

University Senate
2016-17 Academic Year

Monday, October 10, 2016

1. Minutes from September 12, 2016 and Announcements
2. Officer and Other Reports
 - a. Chair
 - b. Vice Chair
 - c. Parliamentarian
 - d. Trustee
3. Old Business
 - a. Committee Reports
 - i. Senate's Admissions and Academic Standards Committee (SAASC) – Scott Yost, Chair
 1. Proposed Changes to *Senate Rules 4.2.2.1* ("Admission to College of Nursing")
 2. Proposed Changes to *Senate Rules 4.2.3.3* ("College of Medicine")
 - b. Proposed Changes to *Administrative Regulations 2:10* ("Voluntary Series Faculty")
 - c. Candidates for Degrees
 - i. Honorary Degree Nominee for December 2016 - Interim Graduate School Dean Brian Jackson
4. Committee Reports
 - a. Senate's Academic Organization and Structure Committee (SAOSC) – Ernie Bailey, Chair
 - i. Proposed New John. H. Schnatter Institute for the Study of Free Enterprise
 - ii. Proposed Name Change of Department of Anatomy and Neurobiology to the Department of Neuroscience
 - b. Senate's Rules and Elections Committee (SREC) – Joan Mazur, Co-Chair
 - i. Proposed Changes to *Senate Rules 3.1.2* ("Blocks of Numbers for Certain Courses")
 - c. Senate's Admissions and Academic Standards Committee (SAASC) – Scott Yost, Chair
 - i. Review of *Senate Rules 3.1.0* ("Course Numbering System") and *Senate Rules 3.1.1* ("Exceptions")
5. Academic Ombud Report for 2015-16 – Ombud Michael Healy
6. Items from the Floor (Time Permitting)

Next meeting: Monday, November 14, 2016 (3 pm, W. T. Young Library Auditorium)



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February 26, 2016

TO: Andrew Hippisley, Chair, University Senate

FROM: 

Patricia B. Howard, Exec Vice Dean, Academic Affairs
Darlene Welsh, Assistant Dean, BSN program

RE: Change to Senate Rule 4.2.2.1

The College of Nursing requests a change to Senate Rule 4.2.2.1 to move application deadline for applicants to the RN-BSN option.

Fall admission: The current deadline of March 1 is too early for RN-BSN applicants. This student population is more likely to apply to a program closer to the beginning of the semester. A deadline of May 1 would allow adequate time for applications to be reviewed by the Admission and Progression Committee before the summer and allow sufficient time for applicants to provide the necessary immunization records before enrollment.

Spring admission: The current deadline of December 1 is too late for review by Admission and Progression and does not allow sufficient time for applicants to provide the necessary immunization records before enrollment. The spring due date would change to October 15 to allow additional time for completion of admission requirements.

Attached is a copy of the Senate Rule with tracking to show the requested changes. This is found at the bottom of page 3 of the document.

4.2.2.1 Admission to College of Nursing [US: 4/12/82; US: 3/10/86; US: 10/14/91; US: 2/13/95; US 4/10/2000]

The College of Nursing (CON) enrollment will be composed of four-year students, associate degree nursing graduates and diploma nursing school graduates. Admission to the University does not guarantee admission to the College of Nursing. Preference will be given to Kentucky residents.

Applicants must be in a state of good health enabling them to carry out the functions of the professional nurse. Routinely, each student will be required to obtain a rubella and rubeola titers, and have an annual tuberculin test or chest x-ray.

Progression to upper division courses is regulated so that the total number of full time equivalents at the beginning of the junior year does not exceed 120. Admission criteria for four types of students are presented below:

A. Criteria for Admission to the 4-year BSN Program Include: [US 4/13/98; US 4/10/06; US 2/8/2010]

1. Freshman Student

Students will be admitted as freshman to a prenursing curriculum based on the following criteria:

- (a) high school grade point average of 2.75 or above on a 4.0 scale
- (b) meeting criteria for selective admission to the University of Kentucky as established by Rule 4.2.1.1

The College of Nursing guarantees admission into the nursing curriculum to incoming freshmen who have a 28 ACT composite score (or the corresponding SAT score) and a 3.50 high school GPA, and who maintain a 3.25 cumulative GPA, both overall and in their science courses, each semester in their first year at the University.

2. Selection for admission to the nursing curriculum will occur at the sophomore level for all students based on the following criteria:

- (a) a minimum cumulative grade point average of 2.75;
- (b) a minimum cumulative grade point average of 2.75 in science courses;
- (c) a grade of "C" or better in all required prenursing courses;
- (d) completion of an approved Medicaid Nurse Aid training program;
- (e) for applicants whose first or primary language is not English, a minimum TOEFL score of 90, with minimum scores of 26 in speaking, 22 in listening, 20 in writing, and 22 in reading.

In addition, any or all of the following information may be evaluated as part of the admission application:

- (f) a writing exercise based on criteria established by the CON;

(g) two letters of reference from individuals who can assess potential for success (e.g. teacher, employer);

(h) an interview with members of the Admissions and Progression Committee, or their designees.

B. Criteria for Admission to the 4-year BSN Program for Transfer Students Include:
[US: 4/13/98; US 4/10/2000; US 4/10/2006]

1. for transfer students with less than 24 hours of college credit, meeting the criteria for entering freshman and a minimum grade point average of 2.75 on all college work attempted as computed by the Office of Admissions;
2. for transfer students with more than 24 hours of college credit, maintaining a minimum cumulative grade point average of 2.75 on all college work attempted, and a minimum cumulative grade point average of 2.75 in science courses, as computed by the Office of Admissions;
3. for applicants whose first or primary language is not English, a minimum TOEFL score of 90, with minimum scores of 26 in speaking, 22 in listening, 20 in writing, and 22 in reading;
4. grades of "C" or better in all courses required for CON curriculum;

In addition, any or all of the following may be requested as part of the application:

5. a writing exercise based on criteria established by the CON;
6. two letters of reference from individuals who can assess potential for success (e.g., teacher, employer, etc.); and
7. completion of an approved Medicaid Nurse Aid training program;
8. an interview with members of the Admission and Progression Committee or their designee.

C. Students will be eligible to apply for readmission the College of Nursing after suspension from the College when they meet criteria as stated in Section B 1 and 2 of this policy.

D. A student who is a registered nurse will be considered for admission to upper division courses in the nursing program based on the following criteria:

1. **For Associate Degree Nurses.** The registered nurse with an associate degree in nursing from a college accredited by one of the six regional academic accrediting associations will be considered for admission with a minimum GPA of 2.5 on a scale of 4.0 in all course work attempted as computed by the Office of Admissions. NOTE: RN licensure is required prior to beginning clinical experiences.

2. For Diploma Prepared Nurses. The registered nurse who is a graduate of a diploma program will be considered for admission after earning a minimum of 60 credits from a regionally accredited college with a 2.5 minimum GPA which include:

- English - 6 semester credits
- Natural Sciences – 6 semester credits
- Social Sciences – 6 semester credits
- Humanities – 6 semester credits
- Nursing* - 28 semester credits

*Nursing credits may be earned from regionally accredited colleges by taking the courses or by submission of a portfolio of RN licensure and experience to the RN-BSN Option Coordinator.

3. For Registered Nurses [US: 3/18/2013]. Registered nurses who received their nursing education abroad and are licensed to practice in the state of Kentucky will be considered for admission after earning or transferring in a minimum of 60 college credits with a 2.5 minimum GPA. These courses should include:

- English - 6 semester credits
- Natural Sciences – 6 semester credits
- Social Sciences – 6 semester credits
- Humanities – 6 semester credits
- Nursing* - 28 semester credits

NOTE: Nursing credits may be earned from regionally accredited colleges by taking the courses or by submission of a portfolio of RN licensure and experience to the RN-BSN Option Coordinator.

All nursing courses taken in associate degree or diploma programs are considered lower-division courses and are not equivalent to upper-division courses in this program. The applicant must have at least a GPA of 2.5 on a scale of 4.0 in all college course work attempted as computed by the Office of Admissions.

4. a statement of academic and professional goals;
5. a letter of reference from a supervisor.

The ~~preferred~~ application deadline is March-May 1 for the fall semester; ~~however, applicants will be considered on a space available basis until August 1 for the fall semester.~~ For spring semester, applications must ~~and be received by December 1~~ October 15 for spring semester.
[SC: 4/24/95; US 4/10/2000; SC: 10/30/06; US: 5/4/2009]

**University of Kentucky College of Medicine
2015 Program Change RE: Prerequisites for Admission**

Summary

In lieu of a program change form (which is not available for professional programs or required by University Senate rules), this cover letter serves as an overview and summary of proposed changes. In an effort to better prepare students for our M.D. program, the College of Medicine (COM) proposes to revise the M.D. program prerequisites for admission. As such, the COM proposes a change to Senate Rule 4.2.3.3, and new language for the University Bulletin, both related to admission to the College of Medicine.

Rationale

Nationally, medical education is under a period of substantial changes. The requirements for medical school entry and graduation have been revised and continue to undergo refinement of the standards. Colleges of medicine need flexibility in their admission requirements in order to optimize their medical education. As such, it does not seem appropriate to have detailed requirements in the Senate Rules, but rather reserve the specifics for the University Bulletin. The COM requests a change in the Senate Rule 4.2.3.3, paralleling the language approved by the University Senate in 2013 for the College of Pharmacy prerequisites for admission.

Current Senate Rule 4.2.3.3

Applicants for admission to the College of Medicine, in addition to meeting general University requirements, must meet the requirements of the College of Medicine and be accepted by the Medical Colleges Admissions Committee. Applicants normally will be required to have taken the MCAT and to have completed a liberal arts degree program in an accredited college of arts and sciences. However, consideration may be given to applicants who have completed only two or three years of college if their academic background and other credentials demonstrate superior ability. Applicants must be prepared with the following minimal requirements or their equivalent: two semesters of physics which includes laboratory work; two full-year courses in chemistry with laboratory, including organic chemistry; two semesters of biology with laboratory; and one year of English with emphasis on communicative skills.

