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## Session 3.E.6: Establishing a Successful Academic Center

Moderator:

**Audio:** [Charlie Ruger](#), Charles Koch Foundation & Charles Koch Institute

Panelists:

**Audio:** [Howard J. Wall](#), Lindenwood University - Hammond Institute for Free Enterprise,  
"Building a Successful Center on a Shoestring Budget"

**Audio:** [Stephan Gohmann](#), University of Louisville - Schnatter Center for Entrepreneurship and  
Free Enterprise, "Center at the University of Louisville"

Absent: Ryan Streeter, University of Texas at Austin, "Center at the University of Texas, Austin"

**Audio:** [Question and Answer with all panelists](#)

## CHARLIE RUGER, CHARLES KOCH FOUNDATION:

[Full audio of Charlie Ruger's presentation.](#)

[0:00]

Alright, I think I can get started.

Alright, well thanks for coming, I'm Charlie Ruger and I work at the Charles Koch Foundation. This session is meant to talk about the work that we've been doing, a lot of other philanthropists have been doing, in coordination with this network and partnerships with universities and colleges all over the country to build major academic centers.

The reason we do this is that scholars in the academy who are predisposed to or even sympathetic to classical liberal ideas are outnumbered by about 125 to one by people who feel very strongly about how wrong we are. [laughter, inaudible].

And so we partner with universities to build new capabilities. A lot of the time that means building capacity for new tenure-track faculty lines, visiting assistant professorships, research assistants, Ph.D fellowships, and then all the other, sort of, support and infrastructure that a new academic enterprise will need.

[1:09]

That can mean administrative services, dedicated knowledge capability, media outreach, communications director, that sort of thing. And we do all this because we've made observations about how to have a disproportionate impact given how outnumbered we all are.

So the Koch foundation now is supporting 53 major multi-million dollar, multi-year commitments in conjunction almost a hundred percent of the time with other donors to build these major new academic initiatives.

We're very excited about it. The centers are driving new talent and new ideas into what we consider to be sort of an integrated structure of production for social change. So this isn't about elections, it's not about short-term outcomes. Our job, our goal, our mandate is to help build long-term culture change in order to choose better well-being in society for everybody, through freedom.

We're working across disciplines economics, political science, entrepreneurship, history, law philosophy, so sort of across the range of social sciences.

You may have seen this most recent announcement: we partnered with an anonymous donor to give thirty million dollars to George Mason University School of Law. It's very exciting to us. A lot of it goes to fund scholarships but since all that money, all those resources are fungible, it really means that the university can hire twelve new law professors. And sort of really build on its reputation for great law education—no question about that—but also is this robust expression of Law and Economics and impact in the real world, this sort of thing. So it's something we're very excited about.

We've got great panelists today. So, Howard Wall, director of the Hammond Institute for Free Enterprise at Lindenwood University. He's also former vice president of the St. Louis Fed.

Steve Gohmann, who is the director of the Schnatter Center for Entrepreneurship and Free Enterprise at the University of Louisville. He's also got a BB&T chair.

And we just thought this would be a good opportunity for knowledge-sharing in all directions, so we have lots of time for questions. Hopefully it will be a conversation where we can just get into what the centers are up to, and how they came about. That sort of thing.

[inaudible]. Fire away.

# HOWARD J. WALL: LINDENWOOD UNIVERSITY

[Full audio of Howard Wall's presentation.](#)

[0:00]

Thanks, Charlie.

Now, I've attended a few of these sessions over the last couple of years, and what's been most helpful about them is just people telling stories about their own center. Because every center is going to be different. You all have your own university setting, your own constraints, your own opportunities.

I figured I would just kind of tell our story, where we came from, what we did to get over the obstacles, and take advantage of the opportunities we had. And maybe this will, maybe there are some general lessons to be learned from this, or maybe there are some specific ones that you can apply in your own situation.

Now, the title of the talk is 'Building a successful center on a shoestring budget,' and that was actually my compromised title. I'm bringing up the title that was nixed by the Koch foundation...

RUGER: "...in a way that totally consistent with faculty governance and academic freedom."  
[laughter]

[1:00]

WALL:

I wanted "From Rags to Riches" to be the title, a subtitle, to be building a successful center. And my talk was going to involve, perhaps, me singing a song, 'Rags to Riches.' And then I thought the flip-side to the single 'Stranger in Paradise' would have been appropriate for me being here in Vegas. [laughter]

But anyway, it wasn't allowed...so I won't even mention it. [laughter]

To start, I joined Lindenwood in May of 2011, so it's already almost five years. And I was directing what was then called the Institute for the Study of Economics and the Environment. And, it had some disadvantages and then some advantages.

First, the disadvantages: there was an extremely small staff in the Institute, which consisted of me. So we had a staff of one. Budget was also a little bit small: zero.

[2:00]

My budget was time, that was my resource. A small economics program: there were seven majors at the time. And there was one Ph.D economist on campus, who was also me. Alright, so there wasn't a whole lot to draw from in terms of other people in the university.

And also, the university is relatively unknown, even within the St. Louis metro area. And that's, it's really disproportionate to its success. So, you probably haven't heard of Lindenwood unless you remember that there was a university a few years back that was willing to accept pork in exchange for tuition. Because we have a lot of students from rural Missouri and we had a very innovative president. So he said, 'well, just give us your pork. We'll serve it in the cafeteria and count that toward your tuition.'

[2:55]

But part of that president's genius not only was the pork for tuition idea, but there was a university that had fewer than a thousand students in 1991, and today has probably sixteen or seventeen thousand students, and runs a surplus, that's right, a surplus of about twenty-five or thirty percent per year. So it's a huge financial success, but over a relatively short period of time. And it's reputation hadn't outpaced, or it didn't keep up with what was going on on campus.

So although the university was relatively well-known, even locally, this was really an opportunity. And one of my, a big part of my job was to let the world know a bit more about Lindenwood. Right?

Alright, so the advantages that I had: whelp, I had pretty much free reign from the university. The university president was really terrific, and also from the business school. The dean would say, 'alright. Well, here you are. Have nothing and do something.' [laughter] Well, it took me three months to get a computer, so, I really didn't have anything.

[4:01]

And also, but my other advantage was I did have experience from the Fed. So I did have some modest profile locally, because I was the, often the front in terms of, for the Fed dealing with the press. And my job was to keep track of the local economy around the St. Louis area and Missouri.

And also I had a lot of colleagues and co-authors that maybe I could draw on.

Alright, so taking these advantages and these disadvantages, first thing we had to do was just change what the center was going to do. We changed the mission from economics and the natural environment to more broadly the business environment, or local business environment. So the new mission was: do economics research, and have expertise on the state and local economy. To take advantage of what advantages I did have.

[4:58]

**And, I just created a panel of research fellows to create the illusion that it was more than just me sitting in an office**, actually at the far corner of a building. My first three weeks, I didn't speak to a person. It was in the summer. So it really was an illusion. Perhaps I was just looking for, even, pretend friends on a website.

And since I didn't have a budget for speakers, I just took advantage of whatever free speakers were out there. I gave a couple of talks myself. We just gathered together whatever local business people were around to have panels.

