses created during this period, and in more recent attempts to influence academic decision-making that indicate the potential for ongoing donor pressure on academic units such as the Department of Political Economy and Moral Science and the Department of Philosophy. We are concerned about ongoing influence exerted by donors to the Freedom Center, which interferes with decision-making about faculty hiring, curriculum, and other academic matters by our valued colleagues in these and other academic units on campus.

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