Proposed Senate Rule 4.2.3.3 (tracked changes version)

Applicants for admission to the College of Medicine M.D. program, in addition to meeting general University requirements, must meet the requirements of the College of Medicine and be accepted by the ~~Medical Colleges~~College of Medicine Admissions Committee. Applicants normally will be required to have taken the MCAT and to have completed a liberal arts degree program in an accredited college of arts and sciences. However, consideration may be given to applicants who have completed only two or three years of college if their academic background and other credentials demonstrate superior ability. ~~Applicants must be prepared with the following minimal requirements or their equivalent: two semesters of physics which includes laboratory work; two full-year courses in chemistry with laboratory, including organic chemistry; two semesters of biology with laboratory; and one year of English with emphasis on communicative skills.~~ The required pre-medicine coursework

shall be listed the University Bulletin. Consideration for admission will be based on a holistic review of the applicant's previous academic record, potential for academic achievement, standardized admission test scores, assessment of communication skills, contribution to diversity, integrity, commitment, motivation, character, maturity and emotional stability.

Proposed Senate Rule 4.2.3.3 (clean version)

Applicants for admission to the College of Medicine M.D. program, in addition to meeting general University requirements, must meet the requirements of the College of Medicine and be accepted by the College of Medicine Admissions Committee. Applicants normally will be required to have taken the MCAT and to have completed a liberal arts degree program in an accredited college of arts and sciences. However, consideration may be given to applicants who have completed only two or three years of college if their academic background and other credentials demonstrate superior ability. The required pre-medicine coursework shall be listed the University Bulletin. Consideration for admission will be based on a holistic review of the applicant's previous academic record, potential for academic achievement, standardized admission test scores, assessment of communication skills, contribution to diversity, integrity, commitment, motivation, character, maturity and emotional stability.

If the change in Senate Rules is approved, the COM would propose new language for the University Bulletin to alter the existing admission requirements for students matriculating for the 2017-2018 academic year. This consists of two changes. First, the addition of biochemistry as a requirement within the chemistry courses and, second, a designation of semesters for the English requirement, so that language is consistent. An overview of the current and proposed prerequisites for admission to the M.D. program is provided below.

Current University Bulletin College of Medicine

"ACADEMIC PREPARATION FOR THE STUDY OF MEDICINE"

Medical science and practice involve complex relationships between physical, biological, psychological, cultural, and environmental aspects of human behavior. In the preparation for medical school, fundamental undergraduate college training in biology, chemistry, physics and English is essential. Minimal requirements are satisfied with the equivalent of two semesters of studies in physics; two semesters in the biological sciences; four semesters in chemistry, including organic chemistry; and at least one year of English with emphasis on communication skills such as reading, writing, and speaking.

Proposed University Bulletin College of Medicine

"ACADEMIC PREPARATION FOR THE STUDY OF MEDICINE" (tracked changes)

Medical science and practice involve complex relationships between physical, biological, psychological, cultural, and environmental aspects of human behavior. In the preparation for medical school, fundamental undergraduate college training in biology, chemistry, physics and English is essential. Minimal requirements are satisfied with the equivalent of two semesters of studies in physics; two semesters in the biological sciences; four semesters in chemistry, including organic chemistry and biochemistry; and at least ~~one year~~ two semesters of English with emphasis on communication skills such as reading, writing, and speaking.

Proposed University Bulletin College of Medicine

“ACADEMIC PREPARATION FOR THE STUDY OF MEDICINE” (clean copy)

Medical science and practice involve complex relationships between physical, biological, psychological, cultural, and environmental aspects of human behavior. In the preparation for medical school, fundamental undergraduate college training in biology, chemistry, physics and English is essential. Minimal requirements are satisfied with the equivalent of two semesters of studies in physics; two semesters in the biological sciences; four semesters in chemistry, including organic chemistry and biochemistry; and at least two semesters of English with emphasis on communication skills such as reading, writing, and speaking.

Appendix: National Changes in Medical Education

For medical schools, the requirements for entry, the content being taught and the expectations of graduate skills have all had new standards established over the last five years. In his March 2012 address, Association of American Medical Colleges (AAMC) President and CEO Dr. Darrell Kirch described the need for a different kind of physician to appropriately respond to important shifts under way in health care. That same year, the AAMC announced the most significant changes to the Medical Colleges Admission Test (MCAT) in decades. Content would now require students to have a more advanced knowledge in the fields of biochemistry, sociology and psychology. The new MCAT released this year (2015) still contains two natural science sections, but a much larger focus of each (25% of biological/biochemical section and 25% of chemical/physical section) is biochemistry. Organic chemistry contributes a mere 15% of the chemical/physical section of the exam.

In terms of medical school graduation standards, in 2013, the AAMC published the Physician Competency Reference Set (PCRS), which established a common list of learner expectations in medical education. In 2014, the AAMC published the Core Entrustable Activities for Entering Residency (CEPAER), which defined the core skills all medical students should be able to perform before graduating medical school. In addition, the Liaison Committee for Medical Education (LCME) restructured all standards for medical school accreditation beginning in 2015. These new standards expanded the list of skills that must be taught by medical schools to include interprofessional education and self-directed learning. These considerable changes in the process and outcomes of medical education remain in a state of flux. Medical schools across the United States are experimenting with curricular changes to redesign the current medical education model to meet these new requirements. As new educational standards are developed, the medical education program of today will undoubtedly become obsolete in the upcoming years.

Rationale for change in the AR relevant to Voluntary Faculty Appointments

The AR addressing the appointment of Voluntary Faculty was revised in 2008 and the health professions colleges would like to propose a new revision. The reason for this is that the process described creates a substantial burden on these colleges, requiring as it does, votes of the entire faculty on each appointment. Looking at the University as a whole, we have found that there are only four Voluntary Faculty members outside the health professions colleges. The process in place would appear to meet the needs of the other colleges, given the infrequency of its application. In the health professions colleges, by contrast, there are over two thousand Voluntary Faculty Members and new ones are being continuously added to the roster. The reasons for this are several.

First, many clinical experiences for health professions students must occur away from the academic health center, because there are simply too many students to be accommodated within our health care system

Second, beyond the capacity matter, there are sound pedagogical reasons for students to experience clinical environments other than our own and there is a long tradition in health professions education that embraces community experiences as an essential element in the creation of a professional. Our Area Health Education Center Program exists primarily to facilitate this process.

Third, for many health professions, including medicine, pharmacy and dentistry, accreditation requirements mandate that individuals providing clinical teaching in required courses have faculty appointments at the institutions at which the students matriculate. Given the number of students involved, this translates into a need for a great many Voluntary Faculty members.

Fourth, Voluntary Faculty members are volunteers and the amount of time any one of them is able and willing to provide varies from year to year. It is essential, therefore, that the University has access to a great number of potential clinical sites and volunteers to meet the demand and to cope with the frequent loss of clinical sites due to the changing clinical environments Voluntary Faculty members face.

Finally, many of our health professions colleges and programs are growing enrollments to meet the increasing demand for providers. This means that additional Voluntary Faculty members will be needed for the foreseeable future and, hence, that appointing them expeditiously will be increasingly critical to the success of our clinical training efforts.

For these and other reasons, the health professions colleges ask that the Senate consider approving an alternative procedure for appointing Voluntary Faculty, one which acknowledges and protects the faculty prerogative of review and approval of appointments, but which allows the faculty to delegate such review and approval to colleagues, should the faculty prefer such an arrangement. Such a decision, if taken by the faculty, would remove the requirement of a vote of the entire educational unit faculty, every time an appointment is made, a requirement that, currently is universal. Our proposal maintains the current method with only slight modifications for the purpose of clarity, so that programs and colleges whose faculties prefer to use it are free to do so.



Voluntary Series Faculty

Index Major Topics

Entities Affected

Definition - Voluntary Faculty

Procedures

- Procedures Using a Voluntary Faculty Evaluation Committee
- Procedures Not Using a Voluntary Faculty Evaluation Committee

Criteria for Academic Ranks

I. Introduction

This regulation describes the criteria and procedures for the appointment, reappointment, and promotion for faculty appointed to positions the voluntary series.

II. Entities Affected

This regulation is applicable to educational units that appoint voluntary faculty and individuals appointed to a voluntary faculty position.

III. Definition – Voluntary Faculty

Voluntary faculty employees have an official faculty appointment and devote part of their time to a program in an educational unit, but receive no salary or benefits. Such faculty employees usually are self-employed or hold full-time or part-time positions with other institutions and agencies. ~~The procedures for appointment, reappointment and promotion of voluntary faculty at the various academic ranks generally parallel those for the tenure-eligible title series, except for those procedures prescribed below, and that outside letters of evaluation, faculty letters of evaluation and reference to an Area Committee are not required for appointments, reappointments, and promotions.~~

IV. Procedures

The procedures for appointment, reappointment, and promotion of voluntary faculty at the various academic ranks generally parallel those for the tenure-eligible title series, except for those procedures prescribed below. Outside letters of evaluation, faculty letters of evaluation, and reference to an Area Committee are not required for appointments, reappointments, and promotions.

A. Procedures if Using a Voluntary Faculty Evaluation Committee

1. An educational unit may choose, by vote of the unit faculty, to delegate the evaluation of Voluntary Faculty Appointments, Reappointments and Promotions to a committee called The Voluntary Faculty Evaluation Committee and charged with this responsibility. The educational unit administrator or designee shall put before the unit faculty such a proposal at the beginning of an academic year. If a majority of the voting faculty approves the proposal, the Voluntary Faculty Evaluation Committee shall be elected by secret ballot, in accordance with the unit's rules.