And also a local luminary, Rex Sinquefeld, who is the Charles Koch of St. Louis, or of Missouri, where he's a big supporter of free market ideas and I'm one of his research fellows. So we had him in, which was great because he made an unfortunate stumble of a joke that involved the origin of public schools and the Ku Klux Klan, which I won't go into.

[6:05]

But this did not fare well in terms of press, but it was great for us 'cause we had protestors and the university president had to give an apology to the public over this presentation so, we're on the map. [laughter]

Also, another key to this was to record everything. Record all the public events, put it on the website. Again, generate as much audience as possible. Just get things out so you have things. It was, first, let me, let things exist. Just accumulate some things to show that things have been done. And make sure people know about it as much as possible.

And then, also public exposure was a big part of my job, to bring attention to the university and the Institute. So, I made liberal use of my existing media contacts and started a blog called Gateway Economist.

[7:01]

I blog intermittently now, but pointedly.

And also I focused my research a bit more on local and regional economics, and **I did some short policy papers to try to insert myself into the policy discussion. And out of this, I even testified in Jefferson City on tax credits for businesses.**

So, just trying to leverage whatever prestige I might have had as a former Fed economist, although there was less and less of it every year, not because of me. I told them... [laughter]

Alright, and the other solution was, you know, if you're going to have a center based on economics, you need economics students. And as I said, the economics program was really small and they were talking about even cutting it, even though it was only a couple of years old. So I decided that I had to become the economics chair.

[7:59]

We did have four faculty, including me. And just rationalized the major, make the major something students wanted to do. You know, create minors, create more opportunities for students to just take economics courses. So we had created minors that business students and non-business students could take. The Business school is really focused on business students only. He says, ‘well, why don’t we let some other students take this? Well, they were gonna make them take accounting,’ and such. And that would been the death penalty to it, obviously.

And it also created a new economics major for non-business students and then did that with the political science department. The school of Humanities and the political science department has a new major and a few students that they can take credit for. But they’re also sitting in my classes, trying to get the number of students up to eight to ten, so that the class doesn’t get shut down. And so it’s fine. **They can claim them as students, I claim them as people in the room.**

[9:00]

Also, created an honors principle course because the economics students we did have were excellent, so we wanted more and more honors students, give them the opportunities. And then, again, my only resource was my own time, so I just took the key courses myself: the honors classes, intermediate, micro, econometrics...

And if you, **the best course in the program, I think, is Current Economic and Social Issues. It's also the best to teach. If you have an opportunity to create a course, which is, every week I'm gonna spout off about something that I decide to spout off on, on my way into work.** This is the course. It's fantastic.

So, by December of 2014, we were up to seventy majors and five minors. So here we were actually viable. We were now about the same size as the Finance and Accounting majors. So now that's over with.

[9:58]

And then, all the paperwork was gonna start for evaluations, accreditation, and all of that...so I resigned.

So if there are any, kind of general lessons from the first couple of years, it was to be useful to the rest of the university. Alright, the rest of the university has to care that you exist. Alright, so the university, I was giving the university some media exposure and academic reputation. And the biggest thing is I didn't ask for stuff. Except a computer, but they didn't ever give it to me, so it doesn't count...

So, just on my own, I just did stuff. The administrators were happy because I wasn't bugging them but things happened. Alright, and also I was solving some of my dean's problems, right, while also benefitting me. I made the economics program successful, provided some events and

activities to help out with their filling out the paperwork for accreditation, and I taught the hard classes that the other faculty didn't want to teach.

[11:03]

So everyone was happy because their job was made easier, you know, to make my Institute a success.

And then even other departments were benefitting outside of the Business school. We provided the Political Science and the Math department with more students.

So, the most valuable resource was, is your time. And that was really my only resource. So I had to use it efficiently, so it was low-hanging fruit. Alright, so the problems that were in the department, the university, or the Business school, they were all opportunities. And thankfully there were lots and lots of opportunities when I got to Lindenwood because of where we were at the time.

**And the more problems that there are, you know, these are actually more opportunities.**  
Alright, these are easy to do, alright.

[12:02]

The more problems there are, you can choose the easiest ones to do, and use a little bit of time to solve fairly large problems. Or, certainly solve a lot of problems, for, mostly for other people. Alright, so if the only thing you have is time, you better be spending it helping others, not, just, not just yourself. Because you're hoping at some point to actually get some resources.

So that was, we were doing okay. In the summer of 2013, we hit a jackpot of sorts. Well actually, quite a jackpot. We got a million dollar gift from John Hammond, who was a longtime member of our board of directors. And he went to establish the Hammond Institute for Free Enterprise. So our new mission was to foster free enterprise and civil and religious liberty, through the examination of market-oriented approaches to economic and social issues.

[13:00]

Now one of the things, actually, the last line on this slide is key here, is to assemble a group of doers--people who actually do things--into one place. Take advantage of the people out there who will actually do things. With kind of a secondary thought maybe to what they're actually going to do. You really want things done to show that you should exist and grow.

Now we gathered together two of the centers that were already in the Business school. Renamed one center to the Center for Economics and the Environment. We had a Center for Entrepreneurship. And we created a new center, the Liberty and Ethics Center. And this was sort of on purpose, by design, was have a federal structure where each of these centers can go and do what they want, focus on the thing that they are most interested in. But there's a lot of

overlap, and when we do things similarly, we come together, and have Hammond Institute things.

[14:00]

**And it looks, again, like there's more going on that there really is because now it's three of us...**although it was really two of us because the guy running Entrepreneurship Center was doing his own stuff.

So we were able to get a lot of cross-promotion. You know, we had an immediate list of inherited achievements. Whatever the existing centers were doing, we just rolled them over and said, 'this is what the Hammond Institute does and has done.' So it already looked like we were around. And we also had great flexibility.

Now, the key that I've learned from attending these events over the last couple years, like I said, is that each university is unique. You have your own set of opportunities, your own sets of problems. And this you can't replicate, but I had a secret weapon: [Rachel Douchant](#), and who has declared in the past that she is unembarrassable. [laughter] And I continue to push that.

[15:02]

So we plucked Rachel from the obscurity of the Philosophy department, and made her director of the Liberty and Ethics Center. Tawni, do you have a reading on the embarrassment?

[laughter]

[Tawni: She's fine!]

But this part is true, [she] is our secret weapon.

And our new goal...now we have some resources. But still it was just a couple people, so it was a hundred percent increase in the number of doing stuff, and an infinite increase in funding.

So, we had to come up with some sort of overarching theme. And looking back, there was sort of a theme that gelled over time. But we started with the first, the second part of this. We wanted to just confuse the heck out of the rest of the university.

[15:58]

And then looking back, we called that "Social Justice through Free Markets and Liberty." Right? Which is just, you know, if you're a free market institute and the rest of the university thinks you're, well, all sorts of evil things...and you're only *some* of those evil things [laughter - inaudible]

So, the events that we had kind of ran the gamut. Just taking, just trying to run with things, trying to do things we were interested in and might interest others in the university who might initially not be fellow travelers. So Chris Coyne from George Mason came, talked about the failure of

foreign aid. We had Megan McArdle in, we talked about tax credit scholarships and school choice.

We had, and this was our biggest event, was Ralph Nader and Grover Norquist on the same stage talking against crony capitalism. And if you have the opportunity to have either of these guys, but definitely have both, they were just absolutely terrific.

[17:00]

They are, they put on a great show, so this was a huge, fun event.

And then we had Tom Woods, 'Virtue of Markets.' David Beito wrote a book on, called 'Black Maverick', it was about a Black Civil Rights leader. Kit Wellman, 'Is the U.S. Criminal Justice System a Crime Against Humanity?' So...title, unexpected, probably, from an institute in the Business school.

Robert Lupton talked about 'Toxic Charity.' And we even helped support another institute in the university. They were having a talk and exhibit about Jan Karski, who was a Polish diplomat who you might have heard of who told FDR about the Holocaust. FDR and Churchill.

So, not really much of a theme, except just trying to surprise people. Keep people off-balance, not peg ourselves, and really try to contribute to the university.

[18:00]

And in fact, that's what the president of the university would say at faculty meetings: 'they're contributing to the broad economic climate of the university.' Alright, so you get at least some allies...and some anonymous letters from the History department to the president...[laughter] But the president quashed them.

Alright, so what we continued to do was just take any opportunities in partnering with people. Anyone who could help us in the university and outside the university. So, the TV station...we have a fairly large Communications school, and there's a high definition TV station. So, they're always looking for content, so we started a TV show called 'Free Exchange'. Which took minutes to prepare, some days, but the hard work was worth it. If you want to see Rachel and I sometimes shouting at one another across the table...well, you can see us at dinner later. [laughter]. But also, you can go and find it online.

[19:04]

We did stuff involving the Black Student Union, Nonprofit Administration department, the Criminal Justice department, and then the Center for International and Global Studies. And one thing we found out, which this might be useful to many people, is that local radio stations really want local content. And they want public service announcements. And they want to do free stuff because they get credit for doing free stuff. So we had the local talk radio station co-sponsoring or co-hosting some of our talks, like the Nader-Norquist. That's free advertisements. For the

Nader-Norquist talks, they provided about \$18,000 worth of free advertisements, and brought in the audience, and we had an actual professional doing the emceeing for it.

[20:00]

And we had a former Missouri Speaker of the House, who actually works with us at the Hammond Institute, to ask the questions.

Alright, so all of that was free. But the radio station was really happy to do it. And they were also happy to do something that we've been pretty successful with, I think, called 'Free Market Minutes'. So these are PSA's that are just a minute long, where we just pick a topic and talk about it for forty seconds, and then you have some padding. And we've done about forty of these, and they run these in rotation.

And people, this the most popular talk radio station in town, so people will come up to you, come up to us and say, 'you're on the radio all the time!' Which means, twice a day. But when it comes around all the time...you know, when it says 'at the Hammond Institute for Free Enterprise at Lindenwood University' at the end of it, all the time. And all of that is free.

[21:00]

Alright, and we couldn't afford that. But radio stations *want* to do this. So that was quite a shock.

Now, one other opportunity that we took, which was not really just being opportunistic, but really because we wanted to help and it turned into something much bigger than we expected, was that we arranged the partnership between the university and the city of Ferguson, Missouri. You may have heard of some events and unpleasantries going on in Ferguson over the last year and a half or so.

And, started out with, kind of, just a hashtag campaign on Twitter, to try to get people to support the local businesses that had been hit by rioting and fires. And also a program to train entrepreneurs. It was kind of modest.

And then we went and talked to the city of Ferguson, and they had all sorts of things that we could do to help them out, so we just snowballed into setting up a bigger partnership with the university that embedded a lot of people from all over the university in many different departments.

[22:05]

So, we had internships for business students and nonprofit students. Criminal Justice faculty was involved in going over and talking to high schoolers and middle schoolers about police. We had a documentarian from the film department go over and make a documentary. Students were making PSAs, filming PSAs for the city. And we had students going in and helping small businesses with their marketing efforts, try to set themselves up and expand. And also volunteering efforts. You know, community days where everyone can get together.

Now this, you might not think this is within the mission as we broadly define it, but it really was about free enterprise and liberty. '

[23:00]

Initially, it was, 'well, if we're going to talk about free enterprise be important, well then, let's help free enterprise in Ferguson.' And then, all these other things.

We convinced the president to pony up \$950,000 in scholarships to North County students. So this, we put together in a couple of weeks, but again, a very big impact, it was an opportunity. And this helped us a lot. And again, we didn't do it because it was gonna help us, but I think it raised our profile with a broader community, communities we wouldn't have otherwise been in contact with, and then get drawn into our other things. Right? Our more traditional free market stuff.

So, yada, yada, yada. By the end of 2015, we had negotiated funding from the Charles Koch Foundation.

[24:00]

The check cleared, by the way, in January, in case you were worried, Charlie [Ruger]. [laughter]

So we're expanding the Criminal Justice Initiative. We get to hire two economists, an administrator...and by the way, if you have to chose anything, it's an administrator. Alright? You're an academic, you don't know what you're doing. [laughter] I mean, I can explain that to you. You don't know. You are really bad at it. Find somebody who knows how to do it. Which, really anyone would be an improvement over you. [laughter] But administrator first.

We also have funding for research and programing. And we're really going to continue, because I think this a key to success, these unlikely partnerships. Really, anyone.

If you attended an event yesterday with Pete Boettke talking about centers, he said, 'you can be the 800 pound gorilla on campus.'

[25:01]

And I think we decided that...well, we are the 800 pound gorilla on campus because our grant from the Koch foundation was the largest in the university's history. And I have said, at least once, someone asked me 'why don't you do this?' And I'll say, and I said, 'I'll give you two million reasons why I'm not gonna do that.' So that's the 800 pound gorilla.

But I didn't have to do it. So, this does help. You know, it helped us to convince the university to do things it wasn't comfortable with. And, the only remaining obstacle that we have, and I think everything's gonna be great, is talking to the rest of the university and the other faculty. And my

response to people complaining about the Koch foundation, or something is to mock them. Mock the complainers.

[25:59]

And I sent this ad for an anti-Koch hat to our dean...can you read that? The dean of Humanities, just for a joke for him, and he distributed it to his entire faculty. So you can buy these for \$3.95...or five dollars and \$3.95 shipping and handling. [demonstrating a visual] You know, this is, 'which of these ideas are you afraid of hearing?' Because, you know, well, you all know what people imagine the ideas are. So you tell them, 'which ones of these do you hate? Which ones are bothering you? I know that they're upsetting. Here's a hat for you.' And we even sell ear plugs in addition, if they like.

That's where we stand. And I think we had a big advantage because we already existed. We had an existing mission, and existing track record. Our next step is to just keep doing everything we have been doing, but more so, and for God sakes better, most importantly.

[27:05]

Better. It already is better.

So I won't tell you who our new secret weapon is because you'll try to steal her...but don't try to steal Rachel either.

Okay, that's it for me.

## STEVE GOHMANN, UNIVERSITY OF LOUISVILLE

[Full audio of Steve Gohmann's presentation.](#)

[00:00]

You know, you'd probably make more money selling those hats than all that money you got from the Koch foundation.

So, I was thinking this was going to be more of a panel, and I'm gonna talk about how I got here, and how I got to the John H. Schnatter Center for Free Enterprise. So, it all starts with that, pretty much.

I came here to APEE, well I've been to APEE before but, here in 2008 and John Allison received one of the big awards. And said, 'we're endowing chairs and placing our footprint...' [inaudible].