2A. An educational unit administrator or designee willshall bring the name, C.V., and completed Voluntary Faculty Application form of a candidate for a potential voluntary faculty positionemployee to a regularly scheduled meeting of the unit faculty or, upon delegation by the unit faculty, a meeting of the faculty of a division within the educational unitto the Voluntary Faculty Evaluation Committee for review. The educational unit administrator or designee shallwill propose a suitable rank for the individual under consideration. The Voluntary Faculty Evaluation Committee faculty willshall evaluatediscuss the individual's background and credentials, and shallwill vote on the candidate's suitability for the appointment at a specific rank.

3B. Based on the determination of the Voluntary Faculty Evaluation Committee that the applicant should be appointed, the educational unit administrator or designee shall notify the Dean and request, in writing, that the individual be appointed to the Voluntary Faculty position at the specified rank. If three quarters majority of the educational unit faculty support the appointment, the educational unit administrator willnotify the dean.

4C. Upon receipt of the recommendation, the dean maywill appoint, by letter, the individual toas thea Voluntary Faculty position, and forward the appropriate documents to the Provost for action by the Board of Trusteesemployee.

5. All Voluntary Faculty employees are reappointed at the same time, on a regularly scheduled five-year cycle. Initial appointments thus lead to reappointment at the first of these regularly scheduled five-year cycles. The reappointments shall be reviewed by the Voluntary Faculty Evaluation Committee. Candidates are approved for reappointment when a majority of the Voluntary Faculty Evaluation Committee vote to reappoint. For those approved for reappointment, the educational unit administrator or designee shall prepare the necessary documents and forward them to the Dean who, in turn, shall forward them to the Provost for Board of Trustee action. The appointments will be annually renewed by the dean up to a five-year period, unless the Voluntary Faculty employee had any licensure or malpractice issue, unless the dean received an unfavorable report, or unless a majority of the voting faculty of the educational unit votes that the appointment not be renewed.

6. The Faculty of the educational unit may at any time consider the qualifications of an individual in a Voluntary Faculty positionemployee for promotion to higher rank through a communication to that effect to the Voluntary Faculty Evaluation Committee, providing justification for the promotion. A vote of the Voluntary Faculty Evaluation Committee shall then be taken after discussion of the supporting documentation. If a majority of the Voluntary Faculty Evaluation Committee supports the promotion, the educational unit administrator or designee shall prepare the necessary documents and forward them to the Dean who, in turn, shall forward them to the Provost for Board of Trustee action. Reappointment beyond five years shall be reinitiated as described in steps 1 and 2, above.

7D. The educational unit administrator or designee shallwill review the public licensure and malpractice information on Voluntary Faculty employees annually or before scheduling a student or resident with

them, if such review has not been completed without concern in the past twelve (12) months. Any licensure or malpractice issues coming to the attention of educational unit faculty members shall immediately be brought to the attention of the educational unit administrator or designee, who shall review issues identified. Other reviews may be done at any time at the discretion of the unit administrator or designee. records and participation of the Voluntary Faculty employees on an annual basis to assess the level of involvement and any licensure or malpractice issues and will bring to the attention of the faculty any individuals whose accomplishments merit consideration for promotion. The results of such review(s) shall be shared with the Dean and, when indicated, remedial steps shall be taken or termination of the Voluntary Faculty appointment initiated.

~~E. The dean will report all Voluntary Faculty appointments to the Board of Trustees at least on an annual basis.~~

~~8F. In rare cases where the proposed candidate for a Voluntary Faculty position employee requires attending privileges at the University of Kentucky Hospital(s), the dean shall will forward the nomination to the Director of Medical Affairs Chief Medical Officer. The Director of Medical Affairs shall Chief Medical Officer will confirm that the individual has the appropriate credentialing and will initiate the internal process to obtain approval by the Board of Trustees.~~

B. Procedures if Not Using a Voluntary Faculty Evaluation Committee

~~1A. When an application for a Voluntary Faculty Appointment is received, the An educational unit administrator or designee will shall bring the name, C.V., and completed Voluntary Faculty Application form of a candidate for a potential voluntary faculty position employee to a regularly scheduled meeting of the unit faculty for reviewer, upon delegation by the unit faculty, a meeting of the faculty of a division within the educational unit. The educational unit administrator or designee shall will propose a suitable rank for the individual under consideration. The faculty will shall evaluate discuss the individual's background and credentials, and shall will vote on the candidate's suitability for the appointment at a specific rank.~~

~~2B. If a three quarters majority of the educational unit faculty voting support the appointment, the educational unit administrator or designee will shall notify the dean and request, in writing, that the individual be appointed to the Voluntary Faculty at the specified rank.~~

~~3C. Upon receipt of the request, the dean may will appoint, by letter, the individual to as the a Voluntary Faculty position employee and forward the appropriate documents to the Provost for action by the Board of Trustees. The appointments will be annually renewed by the dean up to a five year period, unless the Voluntary Faculty employee had any licensure or malpractice issue, unless the dean received an unfavorable report, or unless a majority of the voting faculty of the educational unit votes that the appointment not be renewed. The Faculty of the educational unit may at any time consider the qualifications of a Voluntary Faculty employee for promotion to higher rank. Reappointment beyond five years shall be reinitiated as described in steps 1 and 2, above.~~

~~4. All Voluntary Faculty employees are reappointed at the same time, on a regularly scheduled five-year cycle. Initial appointments thus lead to reappointment at the first of these regularly scheduled five year cycles. The reappointments shall be reviewed by the educational unit faculty. Candidates are approved for reappointment when a majority of the faculty vote in favor of reappointment. For those approved for reappointment, the educational unit administrator or designee shall prepare the necessary documents and forward them to the Dean who, in turn, shall forward them to the Provost for Board of Trustee action.~~

~~5. The faculty of the educational unit may at any time consider the qualifications of an individual in a Voluntary Faculty position for promotion to a higher rank through a communication to that effect to the educational unit administrator or designee, providing justification for the promotion. A vote of the educational unit faculty shall then be taken after circulation of supporting documentation. If a majority~~

of the voting faculty supports the promotion, the educational unit administrator or designee shall prepare the necessary documents and forward them to the Dean who, in turn, shall forward them to the Provost for Board of Trustee action.

6. The educational unit administrator or designee shall review public licensure and malpractice information on Voluntary Faculty employees annually or before scheduling a student or resident with them, if such review has not been completed without concern in the past twelve (12) months. Any licensure or malpractice issues coming to the attention of educational unit faculty members shall immediately be brought to the attention of the educational unit administrator or designee, who will review issues identified. Other reviews may be done at any time at the discretion of the unit administrator or designee. The results of such review(s) shall be shared with the Dean and, when indicated, remedial steps shall be taken or termination of the Voluntary Faculty appointment initiated.

~~D. The educational unit administrator will review the records and participation of the Voluntary Faculty employees on an annual basis to assess the level of involvement and any licensure or malpractice issues and will bring to the attention of the faculty any individuals whose accomplishments merit consideration for promotion.~~

~~E. The dean will report all Voluntary Faculty appointments to the Board of Trustees at least on an annual basis.~~

7F. In rare cases where the proposed candidate for a Voluntary Faculty positionemployee requires attending privileges at the University of Kentucky Hospital(s), the dean ~~shall~~will forward the nomination to the Director of Medical Affairs~~Chief Medical Officer~~. The Director of Medical Affairs shall ~~Chief Medical Officer will~~ confirm that the individual has the appropriate credentialing and ~~will~~ initiate the internal process to obtain approval by the Board of Trustees.

III V. Criteria for Academic Ranks

Criteria for academic ranks of Voluntary Faculty shall be approved by the Dean, acting on the recommendation of the ~~F~~faculty of the initiating educational unit. Voluntary Faculty employees are not eligible for tenure, faculty benefits, ~~and~~ membership in the University Senate, or election to the Board of Trustees. However, ~~F~~faculty membership, with or without voting privileges, may be extended to Voluntary Faculty by the ~~F~~faculty of the educational units to which they are assigned.

References and Related Materials

GR VII.B, Academic Appointments, Reappointments, Promotions, and the Granting of Tenure

AR 2:1, Procedures for Faculty Appointment, Reappointment, Promotion and the Granting of Tenure

Revision History

7/~~01~~/2005, 7/1/2008

For questions, contact: Office of Legal Counsel

Senate Academic Organization and Structure Committee (SAOSC) Report on The John H. Schnatter Institute for The Study of Free Enterprise in the Gatton College of Business and Economics.

The SAOSC met on Wednesday, Sept 14 at 4 PM at 118 Gluck to discuss the proposal for the Schnatter Institute. All SAOSC committee members (*) except Prof Kilgore were in attendance. Also attending were Dean Blackwell, author of the proposal, Prof John Garner, putative first director, Prof Aaron Yelowitz, putative first assistant director, Prof Wally Ferrier, faculty in the department, and Prof Ernie Yanarella, a concerned faculty member from the Department of Political Science.

Everyone had read the proposal and Dean Blackwell gave a short summary. Basically the proposal provides for creation of an institute to study capitalism and free enterprise with participation by 5 faculty from several departments in the college. The college will encourage research on the topic as well as host public meetings on the topic. The activity is consistent with and supports ongoing work by several current faculty members. The Institute is made possible by grants totaling \$10M from the Schnatter Foundation and the Koch Foundation. The funds are to be used to provide salary for administrators associated with the institute, graduate student support and fund salaries for hiring 5 faculty members from present to 2022.

The proposal was discussed by college faculty and votes taken by 1) the faculty at large, 2) the elected faculty council and 3) by the faculty in the individual departments in the college.

1. Gatton College faculty meeting: 47 in favor, 12 opposed, 1 abstain
2. Gatton College Faculty Council: 5 in favor, 0 opposed
3. Gatton College faculty (by academic department): 51 in favor, 14 opposed

(Of note, the faculty in the Department of Economics voted 9:8 in support of the proposal.)

Dean Blackwell noted that those who voted against the proposal did not provide letters of objection however from the discussions on the topic he surmised that the objections were related to concerns about outside influence over academic freedom.

Ernie Yanarella provided some written materials to the committee before the meeting and spoke of his concerns that the institute could undermine standard procedures for hiring, evaluating faculty and programs and possibly lead to politically motivated research rather than research arising from scholarly pursuits. He identified the experiences at other institutions where the Schnatter and Koch Foundations had provided funds in exchange for establishment of advisory boards with authority over the institutes and with contractual stipulations for influence on hiring and activities of the institute.

A wide ranging discussion followed led by questions from the committee members. On one hand, Dean Blackwell noted that the contractual arrangements for support of the institute did not repeat the errors that had caused problems at the other institutions. Ernie Yanarella remained concerned that the source of the funds would naturally raise questions about the integrity of the program based on experiences elsewhere.

Questions were asked about the consequences of the Foundations withdrawing support, as was their right under the contract; how would this affect the 4 tenured faculty hires, costs that the university was obligated to maintain. Dean Blackwell responded that he was committed to support of the program, this was consistent with the future development of the college and that they would have resources to support those faculty and their graduate students even in the unlikely event that Foundation support was withdrawn. The provost reiterated this commitment and extended it to his office in his letter of support.

Questions were asked about the subtle pressures of following the wishes of the funders to the detriment of scholarship. Some committee members noted that this was part of funded work by all faculty; we only did the work we were funded to do. Prof Garen responded that the integrity of scholarship was important to him and that he was most highly motivated to publish respected works. Dean Blackwell reported that he would withdraw from the program if he believed undue influences were being brought to bear on the scholarship of the college. When asked what would constitute undue influences he replied, "Any influence would be undue influence". He pointed out that if this were approved, his would be the first college with an institute for the study of poverty and an institute for the study of free enterprise.

The meeting adjourned at 5:30 PM.

The SAOSC committee met again on Wednesday, September 21, 2016, at 4PM in the Gluck Center to discuss the proposal and to make a recommendation to the Senate Council and Senate. All members of SAOSC were in attendance. After lengthy discussion the following votes were taken:

Motion 1: Recommend approval of the academic status of the institute but also recommend a review of the program at the halfway point of Foundation support (September 2019) of the scholarship and the progress towards goals of the proposal. Votes: 6 yes: 2 no: 1 abstain.

Explanation: This is an appropriate area of study and the creation of the institute should advance the mission of the college and the university. However, there is a documented history of granting agencies attempting to exert undue influences on academic programs in this area. Therefore evaluating the program is warranted after it has been operating for several years.

Another concern was a documented history by other, similarly funded institutes to promote selected information for partisan purposes in public venues, coupled with a lack of transparency regarding faculty affiliation with the institute, that made it appear that the universities endorsed partisan positions. This concern could be adequately addressed if the U.K. Schnatter Institute required all affiliates and grantees to disclose their connection with and support from the Institute in all of their public and scholarly communications. This is a practice routinely followed in the sciences to disclose, or avoid, potential conflicts of interest.

Motion 2: Recommend endorsement of the academic organization, reporting, infrastructure and funding for the institute. Votes: 7 yes: 2 no:

Explanation: As noted above, there was concern about undue influence being exerted on this institute. Dean Blackwell strongly noted that he would walk away from the funding agencies if this occurred. The ability to do so is contingent on being able to support the long-term commitments to tenured faculty hires. Both Dean Blackwell and Provost Tracy indicated that they each had resources which they would call upon in such an unlikely event.

The meeting concluded at 5:30 PM.

Respectfully submitted on behalf of the SAOSC committee: Ernie Bailey, Chair of SAOSC

*Committee members: Al Cross, Todd Porter, Lisa Vaillancourt, Melinda Wilson, Michael Kilgore, Devananthan Sudharshan, David Atwood, Susan Effgen and Ernie Bailey

Notes added following Senate Council Meeting:

Motion 1 was modified by means of a friendly amendment:

Recommendation for approval of the academic status of the institute ~~but and~~ also recommend require at the halfway point of Foundation support (September 2019) a review by the University Senate in collaboration with the Provost of the program's at the halfway point of Foundation support (September 2019) progress in of the scholarship and the progress towards goals of the proposal its mandate to safeguard academic freedom.

The point was to require a review and specify that it would be conducted by the Senate in collaboration with the Provost. Furthermore, it specified a point of interest being academic freedom for the institute.

This motion passed unanimously. It comes for a vote by the Senate with a recommendation of approval by the Senate Council.

The second motion was unchanged and was not recommended by the Senate Council, receiving a vote of 3 in favor, 4 against and 3 abstaining. This motion was forwarded to the Senate for consideration.

Following the Senate Council meeting, two editorial changes were made to the proposal to include standard elements required by the GRs. The changes are noted below:

7. Discuss leadership and selection process for appointing a chair, a director, or interim leader and search process, etc.

Professor John Garen will be designated as the founding director and Professor Aaron Yelowitz will serve as associate director. The Dean will recommend Professor Garen's appointment to the Provost for approval [by the President and the Board of Trustees](#), after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will recommend appointment of Professor Yelowitz to the Dean after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will be recommended based on his long experience in leading the BB&T Program for the Study of Capitalism and his leading role in proposing the institute to the donors and obtaining the initial grant support.

[Note: the above correction was made this past spring to the proposals approved by the Senate and Board of Trustees for the Sports Medicine Research Institute and the Institute for Biomedical Informatics]

11. What is the arrangement of faculty associated with the proposed change and how is that relationship defined? Discuss faculty DOE and status as adjunct, tenure track, or tenured. Describe the level of faculty input in the policy-making process including voting rights and advisory.

The relationship of a faculty member to the institute is an informal affiliation by mutual agreement. The institute does not house any faculty members. Faculty members who choose to affiliate with the institute will be expected to provide informal guidance to the director on institute activities. There are no formal voting rights associated with institute affiliation.

[Added this paragraph here:](#)

[On occasions that educational policy needs to be established concerning the content of educational activities being housed at the Institute, the educational policy shall be established by the vote of those faculty with recurring, formally assigned instructional, research, and/or service duties in the Institute, i.e., the "members" of the faculty of the Institute \(GR VII.A.7\). When University regulations authorize or require the vote or action of the faculty members of an educational unit on other matters \(e.g., GR IX.III.paragraph 2\), then the vote or action concerning the Institute shall be taken by the above faculty membership.](#)

[Note: the above correction was made this past spring to the proposals approved by the Senate and Board of Trustees for the Sports Medicine Research Institute and the Institute for Biomedical Informatics]



MEMORANDUM

Date: April 15, 2016

To: Senate's Academic Organization and Structure Committee (SAOSC)

From: David W. Blackwell, Dean, Gatton College of Business and Economics
John Garen, BB&T Professor for the Study of Capitalism, Department of Economics

Subject: Proposal to Endorse the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics

This proposal asks you to endorse establishing the John H. Schnatter Institute for the Study of Free Enterprise ("Schnatter Institute") in the Gatton College of Business and Economics.

Attached to this memorandum is the SAOSC Cover Page, followed by responses to questions found in the SAOSC "Guidelines for Preparing a Proposal for a Change in Organization."

The proposal memorandum will refer to a number of documents which are found in appendixes:

- Appendix A: Proposal to Schnatter Institute donors
- Appendix B: Grant agreements with the John H. Schnatter Family Foundation and the Charles Koch Foundation
- Appendix C: Information requested by AR 1:3; the SAOSC cover page; and the SAOSC "Guidelines for Preparing a Proposal for a Change in Organization"
- Appendix D: Announcement of the January 29, 2016 faculty meeting to discuss formation of the Schnatter Institute; faculty meeting agenda; list of attendees
- Appendix E: Agenda for the Gatton Operating Committee meeting on February 16, 2016
- Appendix F: Communication to Gatton College faculty soliciting letters of support or opposition; letters of support from Gatton College faculty members, Mark Kornbluh, Dean of Arts and Sciences, and Tim Tracy, Provost
- Appendix G: Qualifications of faculty members wishing to affiliate with the Schnatter Institute
- Appendix H: Op-ed piece on the role of the Schnatter Institute written by John H. Schnatter appearing in the Lexington Herald-Leader on December 28, 2015
- Appendix I: Letter of support from the Gatton College Dean's Advisory Council and roster of council members attending and voting at the April 15, 2016 meeting
- Appendix J: Letter of support from Dean David W. Blackwell
- Appendix K: Selected list of universities receiving support from the Charles Koch Foundation

Background

For nearly 10 years faculty members in the Department of Economics have been studying the impact of capitalism and free enterprise on society under the auspices of the BB&T Program for the Study of Capitalism with a \$500,000 grant from BB&T and a number of smaller grants from the Charles Koch Foundation. Examples of activities supported under this program include

- Fellowships for Ph.D. students studying free enterprise;
- Research grants to faculty members in the Department of Economics;
- Undergraduate discussion groups;
- Recent development of a new course, ECO 379, The Economics of Public Policy, Law, and Government; and
- Various guest lecturers and speaking events (e.g., most recently, Professor Alex Taborrok from George Mason University; John Allison, former CEO of BB&T; and a multi-disciplinary faculty panel discussion about economic regulation using the case of Wildcat Moving as an example).