It went up to him afterwards. I said, ‘Hey John, I’ve been using Atlas Shrugged in my Labor Economics class for years. You know...you got any money?’ He said, ‘Send me a letter,’ so I did. He sent me a letter and he said, ‘I’ll give you a million dollars.’ So I went to my dean. I said, ‘hey, I got a million dollars. I mean, it’s gonna be an endowed chair for me...’ You know, deans are happy to take anybody’s money, pretty much. And, and so I got the endowed chair which then got me on the road to getting funding from the Koch foundation to do programming.

[1:00]

And, and so you need success in doing things if you want to start a center. You’ve got to already be doing these things before you have the money. Or maybe funding for small things, do one step at a time.

Cause donors are going to look at, well, what have you *done*? And what are your student successes? Cause I’m a donor, and I don’t care if you’ve done all this *research*, you have this long [inaudible] and stuff. What I think—and I wouldn’t know, I don’t have any money so don’t ask me, but—what I *think* a donor is really...they want to give money, they want to see students coming out thinking, ‘markets work really well, we need more free enterprise.’ And if you’re putting up programming that can tap a lot of students, then I think that’s pretty good.

“So one of the issues when money is coming in, you’re going to have faculty who are going to think, ‘oh my gosh, you’re going to be doing this horrible stuff.’

[2:00]

And, and so the whole time I was talking to faculty I was like, ‘look, we’re just going to engage students in ideas. Are we afraid of ideas?’ And they really don’t have any defense of that except they just don’t like your ideas.

But that’s okay, and one of the things that’s important that we do in our center—and you should think about this if you’re gonna start a center—is figure out the whole bureaucratic process. And before you have money, you’re not going to have an administrative assistant, and you’ve got to know all any rules.

So you’ll need to talk to people in your college who know the rules. For example, our, our business manager said, ‘here are the things you have to do.’ But then, you gotta keep up with people who are doing those things for you if you have to send it somewhere, to make sure you do it right because the process is very long. And so I found that out after we signed a contract, we still had to wait for the Faculty Senate to approve it, and then for the board of trustees to approve it.

[2:59]

And, it’s kind of a chicken-egg thing, you know, you can’t approve the center unless you have the money. It’s a little bit tricky.

But, for the most part, you will get a few people who want to stand in your way, but most people who are gonna have issues with the center have the issues before the contract is signed. And once the contract is signed, it's like, [inaudible]. Let it go. And that happened with my BB&T chair, I think it was jealousy in my department, there were a couple faculty that were like, 'well you can't do that.' And it's like, 'I can't do *what*...?' They told me I couldn't go on a sabbatical and teach a class, once. I was like, '*...really?*' But, anyhow.

You get those few people that are jealous and pick fights, but you, you kind of just try to just...don't get too riled up and it's probably okay.

So I talked about the ray of ideas, and we're gonna help students, and it seemed to work pretty well.

The bureaucracy is really an issue though. If you're gonna start a center, make sure you talk to your department *before* you do anything.

[4:01]

Say, 'hey, this is what I want to do, here's what I'm thinking about, we're gonna go in this direction.' And for the most part my department is very supportive. One or two people are people who just don't like to see change...they're not really good economists in that respect. They were kind of, 'oh, we can't do this thing.' But it all happened, and now we've hired two new tenure-track faculty, two visiting faculty who are starting in August.

So this is gonna be really nice. We're gonna have a *really* young department, probably. We've got fifteen people and more than half of them are really young. And I'm one of the older ones in there, so it's really nice.

You definitely need to know the process and you need to follow through with who's in charge. I recently set up an advisory board. Every university is different...[...] is actually right. We had, when I first thought I might get money from John Schnatter, we had a brand new dean who came in. And so I worked her, I said '*hey I got some money...!*'

[5:00]

And, 'maybe three to six million dollars, and this guy wants to do these things...' And so I went to talk to John and said 'this is kinda what I want to do.' I went back and had [inaudible] meeting, and then she was brand new and she thought she was gonna get a lot of money. She just pushed me aside and started saying said, '[inaudible], you got to be careful with things like that. Don't let them do that.' We didn't get the contract signed, she didn't keep her job...not because of that, there were lots of issues.

But then we got a second dean, and he was very good. He was very strict about the contract, but he's very pro-market and very pro-center, and it's been great. We've got a great contract, I've got to go and do whatever I want with the money, and not many road blocks, at least from

him. And not from further up in the administration. So that's good, except he's an interim dean, and now we need a new dean so I have no idea where I'm going.

You want to keep those allies. Deans, again, like money, so they're [inaudible].

[6:00]

So what did we do? I kind of think of programming as a two-pronged approach. So, you want to do big programs and big speaker series because you want the public to know about the center, you want to get the whole idea about free enterprise out in the public, and you want to attract students.

But then you want to, if you want to have a real impact on these students, you got to do these smaller groups. We've done reading groups, and I've done them for years, and we're going to do even more next year since got more faculty. But this year we did Why Not Socialism?, Why Not Capitalism?, Doing Bad by Doing Good by Chris Coyne. [Peter] Boettke's Living Economics. That was our first semester.

Second semester we did Out of Poverty, Ben Powell's book. And then I had him come in and speak about immigration and then meet with my reading group students for lunch. So, it's a really nice thing if you've got books, where there's living people, and they might come and talk. It's really cool, you read the books, you bring them in and have them give a big public lecture and then talk to the students and it has a lot of impact. They really liked his book, a lot of students said 'man, it changed my mind about sweatshops.'

[7:09]

And this is, this is, "One of my students here was in my BB&T Capitalism class, and he said, 'you know, I came in—actually, two of them, last night, told me at dinner—he was like, 'I was pretty much on the Left, and from these readings I now have a lot more focus on what I think, I'm not, I really think markets work really well.'"

One of them...well...[inaudible].

We read Conscious Capitalism, that's John Mackey's book. And then we read Charles Koch's Good Profit. It's interesting, the contrast between the two books, kind of the same thing but Mackey's more promoting Whole Foods and stuff, but Charles Koch's book is just, 'here's how you do business in a moral way.' And a lot of people don't understand that this is what our centers are about: how to do business in a moral way.

[7:59]

I write editorials about economic freedom and say 'this is good for society, it's good for the little man.' And always the comments are, 'well of course you like that.' Sort of, 'big-business-is going to advantage of us.' No.

So, so for now on, I decided I'm always starting out with: crony capitalism occurs when, big businesses are the ones that benefit from this, and this is not a good thing. And then write the story. And then see where the colleagues are, they're still gonna say it, I'm sure. [inaudible]. That's there.

And then this month we're reading Theory of Moral Sentiments, not all of it, but maybe a hundred pages. That one's gonna be a little tough, but we'll see.

**Speakers... John Schnatter doesn't want our center to be political at all. I don't either, and so, starting out, we had this fear that people—UnKoch My Campus people or something are gonna come in and protest—so I brought in Jonathan Haidt. He's a law psychologist, he's very much on the Left, but he's kind of started thinking, you know, we need more diversity in the university, more diversity of ideas, he's a great speaker, he did a great job." So I brought him in.**

[9:08]

"I had a debate that I did jointly with the Institute for Humane Studies. Take advantage of these other groups, in terms of letting them help you put together programming. It's great. They've got a lot of connections that I don't have so it made it much more easy for me to organize, organize things." It's a really good way to set things up.