Given the pattern of success of the faculty participating in these initiatives, the Gatton College of Business and Economics sought funding from the Charles Koch Foundation (“Koch Foundation”) and the John H. Schnatter Family Foundation (“Schnatter Foundation”) after learning that Mr. Schnatter might be interested in supporting expansion of the program at the University of Kentucky and leveraging potential matching funds from the Koch Foundation.

After a number of discussions with the donors, the Gatton College submitted a proposal document that served as a basis for the charitable grant and that will guide the activities of the Schnatter Institute. That document appears as Appendix A.

As stated in the proposal document, the mission of the Schnatter Institute is

- To gain deep, accurate, and objective understandings of private enterprise vis-à-vis other systems of organizing the economy and society.
 - Address material and non-material well-being in society and consider the moral and ethical foundations of free enterprise.
 - Study the role of government in society.
- To engage the academic and university communities and the public in a serious and sustained examination of capitalism and the numerous ways in which it affects our lives.
- To broaden perspectives regarding economics, economic history, public policy and the law.

The Schnatter Institute will be supported by charitable grants totaling \$10 million from the John H. Schnatter Family Foundation (\$6 million) and the Charles Koch Foundation (\$4 million), paid from 2015 through 2020. The gift was accepted by unanimous approval of the University of Kentucky Board Of Trustees on December 15, 2015. The charitable grant agreements with both foundations are in Appendix B of this memorandum (note that the Schnatter Foundation agreement is an appendix to the Koch Foundation agreement). The foundation agreements specify payment schedules for the grants and an agreed budget for use of the funds.

The Schnatter Institute is proposed as a “multidisciplinary research center” (“MDRC”) under AR 1:3, which is considered an “educational unit” under Senate rules. The Schnatter Institute will house no degree program and will perform no mandated government function. It will hire no faculty members. Its formation is subject to approval by the Board of Trustees under recommendation from the President as recommended by the Provost after consulting the Vice President for Research. Since the Schnatter Institute is defined as an educational unit under Senate rules, the University Senate advises the President on establishing the institute and either endorses or fails to endorse its formation.

The institute will operate according to normal UK policies, processes, and shared governance:

- The institute will report to the Dean’s office, similar to other centers in the Gatton College such as the Von Allmen Center for Entrepreneurship and the Don and Cathy Jacobs Executive Education Center
- Faculty members hired under with institute funds will be housed in up to three different academic units in the Gatton College and will be hired and evaluated according to normal practices of those units
- Doctoral student support will be granted according to normal departmental practices
- Any courses and curriculum proposed by institute-affiliated faculty will be housed in an academic unit and will be subject to normal vetting and approval processes by faculty and the University Senate
- We will follow normal charitable gift stewardship or grant expenditure reporting practices, to include annual reporting of institute activities and appropriate engagement to thank and continue to cultivate the donors

Appendix C contains several documents that summarize information requested about the institute in different venues. This information is drawn from the original proposal to the donors (Appendix A), the grant agreements (Appendix B), or is found in other appendixes to this memorandum:

- MDRC proposal in the format spelled out in AR 1:3, V.A.
- SAOSC guidelines from the “Cover Page for Changes to Academic Organization or Structure of an Educational Unit”
- The list of questions suggested in the SAOSC “Guidelines for Preparing a Proposal for Change in Organization”

Summary of Activities of the Schnatter Institute

As mentioned above, a detailed description of institute activities appears in Appendix A. An abbreviated summary appears below:

Faculty members hired or supported with institute funding

- Faculty activities include research, teaching, and community outreach to further the institute goals. Increasing the number of faculty members greatly enhances our ability to accomplish our mission

- The expected impact is a noteworthy increase in the quantity and quality of research on topics of interest to the Institute, and the public awareness of the issues and perspective of the Institute, as well as substantial growth in our engagement with students, the business community, and the public

Research support

- A research associate will support the faculty in their efforts, assist them in producing versions of their work that is understandable to the public, and produce less technical research for public consumption
- Business and economics faculty summer research grants for faculty and graduate students
- Research grants to faculty members outside of the Gatton College or the University for institute-related research
- Faculty and graduate student travel to professional or academic conferences

Doctoral student support

- Doctoral fellowships
- Conference travel

Undergraduate programs

- Undergraduate reading group: extracurricular readings/discussion of historical or topical material on free enterprise
- Undergraduate research program: support to guide undergraduates in undertaking research projects
- Development of coursework/certificate in philosophy, politics, and economics
- Development of undergraduate certificate in entrepreneurship

Community, Industry, and Academic Outreach

- Biannual high profile speaker event: well-known speaker to present to a campus- and community-wide audience on free enterprise
- Biannual academic policy conference/forum: academic-style conference with research papers and discussants on a topic of interest to the Institute.
- Development of executive education program in free enterprise

The Vetting Process and Responses

The proposed Schnatter Institute has been thoroughly vetted both in preparation for the formal gift acceptance by the Board of Trustees and pursuant to the SAOCS process.

Prior to the December 15, Board of Trustees meeting, Dean Blackwell and/or Professor Garen consulted informally with a number of groups:

- full professors in the Department of Economics;
- the Gatton Faculty Council;

- the Gatton College Operating Committee (including all department chairs and associate deans);
- UK faculty trustees and the Chair of the Senate Council; and
- the Gatton Dean’s Advisory Council (consisting of Gatton alumni and business leaders).

These groups expressed support for moving forward with the acceptance of the charitable grants (without formal votes), but we also discussed concerns over academic freedom and integrity issues related to the gift and the proposed institute at length. These issues and other concerns expressed about formation of the institute are discussed in more detail below.

After the Board of Trustees approved accepting the charitable grants, the Gatton College conducted a formal vetting process in the spring 2016 semester. The vetting activities and a summary of the outcomes are described below. Note that everyone involved in the meetings were provided copies of the donor grant agreements and other materials describing institute activities:

- A lengthy discussion and vote by secret ballot at the January 29, 2016 Gatton College faculty meeting (see faculty meeting agenda and related communications, Appendix D). Chair of the Senate Council, Professor Andrew Hippisley attended the meeting, heard our discussion, and witnessed the vote.
 - All faculty members were invited, including tenured, tenure-track, non-tenure track, and faculty members from other colleges with joint appointments (101 faculty members).
 - The meeting was attended by 66 faculty members. Appendix D includes the sign-in sheet for faculty members attending the meeting.
 - Fifty-nine (59) faculty members voted by secret ballot on the question of supporting formation of the Schnatter Institute: 47 in favor, 12 opposed, and 1 abstention. Thus, 79.66 percent of the Gatton College faculty attending the meeting voted to support formation of the Schnatter Institute.
- Dean Blackwell requested that each department separately consider the proposal and to report departmental votes during the week of February 8, 2016. Departments opened voting to tenured faculty, tenure-track faculty, and full-time non-tenure track faculty. All votes were taken by secret ballot. By majority vote, each academic unit voted to endorse establishment of the institute (81 percent of eligible faculty members participated in the voting). Overall, 78 percent of the voting faculty and 64 percent of all faculty support endorsing the Institute. This vote is consistent with the strong majority vote at the January 29 Gatton College faculty meeting. A summary of the voting appears below:

Gatton College Voting on Endorsement to Establish the John H. Schnatter Institute						
Unit	Yes	No	#Faculty	%voting	%yes (voting)	%yes (total)
Accountancy	13	2	20	75%	87%	65%
Economics	9	8	17	100%	53%	53%
Finance and Quantitative Methods	12	0	14	86%	100%	86%
Management	9	2	15	73%	82%	60%
Marketing and Supply Chain	8	2	14	71%	80%	57%
Total	51	14	80	81%	78%	64%

- On February 16, 2016 at 12:00 PM Dean Blackwell met with the Gatton College Operating Committee, consisting of department chairs and associate deans. Attending the meeting were Ken Troske (Senior Associate Dean), Scott Kelley (Associate Dean for Undergraduate Affairs), Urton Anderson (Director, Von Allmen School for Accountancy), Bill Hoyt (Chair, Department of Economics), Brad Jordan (Chair, Department of Finance and Quantitative Methods), Dan Brass (Chair, Department of Management), and David Hardesty (Chair, Department of Marketing and Supply Chain). The formation of the Schnatter Institute was on the agenda for consideration (see Appendix E). After discussion, a vote was taken by secret ballot. The vote in favor of supporting the formation of the institute was unanimous (7-0).
- On February 16, 2016 at 3:30 PM Dean Blackwell and Professor Garen met the Gatton Faculty Council and Gatton College members of the University Senate (there is significant overlap between these groups). Those attending the meeting were Gatton Faculty Council members Paul Childs, David Hulse, Yoonbai Kim, John Pelozza, Wally Ferrier and other members of the University Senate Ana Maria Herrera, Devanathan Sudharshan, and Sean Pepper. After discussing the proposed formation of the Schnatter Institute, Dean Blackwell asked for a vote of the Gatton Faculty Council members (n=5) by secret ballot. The vote in favor of supporting formation of the institute was unanimous (5-0).
- On April 5 Dean Blackwell solicited letters of support or opposition to formation of the institute. The communication soliciting the letters is in Appendix F along with copies of the letters that were received. Dean Blackwell received 13 letters, all supporting formation to the institute. While all of the letters were supportive, several of them countered the opposing views expressed at the Gatton College faculty meeting on January 29.
- Mr. Schnatter's vision for the institute summarizes how he expects the institute to help the people of Kentucky. A recent editorial published by Mr. Schnatter appears in Appendix H. Further, the Dean of the Gatton College requested a vote by secret ballot of the members of the Dean's Advisory Council ("DAC"), consisting of Gatton College alumni, local and national business leaders, and community leaders. The vote of DAC members attending the April 15, 2016 meeting was unanimous in favor of the institute. A list of DAC members attending the meeting and a summary letter from the Chair of the DAC, Mr. Geoffrey Rosenberger, is included in Appendix I.