So we had Alex Nowrasteh and Mark Krikorian came and they debated immigration. It was pretty nice, pretty heated.

That was good, Then, if you're teaching a well-rounded capitalism class, something to that effect, there's a really good book out there by Dave Kendall. And, I met Dave, actually, my first year in grad school. This last year, we shared an office, but I hadn't seen him since then. So that was, like, 1978. And I gave a talk down at the University of Virginia College at Wise, which is a little [...] coal mining university, but it's part of the University of Virginia.

[10:03]

Anyways, I go down there. The guy that invited me said, 'oh, you'll have to meet my chair, Dave Kendall.' I said, 'I know a Dave Kendall...!' So he started talking to me, he said, 'I wrote this book called Morality and Capitalism.' It's a great undergraduate book. His first half, he talks about 'what is morality?,' goes through the golden rule, and all the philosophers and stuff, in a way that's very readable for undergraduates. And he comes up with this point: you do not compel unjustly. And that's morality.

And then he says, 'okay, now what are the systems, the economic systems that we have?' We've got socialism, capitalism, other systems...which one of these systems does not compel unjustly? It's pretty straightforward. So Dave Kendall, Morality and Capitalism, he said he would give the book to any group that wanted to publish it for free, he would give them the copyright, to anybody here who has that kind of money.

So, so I had him come in and give a talk. And he gave a pretty good talk. And this year I had Ben Powell come in and give a talk.

[11:00]

And then had Alex Tabarrok, and he gave a talk with one of our law school faculty members. You know, it's good to get other people involved, other schools involved. And they talked about intellectual property, it's pretty interesting.

Last talk is gonna be John Schnatter's gonna come in. And he was gonna be the talk, but now [inaudible] interview him, that's next week. So now I gotta figure out what I'm gonna ask him. But it's really good, have the big events. Free pizza afterward, for some reason. It works really well.

We do colloquiums, which are weekend Liberty Fund-type events, one or two a year, those are really nice. Again, it's fifteen to twenty students, you feed them, take them to a really nice restaurant, some student said 'this is the best food I've ever had.' Ya know, it has an impact, and they talk about it for a long time.

We bring people from universities around the metropolitan area, some with great successes. With students. Some come from Bellermine University, where my wife teaches, and she sent some students to my reading groups and some of the talks. They've gone on to Mason and other places and been very successful.

[12:05]

I've had other students go to other schools. So it's been very useful. Sending students to conferences, that's kinda nice. I'm not sure about [inaudible] but this one's been fun. My three students that are here have really enjoyed it. At least they did a lot of sessions yesterday, I think today they got up a little late, but...go figure.

I have, editorials are good because they do get people to realize, 'oh, there are some free market people at this university, it's not all left-wing stuff.' And, and there's a lot of people out there who are very unhappy with where we are today, and would like to hear some editorials to that point, to some extent.

Doing research on the local economy: we haven't started that yet. The center just started. But that will probably be coming down the road.

Doing strategic alliances with other places in the university and within the college of business is important. We have an entrepreneurship Ph.D program, we going to start working with them, trying to develop some programming with them that might work out.

[13:09]

Red tape is horrible. I don't know about your university, but **when I teach my Morality and Capitalism class, called 'Capitalism and Economic Freedom', in part of the agreement with BB&T we gotta give every junior a copy of Atlas Shrugged. Well, I kind of just give every student in my class a copy of Atlas Shrugged, I've done this for years.**

And so this year I had to order more books. They said, 'well, what are they for?' I said I'm gonna give them to students for the class. 'Oh, will you use that book in class?' Yes. 'You can't give it to them, it has to go against their financial aid.' And I said, 'really?' They said, 'well, here's what you can do. Have them find a book (eight dollars) and then give them a scholarship.'

Think of the bureaucrats! See? This is just keeping it equal, like bureaucrats in jobs. You know, eight dollars...it's going to take forty dollars per student to get that eight dollar scholarship...

[14:00]

So we've got these really crazy rules, and it's a federal financial aid thing. At least that's what they tell me at my university. I bet some of you can get away with those without any problem.

We also have our lawyers or our accounting people covering their you-know-whats and worry about, and make up all these rules and make it very difficult.

I'll put the same thing that he put, you need to hire well. So, when I got the center money, our, me, our advancement director for the college of business said, 'I really like what you're doing, I'd like to work for you.' I'm thinking, great. She knows all the ropes...and she's done a great job for the college of business, and she'll do a good job for the center. And she has.

And then I've been using our administrative assistant in the economics department. We got her, her position moved up so we're paying her more, and she's helping with the center. And so, the two of them, they know all the horrible rules and regulations and, you'll be, it's unbelievable, once you get into a position like this, how much bureaucracy there is.

[15:03]

When you're just a faculty member, you complain because you got to fill out a few travel forms. But when you, when you start wanting to do stuff, they say, 'well, you can't do this, you gotta do this, you gotta get this signed...' And I'm sure every university is that way, it's just in a different awful way. And so it just depends on what the awful bureaucrats that you already have. And of course, that's where all the growth has been in the university, right? It's not really administrators, it's, it's bureaucrats. And so they have to have a job, so they have to justify that by making rules so they can be [inaudible].

That's pretty much where we are. But, so I think we're supposed to do a discussion here somewhere, so...that's it.

# QUESTION AND ANSWER

[Full audio of the Q&A with Ruger, Wall, and Gohmann.](#)

[00:00]

RUGER: So, there's one other panelist on the program, Ryan Streeter, who is the director for the Center for Politics and Governance at UT-Austin. That center has been in existence for quite a while. It's a title we're not incredibly excited about. One thing that could maybe might be an opportunity for a donor.

Ryan's doing really good things. He couldn't make it. He had another obligation come up at the last minute, unfortunately.

But just to give you a quick sense, that project is about \$19 million dollars to hire eight new faculty members in six different academic departments. The idea being that the Center can be a certain kind of thought leader in three areas: what he calls 'the war on young,' by which he means entitlement reform, corporate welfare, and then innovation and technology, which works well in the Austin area. We think we can have an impact at the national level. We've only provided a small amount of seed funding against the nineteen million dollar total, it's a great fundraising opportunity and Ryan's a great guy so hopefully he'll be here next year. That's kind of what he's up to.

[1:03]

We wanted to save as much time as we could for questions and comments as well, so we can open it up.

Yeah, Ed?

"ED":

Yeah guys, thank you very much. Lots of food for thought. I'm curious about your practices and your strategy in being transparent with your operations. What types of documents do you make available, either pushing out directly to the public or just making them available to the public and also to other people on your campus.

PROF. STEVE GOHMANN, UNIVERSITY OF LOUISVILLE:

[Clarifying:] What documents would they want to see?

"ED": Yeah

GOHMANN:

I mean we, our agreement said that we would not put the agreement out in [inaudible] unless it was requested, but now it's online because one of the newspapers put it online, so, somebody asked me, I said 'well I can't give it to you, but here's a link.'

Cause they're gonna find it anyhow, they're gonna do a FOIA, that's not hard.

[1:55]

We had a FOIA before the agreement occurred because a copy of the preliminary agreement had gotten out, and it wasn't even near the final agreement, but since everything was a work in progress, you can't FOIA works in progress because it's not complete, so we didn't have an issue. I call people and say [inaudible]. I call people on the phone instead of emailing.

CHARLIE RUGER, CHARLES KOCH FOUNDATION:

Can I just...[...]

Transparency is one thing. The reason that groups like UnKoch My Campus are engaging this abuse of open records laws is not for the sake of transparency, it's for the sake of intimidation and bullying, and to, you know, put academic freedom at risk. So if you're a faculty member and you have an idea, this group's sole purpose is to ensure that you're not allowed to pursue that idea by shutting down.

And so we're all for the idea of transparency, we've got nothing to hide, you know, there's nothing untoward happening. All of our, all of our philanthropy is based on faculty governance, academic freedom and donor intent, and those things aren't in conflict.

[3:03]

But we do, we're not just going to, you know, every time a bully knocks on the door, we're not just gonna give them what they ask for. They're gonna have to go through this process and reveal themselves for what they are. You know, they're going to file lawsuits and drag professors into court, as a signal to the next professor who wants to do something innovative or entrepreneurial. 'If you do that, we'll sue you, and all of your emails will become public.'

Our position on that is, no, don't give them anything they ask for, til they, til they go through that process. It makes them look foolish that they file lawsuits, they hire attorneys, and then they get nothing. Any they're going to, over time, I think they're learn, this is an inappropriate use of open records laws. But we don't wanna just give them something for free. It's, what they're about is not transparency."

GOHMANN:

Well, perhaps if you drag 'em on longer and longer and make them spend more on attorney fees, it then becomes real expensive for them to get something like, like our agreement.

[4:01]

And, there was one reporter, was writing all this horrible stuff. ‘Oh, look at what happened at these campuses, blah, blah, blah.’ Before ours came out and then, so the day that we made the announcement, he came up to me and he said ‘Well, what are we going to do’ and I said ‘Well, we’re going to engage students in ideas, and we’re going to, our people in economics department, our department is going to make decisions on who to hire.’ And he goes, ‘Oh.’ And I never heard anything from him since.

HOWARD WALL:

Yeah and we’re a bit different, since we’re a private university. I think we have different rules, we don’t have FOIA problems. But even so, [...] a new university counsel came and he asked me for a copy of the contract, and I told him no. So I told him he had to get it from the president. If anyone wants it, it’s the president’s job to give it to them.

Even if someone gets it, it’s the most innocuous-looking document you can imagine, it’s mostly, you know, the decision making is...

[5:00]

It’s not the university’s money to spend as they wish. There’s a mission, and how to fulfill that mission is left up to the center. And so I think even if there were documents that they could find, they would be really unsatisfied with what they see.

“ED”:

At the same time, I think you said, Howard, that stuck with me you said, Howard, is that you record every event and you put it up. So anybody can sort of see what the product of the event is.

WALL:

Well, in fact, that one event that I said, where the guy mixed up the KKK and public schools...I was recording it, but someone recorded it on their phone. And the phone recording was supposed to be surreptitious. So that’s what was spread around the Internet, not the official one which I handed out. So it was as if they were, they were pretending that we were keeping secrets, and this was some secret video that they had.

GOHMANN:

We record all of our events, too and put it up. It’s great promotion.

[5:58]

And so, what’s amazed me, in the College of Business, there’s some faculty on the far Left and some are opposed, and some are just kind of okay. But they come up to me and, it’s a backhanded compliment, they say, ‘I’m surprised at how good your programmings have been.’ In other words, ‘I thought you were going to put on really horrible right-wing stuff.’ It’s like, ‘no. We’re engaging students in ideas.’

But, but they have been surprised because, I'm sure they were thinking about all this evil stuff we might do, and they realized, 'oh, we're just talking about ideas. We're talking about crony capitalism.' And, they're okay with that.

SAM STALEY, FLORIDA STATE UNIVERSITY:

On the transparency side, I like the idea of, it's important to keep the motives and [inaudible] transparent for, whatever, information.

What I've found helpful--I'm at Florida State--is that we [inaudible]. We have an annual report that lists all of our activities. And then we also have a little pie chart with our budget with that shows how much money.

[7:01]

And for most people for legitimate transparency focus, that's more than enough. The other thing we do is we make it very clear that in our institution, who's, who has the responsibility for the release of what information. So, I really have to work with this with my staff for a bunch of undergraduates, because they just always wanna answer questions. I say, no. There are certain people that can answer those questions. And that is another way to just make sure that there's not too much stuff going out the wrong place.

And so, anybody who wants to know anything about financing for us, goes to the dean's office. Even though I'm the director of the center. I say, 'you have to talk to the dean.' And I think both those two things deflect a lot of the really negative queries.

AUDIENCE MEMBER 2:

And I'll add to this, because it's, it is an ongoing conversation. We're with the [Koch Center for Leadership and Ethics at Emporia State University](#), and Charlie [Ruger] was there at our reception two years ago. [inaudible] more closely now.

[8:00]

And we were hit with a slew of FOIA requests. And my comment along with that is free advice is, make sure that your staff knows what they can and what they can't answer.

But have a really open communication line with your deans, and with your internal school administration. Because FOIA requests, by law, don't go, properly, to a dean. It's kind of received properly by law by a dean, or by a head of the school or the head of the center.

It's actually going inside of the general counsel's office, or to the president's office. If it's gonna be received by somebody else, it's unnerving. They already have a tender, kind of raw spot with your dean, perhaps. Because you brought a type of fire. And all of a sudden you've got this new

center, and you've got a little bit of funding, and they're getting FOIA requests. And potentially bad press, other things, and they're freaking out about it.

And we went through a spate, last, or pardon me, the fall of 2014. And the dean was just unnerved. There were other things too. That was part of it. So you have those open lines of communication.

[8:59]

A lot of time what we're doing is just touching the folks that really deal with it, and forgetting about those that don't, but they're affected. So take a few minutes to talk with them about it, even explain the process, explain the approach. Like Charlie [Ruger] said, it's not an issue of transparency, it's an issue of being bullied.

Your colleagues, your other faculty members, say, 'I don't want to have anything to do with you, so then you can have access to all my emails.' That's not the case. Work closely with your general counsel. Have good presence, like Dr. Wall has [inaudible statement]. But if you have good communication with your executive administration, and that's pipelined through your deans and your school administration, you're in a lot better shape. Cause you'll get that. And then you just have to politely and firmly deal with it. And for the most part, my experience is also that they respond to it very well.

Our first real hit was from a student. So it wasn't from outside the campus. How delicate do you have to deal with that?

[10:00]

When what you're trying to do is establish camaraderie with your student body?

SAM STALEY, FLORIDA STATE UNIVERSITY:

It's important to recognize that this whole issue that now we've got a lot of focus on the Koch queries, the reality is we have always had people that are going after us for our funding stuff. Most of the questions, the people that are questioning what I'm doing are not really [inaudible]. So we have this flare up with Koch funding, which actually many of you got tied to, but we always had people who would question, 'who are the funds coming from?' That's when I say: DeVoe Moore Center. There, if you want to know, go talk to DeVoe Moore, the name of it.

It's always gonna be there, so these are just good policies to have in place. And not be reactive, but be very proactive. And also be sincere and open with what you're trying to do.