Given that the BA in Economics is administered by the College of Arts and Sciences (although the Economics courses are taught by Gatton College faculty members) and given potential collaborations of the institute and educational units in the College of Arts and Sciences, Dean Blackwell requested a letter of support from Mark Kornbluh, Dean of the College of Arts and Sciences. Dean Kornbluh supports formation of the institute and welcomes the potential collaborations. His letter is found in Appendix F.

Given the requirements of AR 1:3, we requested a letter of support from Provost Tracy. His letter is also found in Appendix F.

Opposing Viewpoints on the Proposed Schnatter Institute

While a strong majority of the Gatton College faculty members support forming the institute, there are opposing viewpoints. All of the votes were conducted by secret ballot and no one opposing the formation as expressed through their votes wrote a letter in opposition. Nonetheless, it is possible to infer the likely concerns of those expressing opposition through their votes from our recollections of the discussions at the various meetings. We summarize those concerns below:

1. Faculty members in academic departments supported with institute funds will be reluctant to publish research that could be perceived as inconsistent with the supposed political views of the donors for fear of jeopardizing continued donor support. [academic freedom]
2. Will the donors have any influence over the hiring or evaluation of faculty members supported by institute funds? [influence of donors on hiring]
3. Will the donors have any influence over the admission of graduate students who might be supported with institute funds? [graduate student admissions]
4. Since the grant funding can be halted at the donors' request, how is the institute sustainable and does the risk of losing the funding affect the perceived academic freedom of faculty or graduate students affiliated with the institute? [financial sustainability]
5. Are there adverse reputational impacts to the Gatton College of accepting funding from the Charles Koch Foundation? [reputational effects]

The broader support of the Gatton College faculty reflects responses to these concerns in the various venues for discussion by Dean Blackwell, Professor Garen, Professor Bill Hoyt (Chair of Economics), and other faculty members. Responses are summarized below, issue by issue:

Academic freedom. Both donor agreements espouse the overriding importance of academic freedom. The mission of the Schnatter Institute is best served by research that is conducted with the normal high standards of integrity, objectivity, and scientific rigor. Faculty members affiliating with the institute will be expected to address broad research questions related to the mission of the institute and to approach those questions with appropriate research methods that result in the findings being published in leading peer-reviewed academic journals. Normal incentives and rewards for such publication apply. The research of faculty affiliates of the institute will be subject to evaluation based on existing high standards of the Gatton College and according to normal procedures, independent of any sources of funding for that research.

Influence of donors over hiring. The donors will have no influence over hiring. Faculty members will be hired into existing academic departments. Hiring of faculty members to be affiliated with the institute will follow normal departmental procedures other than that the director of the institute will serve on the search committees. We will be advertising institute affiliation in our faculty searches to be completely transparent and to attract applications from faculty members who have an interest in research questions associated with the institute's mission and who otherwise have demonstrated

excellence and impact in their research. Normal high standards for hiring faculty members will be enforced as usual by search committees, department chairs, and the dean.

Graduate student admissions. The donors will have no influence over the admission of doctoral students. Doctoral students will be recruited without regard to potential institute affiliation under our normal processes. If the research direction of any doctoral students draws them toward research questions of interest to the institute after they arrive, then they would be able to apply for institute support.

Financial sustainability. The grants from the Schnatter and Koch Foundations are intended as seed funding and are annually renewable, similar to other grants in the Gatton College (including those from Federal and state agencies). We will follow normal charitable gift stewardship/grant reporting practices, to include annual reporting of institute activities and of grant expenditures. These reports are mentioned in the grant agreements. We will engage in normal engagement with the donors to thank them and continue to cultivate them for future grants. Further, the Gatton College and the Schnatter Institute intends to continually seek other philanthropic or grant support to sustain the institute beyond the initial five years of the Schnatter and Koch grants. It is our intent to develop a track record of success in attracting quality faculty members, generating research that is published in leading peer-reviewed outlets, and hosting intellectually stimulating outreach events. We believe these successes will attract additional sustaining funding. If we are not able to augment or achieve renewal of the grant funds based on our performance, we are under no obligation to continue activities of the institute. The Dean of the Gatton College of Economics has agreed to provide space to house the institute administration and will support faculty members hired or graduate students funded under that auspices of the institute through their natural progressions in the unlikely event of a loss of funding or failure to procure sustaining funding externally. The Dean's letter is in Appendix J.

Reputational effects. At least 250 universities have received and continue to receive funding from the Charles Koch Foundation for the study of free enterprise and capitalism, as well as humanitarian initiatives. If we follow our principles of academic freedom, academic integrity, and research excellence, the expansion of our faculty and their teaching, research, and outreach activities under the auspices of the institute will bring great credit to the Gatton College and the University of Kentucky. As seen in Appendix K, there are many prominent universities receiving funding from the Charles Koch Foundation. If anything, we expect our reputation to be enhanced based on the accomplishments of the institute and by being associated with outstanding research universities such as those appearing on the list.

COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT

The Senate’s Academic Organization and Structure Committee (SAOSC) is tasked by the University Senate with the review of proposals to change academic organization or structure. The information needed by the SAOSC for the review of such proposals is set forth in *Senate Rules 3.4.2.A.5*¹.

The SAOSC has developed a set of guidelines (from the *Senate Rules*) that are intended to ease the task of proposal submission (available at <http://www.uky.edu/Faculty/Senate/forms.htm>). As proposal omissions usually cause a delay in the review process, the individual(s) responsible for the proposal is (are) urged to familiarize themselves with these guidelines before submitting their proposals for review. In particular, the individual responsible for the proposal must fill out Sections I, II and III of this form, as well as include statements and documentation that provide a full accounting of the items a - i, below.

- a. Disposition of faculty, staff and resources (financial and physical);
- b. Willingness of the donating units to release faculty lines for transfer to a different educational unit;
- c. Consultation with the faculty of the unit to which the faculty lines are proposed to be transferred;
- d. Consultation with the faculty of educational unit that will be significantly reduced;
- e. Summary of votes and viewpoints (including dissents) of unit faculty and department/college committees;
- f. Ballots, votes expressing support for or against the proposal by unit faculty and staff and committees;
- g. Letters of support or opposition from appropriate faculty and/or administrators; and
- h. Letters of support from outside the University.

Section I – General Information about Proposal

One- to two-sentence description of change:	To create a new multi-disciplinary research center/institute: the John H. Schnatter Institute for the Study of Free Enterprise.				
Contact person name:	John Garen/ David Blackwell	Phone:	257-3581/ 257-8939	Email:	jgaren@uky.edu/ dblackwell@uky.edu
Administrative position (dean, chair, director, etc.):	Professor of Economics; Dean of Gatton College				

Section II – Educational Unit(s) Potentially Impacted by Proposal

Check all that apply and name the specific unit(s).	
<input checked="" type="checkbox"/>	Department of: Economics; Finance and Quantitative Methods
<input type="checkbox"/>	School of:
<input checked="" type="checkbox"/>	College of: Business and Economics
<input type="checkbox"/>	Graduate Center for:
<input type="checkbox"/>	Interdisciplinary Instructional Program:
<input checked="" type="checkbox"/>	Multidisciplinary Research Center/Institute: John H. Schnatter Institute for the Study of Free Enterprise

Section III – Type of Proposal

Check all that apply.

¹ Items a-i are derived from *Senate Rules 3.4.2.A.5*. The Senate Rules in their entirety are available at http://www.uky.edu/Faculty/Senate/rules_regulations/index.htm.)

COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT

<i>A. Changes</i>	
<input type="checkbox"/>	Change to the name of an educational unit.
<input type="checkbox"/>	Change to the type of educational unit (e.g., from department to school).
<i>B. Other types of proposals</i>	
<input checked="" type="checkbox"/>	Creation of a new educational unit.
<input type="checkbox"/>	Consolidation of multiple educational units.
<input type="checkbox"/>	Transfer of an academic program to a different educational unit.
<input type="checkbox"/>	Transfer of an educational unit to a different reporting unit.
<input type="checkbox"/>	Significant reduction of an educational unit.
<input type="checkbox"/>	Discontinuation, suspension or closure of an educational unit.
<input type="checkbox"/>	Other (Give a one- or two-sentence description below; a complete description will be in the proposal).

Section IV is for internal use/guidance.

Section IV – Guidance for SAOSC, Senate Council and University Senate

SAOSC Review of Type A Proposals (Changes to Type of, or to Name of, an Educational Unit)

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).

SAOSC Review of Type B Proposals (All Other Changes)

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).
- ✓ SAOSC review of proposals for creation, consolidation, transfer, closure, discontinuation, or significant reduction and educational unit, or transfer of an academic program to a different educational unit (attach documentation).
- ✓ Program review in past three years (attach documentation).
- ✓ Request to Provost for new program review (attach documentation).
- ✓ Open hearing (attach documentation).
 - SAOSC information must be shared with unit 10 days prior to hearing.
 - Open hearing procedures disseminated.

Voting by SAOSC, Senate Council and University Senate

- ✓ Endorse (or do not endorse) the academic organization, reporting, infrastructure, etc.
 - This vote is taken by the SAOSC, SC and Senate for every SAOSC proposal.
- ✓ Approve (or do not approve) the academic status or content of academic program.
 - This vote is taken by the SAOSC, SC and Senate only when the review involves an MDRC.

The John H. Schnatter Institute for the Study of Free Enterprise

Questions from SAOSC “Guidelines for Preparing a Proposal for Change in Organization”

1. What is the impetus for the proposed change?

The background for the change is found in the first section (“Background”) of the proposal memorandum to the SAOSC. After 10 years of conducting research and outreach activities related to the study of capitalism and free enterprise, the Gatton College sought and obtained significant grant funding from the John H. Schnatter Family Foundation and the Charles Koch Foundation to expand those activities under the auspices of the John H. Schnatter Institute for the Study of Free Enterprise.