RUGER:

I would actually pitch the Charles Koch Foundation for a resource too. There are a couple of us in the room... [inaudible name] is in the back, Adam Kissel is here, Steve Sweet [points out CKF staff in the room]. Whoever you know, even if we're not funding the center that you're driving.

[11:00]

YOU know, so I think you're right about engaging your general counsel, but they're not really your lawyer, ultimately. They're the university's lawyer. So, if they want to just fulfil a FOIA request and not think about it anymore, they might just, you know, get the IT department to pull your emails, get permission, just to fulfill the request, and then all of a sudden, all these emails get out or something.

If you work with us, you know, Adam, who's a former vice president at the Foundation for Individual Rights in Education, knows everything about academic freedom. Our lawyers are getting really good at understanding various state-based open records statutes. And we can help you through this, it's not anything that you should feel intimidated or alone about. It's something we do all the time.

GOHMANN:

They have to be very specific too. So they can get all your emails through friends and stuff, they got to get specific to what they're looking for.

[inaudible section]. She's kept stuff out a long time, so apparently it's easy to do.

[11:58]

WALL:

And I'd like to echo, so, Charlie said about using their lawyers. We haven't had to. It's mostly inside the university where you get some resistance from administrators getting up power to decide how money is spent, and they say 'oh, you have to do this.' And then I've used the phrase, '**are you sure that the Koch foundation's lawyers will read that the same way you are?**' And then they figure well they must have pretty good lawyers. And then [inaudible].  
[snickering]

RUGER:

Ideally, ideally we don't want to go around invoking our grant agreements and saying, 'hey, you're not following section two, paragraph three, or whatever. That's not really...we want this to be a relationship-driven partnership. But yeah, I mean, universities try to do all kinds of things that violate donor intent. And it happens because of a name change, and all kinds of stuff.

WALL:

I mean, it's never the leadership. The leadership understands all that. It's the person that actually holds the daily power.

GOHMANN:

Yeah, it's a bureaucracy. For example, we, our first event was Jonathan Haidt, and we had a nice dinner and alcohol and all this stuff.

[13:00]

And then, about two months in, the program said to me, 'well you need get permission from all the donors whether or not you can serve alcohol.' So I called Charlie up. [...] He sent me a letter. I knew they wouldn't care.

And then I went up, I said, 'You know, I got one from the Koch foundation.'

He said, 'You need one from the Schnatter foundation too.'

I said, 'Look. You wanna call John Schnatter and ask him if we can serve alcohol, after he drank alcohol at one of our events, you can ask him that. Or you can just ask him to go pull his money, because I'm not doing that. I mean, that's just an insult to an adult to say, 'Can we do this, can we do this, can we do this?' And for some bureaucrat to check off a box, cover her butt--and it's not an administrative thing for somebody to cover their butt.'

And they said anybody [who] puts money into that fund has to okay it. So I've put money in there and they haven't okay'ed it yet, I'm a little miffed about that too. It's people drinking alcohol.

FSU AFFILIATE:

I have a question for you guys. It's something that, so I came from [inaudible], out of the private think tank world to Florida State.'

[13:57]

One of the things that's interesting to me is, coming from the think tank world, donor intent is really important. Alright, so we were always interacting [inaudible] to ensure transparency in what we were doing, and make sure the funding was actually going where it was supposed to.

I've found that the bureaucracy at the university is not that focused on donor intent. In fact, I'm kind of... [Wall chimes in]

WALL:

Oh, they're focused on it. [laughter]

FSU AFFILIATE:

I'm curious to what your experience has been because part of what I'm doing at Florida State is, in fact, redirecting funds back to what the original donor intent [...]. [inaudible] in the university was just very insensitive to.

And this is not just our particular case, but if we got endowed chairs. We have [trails of], it's just [Wall chimes in]

WALL:

Well, first thing I'd like to say is most of the problems that we have faced is because of Florida State's problems from a few years back.

Florida State's problems [inaudible].

[14:56]

But, as things, I think as Charlie, as things have evolved, it's really become that the donor intent is vested in the director of the institute that is getting the funding.

So the university doesn't have to pay any attention to donor intent, because it's not their job to maintain it, all the decision making power is with the institute or the center, and then that's it. And then, if there's a problem, if the director's not doing it, then the Foundation gets to review it regularly. But then that takes it all away, you don't have to ask permission or justify yourself at all, because that's all the way it's all written in.

They're not telling us what to do, on a daily basis, it's just the broad mission, it's being fulfilled, and it works fine. And so you have academic freedom on both sides. You're not being pressured by the university, and also not from the donors, but you're still within some parameters of donor intent.

[15:56]

GOHMANN:

This is why it's a five year agreement instead of an endowment. If it's an endowment, as soon as we leave as the directors, the university... 'oh, we got ten million dollars, let's go spend it on, on political science or something else...sociology,' and so, but if the money's just coming in annually, either get's spent the way it's supposed to be spent or it doesn't come in.

And so, that, from my perspective, I love having endowment and all this money. But you know what? I've got all this money, and I can do what I want with it. So it's fine. And it works really well. I haven't had anybody tell me what to do, haven't had anybody say no to anything I've wanted to do. We had to go through the hiring process like we had to go through the hiring process. There's nobody getting in the way with it.

WALL:

It's like Charlie [Ruger] said. The idea is to not litigate the university and the foundation, it's to set up the incentives so none of that ever happens. And, well, my brief experience with it is that it'll be fine, you just kind of have to rough out the edges.

[17:01]

AUDIENCE MEMBER::

So, with resources being fungible, how do you work to ensure that the money that goes to pay, so the money that comes from the Koch foundation to pay for a couple of economics lines doesn't end up turning into money to go to pay for a couple of other positions in anthropology and sociology? So where the university says, 'oh look, the Koch foundation is now paying for a couple of these lines for the short run, or the donors are paying for these lines, for some kind of endowment or something like that...that frees up resources now that can go to pay for, you know, sociology.

WALL:

It should in some sense. [hesitation from person asking question] If you were going to, if you had to expand in both departments and then you get outside funding, and now you're hiring an economist or two, then the university does hire the anthropologist. But it could have been that you don't get the economist. So it does free up spending, what maybe the university was going to do or what it would like to do.

[17:59]

But maybe they were planning...we were gonna fill these positions and before they say we're gonna have these positions you get outside funding. And then they say, they don't announce it. So these are the new ones. But I don't think there's a way to get around that.

GOHMANN:

Yeah. Money is fungible.

AUDIENCE MEMBER:

I have to suggest too...we've encountered this the past couple years. If you're going to start up a new center, and you are going to direct it, you have to, I think, just come to grips with the fact that you are the gatekeeper on behalf of the donors.

There is a conflict of interest between, and hopefully it's one that's reconcilable, but hopefully on that's between the donors and the bureaucracy that presides within the administration. They have a preconception about how to do things that comes from a state, public preconception.

They have an idea of how to handle donor dollars because of things like endowments, and so forth. And as the director you have to have the wherewithal to say, 'no. And I'm the gatekeeper.' And not do it in a rude way. You have to constantly preserve those relationships and build those bridges, and you got to take months too.

[19:02]

And you've got to do it in such a way that you're looking at the long term livelihood even after you're gone. You know, you've got to have this idea of succession planning in place, and protect those funding dollars and so forth.

And naturally, take them. And it's not malicious. But they've got different needs, right. [Inaudible] access to funding. So can we cross breed that into something else that we might need.

WALL:

Well, what we found is that, because we received the Koch funding, is that this is drawing interest from other sources of funding. 'So it's, look, it's not just this you're putting at risk, but all this other...so we're there. We're doing our stuff. If you monkey around with that, you don't just lose this, you lose all these other things.'

And that's why we're, and we're perfectly happy to draw their money to other parts of the university. That actually is maybe better than drawing it to ourselves.

RUGER:

Ed.

"ED":

I wonder if the panel or anybody else in the room could talk about, Steve [Gohmann], you mentioned you set up an advisory board.

[20:01]

I think that one thing about the advisory board is it could be the source of advocacy for the mission or activities in pursuing to that mission. It could also go the way of, you know, as you were talking about with endowment, it could go the way of being, the membership being, sort of, strategically selected, and the advisory and advocacy roles, you know, going towards the oversight and enforcement roles, and, you know, really having a governing structure that instead of supporting the center is limiting it. I wonder if anybody, you guys, or anybody [inaudible].

GOHMANN:

Let me speak to that. Since I'm getting a new dean, I've decided I'd better have an advisory board in place before I have a new dean who says, 'hey I'm going to put together an advisory board, here's what we're going to do.' And so I put Ben Powell on, and Scott Beaulier. So, they're probably in my core in that thing [reference to Peter Boettke's concentric circles presentation, the previous day]

[21:00]

And then, the president of the Kentucky regional BB&T, let me see, they endowed my chair, so that's probably [inaudible]. I'm gonna put another business person on, I don't know who it is yet. And then it'll be the dean, and me.

And really the advisory board, all they're gonna do is look at the annual report and say, 'yeah, it looks good.' And they'll adjudicate if there's an issue about direction that I think that I need to have somebody adjudicate. And say, 'look, my advisory board called me, hey, this is what we're

gonna be doing, here's what the [inaudible] says. So it's really just a protection thing for me, and it's not anything where they have to do any work, unless something comes up. But even then, it's probably not gonna be that much work.

You just want to have some people that are in your court because, and you want to set it up. Don't, don't let somebody tell you to set it up, because if somebody tells you to set it up then it's their choice of who's on the board, not yours. And that's, you don't want to be there.

WALL:

Well, I'm very fortunate. We were established a few years ago by John Hammond, who's on the board of directors, the treasurer on the board of directors.

[22:02]

He's still around. His agreement with the university is that he's on the advisory board and he picks the other two members. And then, after he passes away, his son is on the advisory board and picks the two members. So, we're good for a little while, I suppose.

But it is important, I think, just to have that. I mean, we have the Treasurer of the Board of Directors so, and the Board of Directors basically owns the university. So we're in better shape than [inaudible].

AUDIENCE MEMBER:

So, in my experience is very idiosyncratic. So, much like Steve said, it's about protecting yourself. So, I got wind that there was a possibility that my center was going end up having a board, unbeknownst to me. So I decided to act quickly and decided to put together my own advisory board whose sole mission was to prevent mission drift.

So you were on it. ["Right."] And one of the things, you know...Ben Powell's on yours, he's on mine.

[23:00]

Of course, he emails, he goes, '...how much work do I have to do?'

I'm like, '*none*.' It's just whenever something weird comes up, I just want to vet it through all of you, get the consensus of, 'that's crazy.' And then feed that back up, going, 'uh, the experts have spoken, we probably can't do that.'

Then I got a person who is on our business board, on my board as well, who's a big fan of the center who's basically was in the corner. But it was, essentially, 'look, we've got to protect what we're doing, and I'm need to pack as many resources around us.' Especially if I can bring in scholars from afar who can give that, sort of, third party objectivity, that would sort of push back against any sort of capture.

RUGER:

I think, on the board [of directors] thing, at least in our recent experience, it's sort of widely understood that the mission of faculty governance is, like, too old to achieve [inaudible]. The way we look at it is much more academic freedom-oriented. We're not asking universities to change their processes in any fundamental way, at all.

[24:02]

We want everything to happen the way it's always happened. Protecting the academic freedom of the center director, him- or herself, is so important. And their academic freedom matters to university.

AUDIENCE MEMBER:

Do any of the center boards in the room have members of the university administration on them?

[GOHMANN: Our dean.]

Just the dean?

AUDIENCE MEMBER 2:

We have a dean and two faculty. And they're closely aligned with our mission.

AUDIENCE MEMBER 3:

We have the president on ours. Well, technically kind of an ex officio. And wasn't necessary, actually. We'd done [*sic*] the same reason. Our advisory board is kind of a prophylactic if you will. Our first year was rough. And we had that in place, and the president at the time, [*reference to a university president by name*], knew that we did, and was able to then say, 'why aren't they meeting?' In order to kick your internal administrative problem. And that really came into good play for us. Because of that, the president came, kind of an ex officio on the board.

[25:00]

And that's been helpful. We have a new president now and she's very supportive of the center, so...

RUGER:

We have about two minutes left, any other questions, comments...?

HIGHSCHOOL TEACHER:

I'm coming from a slightly different perspective. So, I'm a highschool teacher. And when Scott [Beaulier] recently tried to open up the center at Arizona State University, I was all on board. And now he's off doing something else, and I don't know if [inaudible]. I know a few other people are still trying to get stuff put together, and for me as a K-12 educator, it's actually very exciting to see this kind of stuff going on in a local university. So that, now, okay, Arizona State

University, I'm not ashamed to tell my students to go study there anymore. [laughter] For different reasons, for different reasons.

[25:55]

But I'm wondering, those of you who are, you know, administrators for these organizations, are you tapping into your K-12 resources that are nearby? And from, I guess, kind of an overarching perspective, how could tying in these centers with much more broad reach in K-12 education, how can that kind of enhance your positions?

WALL:

I have an answer. You should speak to [Tawni](#) [Ferrarini], who's sitting right there. [back and forth]

TAWNIE FERRARINI:

So we're like implementing Common Sense Economics in our own education department for the teachers to learn but then also hosting teacher training, and then also getting into...Ferguson [inaudible] school district as part of the Ferguson Partnership. So yeah, you can do all kinds of stuff.

HIGHSCHOOL TEACHER:

That's the kind of stuff we, we would want.

[26:55]

UNIVERSITY OF ARIZONA FREEDOM CENTER AFFILIATE:

At the Freedom Center at the University of Arizona, we are working currently on a course it's called 'Ethics, Economy and Inertia,' and that course is a college-level course but it is assigned with the high school students in mind.

So it can be offered at the high schools for full enrollment. So the kids can take the course. And they have teachers, they are the discussion leaders of the sections in each high school. And it's a very nice narrative. It's a narrative that includes economic concepts and explores ethics and entrepreneurship.

If you are interested in learning more, let me know. We are recruiting teachers. We have a dedicated training for the summer, all the materials, and so on.

RUGER:

Thank you. I think we should wrap things up. Thanks so much for coming. I know Steve and I have to run upstairs but Adam—if you want to raise your hand—he's our senior program officer at the Charles Koch Foundation.

[28:00]

So if you'd like to follow up with him, if you have this other idea, or if you just want to run something past him. He's here, use him as a resource, please.

Thank you.

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