2. What are the benefits and weaknesses of the proposed unit with specific emphasis on the academic merits for the proposed change?

The proposed unit enables effective administration of the grant funds toward research, teaching, and outreach activities related to the institute mission. The institute also facilitates enhanced branding and recognition of institute activities. The institute will report to the Dean of the Gatton College of Business and Economics for strategic guidance and oversight.

The institute will house activities that have been conducted for 10 years by various faculty members in the Gatton College. The academic merits of these activities have been established by the accomplishments of those faculty members over that period. Since the grants support expanded activity, the academic merits will be enhanced.

3. Describe the organization of the current structure and how the proposed structure will be different and better. Current and proposed organizational charts are often helpful in illustrating reporting lines.

Not applicable to this proposal since we are creating the unit. This institute will report to the Dean’s office similar to other units with significant outreach activities such as the Von Allmen Center for Entrepreneurship and the Don and Cathy Jacobs Executive Education Center.

4. How does the change fit with department, college, and/or university objectives and priorities?

The Gatton College and University strategic plans call for advancement of teaching, research, outreach, and graduate education. As outlined in the more detailed proposal, the Schnatter Institute contributes to all of these priorities.

5. How does this change better position the proposers relative to state and national peers, as well as University Benchmark Institutions? How does the change help UK meet the goals of its strategic plan?

The institute funds five new faculty hires, research support for faculty and graduate students, and expansion of outreach activities. The extra visibility and research productivity from institute funds will improve our standing relative to our strategic benchmark institutions. Over 250 universities have received funding for similar initiatives from the Charles Koch Foundation, including such esteemed institutions as Dartmouth, Duke, Georgia Tech, Harvard, Indiana, Johns Hopkins, Ohio State, Penn State, Maryland, UNC Chapel-Hill, University of Pennsylvania, and University of Virginia.

6. Who are the key personnel associated with the proposed unit? Provide qualifications of these personnel in a brief form.

Several faculty members from the Gatton College have currently expressed interest in affiliating with the institute. They are listed in Appendix G with a summary of their qualifications.

7. Discuss leadership and selection process for appointing a chair, a director, or interim leader and search process, etc.

Professor John Garen will be designated as the founding director and Professor Aaron Yelowitz will serve as associate director. The Dean will recommend Professor Garen's appointment to the Provost for approval **by the President and the Board of Trustees** after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will recommend appointment of Professor Yelowitz to the Dean after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will be recommended based on his long experience in leading the BB&T Program for the Study of Capitalism and his leading role in proposing the institute to the donors and obtaining the initial grant support.

8. What is the function of the faculty/staff associated with the proposed change and how is that relationship defined? Discuss DOE, adjunct, full-time, voting rights, etc.

Any faculty member may choose to affiliate with the institute by mutual agreement with the institute director. It is expected that faculty members receiving research support from the institute will identify as affiliates. Affiliation with the institute is not associated with any change of the faculty member's relationship with their academic unit. There is no DOE change related to becoming a faculty affiliate. Once the institute is approved by the Board of Trustees, we plan to form an external advisory board for the institute to guide institute strategy and to facilitate fund raising activity.

9. Will the proposed change involve multiple schools or colleges?

There is no formal organizational link to another school or college. The institute, however, welcomes interested faculty affiliates from academic units other than the Gatton College.

10. If the proposed change will involve transferring personnel from one unit to another, provide evidence that the donor unit is willing and able to release the personnel.

There will be no transfer of personnel from one unit to another as a result of this change. The director and associate director of the institute may be permitted to buy out teaching time from their department by mutual agreement with the department chair to support the administration of the institute.

11. What is the arrangement of faculty associated with the proposed change and how is that relationship defined? Discuss faculty DOE and status as adjunct, tenure track, or tenured. Describe the level of faculty input in the policy-making process including voting rights and advisory.

The relationship of a faculty member to the institute is an informal affiliation by mutual agreement. The institute does not house any faculty members. Faculty members who choose to affiliate with the institute will be expected to provide informal guidance to the director on institute activities. There are no formal voting rights associated with institute affiliation.

On occasions that educational policy needs to be established concerning the content of educational activities being housed at the Institute, the educational policy shall be established by the vote of those faculty with recurring, formally assigned instructional, research, and/or service duties in the Institute, i.e., the "members" of the faculty of the Institute (GR VII.A.7). When University regulations authorize or require the vote or action of the faculty members of an educational unit on other matters (e.g., GR IX.III.paragraph 2), then the vote or action concerning the Institute shall be taken by the above faculty membership.

12. Discuss any implications of the proposal for accreditation by SACS and/or other organizations.

There are no implications for SACS accreditation of the university or AACSB accreditation of the Gatton College.

13. What is the timeline for key events in the proposed change? Student enrollments, graduates, moved programs, closed courses, new faculty and staff hires, etc.

The formation of the institute will be announced as soon as the Board of Trustees approves, but we expect later in 2016. Some institute activities are planned provisionally as permitted under AR 1:3, but will be conducted in collaboration with the existing BB&T Program for the Study of Capitalism. The five faculty members to be hired with grant funds will be recruited as soon as practicable but we expect to complete hires to start by academic year 2018.

14. If the proposal involves degree changes, describe how the proposed structure will enhance students' education and make them more competitive. Discuss the impact on current and future students. State assumptions underlying student enrollment growth and describe the plans for student recruitment.

No degree changes are involved with this proposal.

15. Include evidence that adequate financial resources exist for the proposed unit to be viable.

As outlined in the grant agreements in Appendix B, the donors are providing \$10 million in operating funds through 2020. The schedule of fund disbursements appears in the grant agreements.

16. A general description of the new costs and funding should be provided. A letter from the Provost, Dean, or other relevant administrators may affirm commitment to provide financial resources as appropriate. An exhaustive budget is not expected.

Below are appropriate excerpts from the grant agreements showing the schedule for receipt of funds and a general outline of how the funds are to be used. The Dean of the Gatton College of Economics has agreed to provide space to house the institute administration and will support faculty members hired or graduate students funded under that auspices of the institute through their natural progressions in the unlikely event of a loss of funding or failure to procure sustaining funding externally. The Dean's letter is in Appendix J.

Koch Foundation Grant

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 528,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$ 716,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 608,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 265,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 315,000
Salary and fringe benefits for the Research Associate	Up to \$ 215,000
Costs and expenses for the Research Support	Up to \$ 680,000
Costs and expenses for the Institute Director Stipend	Up to \$ 176,000
Costs and expenses for the Associate Director Stipend	Up to \$ 50,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 196,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 110,000
Costs and expenses for the Institute Support	Up to \$ 141,000
Total Maximum Contributed Amount by Donor	Up to \$4,000,000

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$ 200,000
June 1, 2016	On or about August 1, 2016	Up to \$ 400,000
June 1, 2017	On or about August 1, 2017	Up to \$ 800,000
June 1, 2018	On or about August 1, 2018	Up to \$ 800,000
June 1, 2019	On or about August 1, 2019	Up to \$ 900,000
June 1, 2020	On or about August 1, 2020	Up to \$ 900,000
Total Maximum Contributed Amount by Donor		Up to \$4,000,000

Schnatter Foundation Grant

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 792,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$1,074,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 397,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 912,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 321,000
Salary and fringe benefits for the Research Associate	Up to \$1,020,000
Costs and expenses for the Research Support	Up to \$ 472,000
Costs and expenses for the Institute Director Stipend	Up to \$ 264,000
Costs and expenses for the Associate Director Stipend	Up to \$ 75,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 295,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 166,000
Costs and expenses for the Institute Support	Up to \$ 212,000
Total Maximum Contributed Amount by Donor	Up to \$6,000,000

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$300,000
June 1, 2016	On or about August 1, 2016	Up to \$600,000
June 1, 2017	On or about August 1, 2017	Up to \$1,200,000
June 1, 2018	On or about August 1, 2018	Up to \$1,200,000
June 1, 2019	On or about August 1, 2019	Up to \$1,350,000
June 1, 2020	On or about August 1, 2020	Up to \$1,350,000
Total Maximum Contributed Amount by Donor		Up to \$6,000,000

17. The proposal should document any faculty votes and departmental or school committee votes as appropriate leading up to this point in the process. The SAOSC recommends that faculty votes be by secret ballot. Include in your documentation of each vote taken the total number of eligible voters and the number that actually voted along with the break-down of the vote into numbers for, against and abstaining. A Chair or Dean may appropriately summarize supporting and opposing viewpoints expressed during faculty discussions.

The Gatton College conducted discussions with various groups and requested votes from these groups by secret ballot. The votes are summarized below:

- Gatton College faculty meeting: 47 in favor, 12 opposed, 1 abstain
- Gatton College Faculty Council: 5 in favor, 0 opposed
- Gatton College Operating Committee: 7 in favor, 0 opposed
- Gatton College faculty (by academic department): 51 in favor, 14 opposed
- Gatton Dean's Advisory Council: 22 in favor, 0 opposed

The votes of the Gatton faculty, Gatton academic departments, and other relevant groups as well as a summary of opposing viewpoints are summarized and described in more detail in the proposal memorandum. Letters of support for the institute appear in Appendix F.

18. The committee will want to see evidence of academic merit and support from key parties.

Thirteen (13) letters of support describing the academic merits of the institute appear in Appendix F.

19. Letters of support (or opposition) are encouraged from the relevant senior faculty and administrators. Relevant faculty and administrators include those in units directly involved in the proposed change (including existing units from which a new unit may be formed.)

As documented in the proposal memorandum, the department chairs and associate deans of the Gatton College voted unanimously to support the institute. The department chairs of the departments to be most directly impacted by the institute (Economics—Professor Bill Hoyt; Finance and Quantitative Methods—Professor Brad Jordan) wrote letters of support seen in Appendix F.

20. Indicate how the new structure will be evaluated as to whether it is meeting the objectives for its formation. Timing of key events is helpful.

The success of the institute will be defined by the successes of the faculty members and graduate students supported by institute funding (publications, conference presentations, grant funding, doctoral student placements, etc.) and by attendance at

and visibility of the outreach events. Each year the institute will develop a report of institute accomplishments to be reviewed by the Dean of the Gatton College and which will be discussed with the donor foundations. Further, the Director of the Schnatter Institute and the Dean of the Gatton College will continually pursue additional external funding to support institute activities. The success of the fund raising activity will be a strong reflection of the institute's success.

21. Letters of support from outside the University may be helpful in understanding why this change helps people beyond the University.

Mr. Schnatter's vision for the institute summarizes how he expects the institute to help the people of Kentucky. A recent editorial published by Mr. Schnatter appears in Appendix H. Further, the Dean of the Gatton College requested a vote by secret ballot of the members of the Dean's Advisory Council ("DAC"), consisting of Gatton College alumni, local and national business leaders, and community leaders. The vote of DAC members attending the April 15, 2016 meeting was unanimous in favor of the institute. A list of DAC members attending the meeting and a summary letter from the Chair of the DAC, Mr. Geoffrey Rosenberger, is included in Appendix I.

APPENDIX A

Proposal for the “Institute for the Study of Free Enterprise”

Perspective

- History shows that capitalism/free enterprise has been the source of unprecedented prosperity and human flourishing.
- It is important to discover and understand aspects of capitalism that promote the well-being of society.
- Understanding the role of governmental/legal/political institutions is important as well.
- The program will work toward these understandings in an intellectually rigorous way.

Overarching Goals

- To gain deep, accurate, and objective understandings of private enterprise vis-à-vis other systems of organizing the economy and society.
 - material and non-material well-being; moral and ethical issues
 - role of government in society
- To engage the academic and university communities and the public in a serious and sustained examination of capitalism and the numerous ways in which it affects our lives.
- To broaden perspectives regarding economics, economic history, public policy and the law.

Faculty Positions

- Faculty activities include research, teaching, and community outreach to further the Institute goals. Increasing the number of Institute faculty members greatly enhances our ability to accomplish our mission.
- More faculty members enable more high quality, academic research, which cements the reputation of the Institute and provides a rigorous starting point for student and community education.
- Additional faculty members will be utilized in the myriad of ways that we plan to increase teaching and community outreach, including:
 - Additional Institute-related courses for undergraduates
 - Other related activities such as undergraduate and graduate reading groups, executive education, certificate programs, and organizing policy forums.
 - Advising graduate students and direction of doctoral dissertations. Additional faculty members will play a key role in engaging more graduate students with the Institute.
- Engagement with disciplines outside economics is important as well. This applies especially to the closely related field of finance, which deals with topics of great interest to the Institute, e.g., corporate governance, regulation of financial markets, the banking industry, and monetary policy.
- The expected impact is a noteworthy increase in the quantity and quality of research on topics of interest to the Institute, and the public awareness of the issues and perspective of the Institute, as well as substantial growth in our engagement with undergraduate and graduate students.

Research Support

- Research associate
 - This position is to support the faculty in their efforts, assist them in producing versions of their work that is understandable to the public, and produce less technical research for public consumption.
 - This work is important in bringing the research of the Institute to the public in clear and understandable ways.
 - This raises the visibility of the Institute and more effectively brings the Institute's perspective to the public.
- Business and economics faculty summer research grants
 - Summer research grants to engage and support current Institute faculty affiliates with their research, as well as other faculty members who wish to engage in Institute-related research.
 - Continued engagement with faculty members enhances the Institute's impact as noted above; greater research, more public notice, and greater reach to undergraduate and graduate students.
- External faculty research grants
 - Research grants to faculty members outside of the Gatton College or the University for Institute-related research.
 - Institute faculty affiliates have worked with and know of a number of scholars outside the College and University whose work can help with Institute goals.
 - Engaging with and supporting these individuals helps build the reputation of the Institute beyond the Gatton College and UK.
- Faculty travel to professional or academic conferences
 - Travel expenses to professional conferences for faculty members discussing or presenting on Institute-related issues.
 - Faculty presence at relevant meetings is important in building and enhancing the reputation of the Institute.
 - We anticipate that the greater notice by the academic world will work to enhance the general public reputation of the Institute and further our mission.

Doctoral Student Support

- Doctoral fellowships
 - Fellowships, with the appropriate stipend and mix of teaching and research duties, to attract and support outstanding doctoral students through their program at UK.
 - Graduate education is an important avenue of impact for the Institute; to present the Institute perspective to graduate students and to direct research of doctoral students in relevant topics.
 - Doctoral student research is an important part of the overall research mission of the Institute. Additionally, doctoral students typically go on to teach at other colleges and universities and have an impact there.

- Conference travel
 - Travel support to professional conferences for doctoral students.
 - Enhance modest University travel support and enable doctoral student to travel to appropriate conferences to present their work, gain valuable feedback, and build their network.
 - The above will enable our doctoral students to more effectively publish their work, improve their job prospects, and help in extending the impact of the Institute and Institute-related research.

Undergraduate Programs

- Undergraduate reading group
 - Extracurricular readings/discussion of historical or topical material on free enterprise.
 - This supplies a forum for students to discuss free enterprise in the context of important historical or current writings.
 - This provides undergraduates with a broader perspective on economics and policy.
- Undergraduate research program
 - Support to guide undergraduates in undertaking research projects.
 - Presently, there is little support for undergraduate research and there are numerous undergraduates who wish to engage in research about free enterprise.
 - With this program, undergraduates would be able to more meaningfully engage in the policy debates/discussions that are of interest to the Institute and others.
- Development of coursework/certificate in philosophy, politics, and economics
 - These courses bring together historical and current thought in political philosophy, politics and policy, and economics that gives students a broad overview of free enterprise.
 - Students in economics, political science, philosophy, and other disciplines get little exposure to the inter-related aspects these areas, nor their historical development. Such a program will fill this gap and, by providing a certificate, is likely to be popular with students.
 - The coursework will substantially enhance exposure and discussion of ideas related to free enterprise.
- Development of undergraduate certificate in entrepreneurship
 - Entrepreneurship is the lifeblood of free enterprise. The certificate brings together topics in management, finance, and economics that contribute to the understanding and practice of entrepreneurship.
 - This certificate program will enable a significant enhancement of the College's entrepreneurship initiatives and will be supported with additional College funding.
 - Students will understand the important role of entrepreneurs in a free-enterprise economic system and be equipped to undertake new business and social enterprises.

Community, Industry, and Academic Outreach

- Biannual high profile speaker event
 - Well-known speaker to present to a campus- and community-wide audience on free enterprise.
 - This event enables a highly visible public discussion of free enterprise.
 - Greater visibility brings more public exposure to free enterprise and enhances the reputation of the Institute.
- Biannual academic policy conference/forum
 - Academic-style conference with research papers and discussants on a topic of interest to the Institute.
 - Such a conference provides a venue to present Institute research to outside faculty members and to facilitate UK faculty members learning from other scholars.
 - The conference will enhance the reputation of the Institute on campus and across the academic world, and enable more professional engagement by our faculty members and students.
- Development of executive education program in free enterprise
 - Presentations/discussions on the nature of free enterprise, as well as controversies surrounding it.
 - Many in the business world have not seen such discussions and are left with dealing with a lot of confusing material in the media and elsewhere. This program would serve to clear away a lot of the myths about economics and free enterprise and present a clear picture of the issues.
 - This enables clearer and better appreciation by business and community leaders of issues and tradeoffs in economic policy.

Institute Administration

- Director stipend (faculty member)
 - Stipend to compensate the director of the Institute.
 - Director duties are substantial and go well beyond the normal academic responsibilities.
 - The director will thus be able to devote appropriate time and energy to building and promoting the Institute.
- Associate director stipend (faculty member)
 - Stipend to compensate the associate director of the Institute.
 - An associate director will be needed for institution-building duties that are beyond normal academic responsibilities.
 - This role enables appropriate time and energy to be devoted to building the Institute.
- Assistant director of finance and operations
 - A professional staff member to handle the budget, finance, and Institute operations.
 - The variety of programs of the Institute entails a great deal of administrative activities that are beyond faculty and director/associate director responsibilities.
 - This role enables a well administered, on-budget Institute.

- Administrative assistant
 - Administrative assistance for the director, associate director, and assistant director.
 - This position provides for the numerous clerical tasks required to operate the Institute.
 - This role enables a well administered, on-budget Institute.

APPENDIX B

CHARITABLE GRANT AGREEMENT

This charitable grant agreement (this "Agreement") is made effective on December 15, 2015 (the "Effective Date"), between the **University of Kentucky** (the "University"), an instrumentality of the Commonwealth of Kentucky, for the benefit of the John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"), which will be imminently created and housed in the Gatton College of Business and Economics (the "College"), and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for eight years (the "Term"), unless otherwise provided for in this Agreement. The University and Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

WHEREAS, the University has for at least ten (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise, and

WHEREAS, the Parties desire to expand those existing activities by entering into this Agreement.

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

1. **Promoting Academic Freedom.** Consistent with the Donor's principles of supporting a diversity of ideas in higher education, any grant funds provided by Donor under this Agreement are intended to help promote a republic of science at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University and the Donor desire to support the Institute to advance the University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into and made part of this Agreement, and is attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission"). The University has selected Dr. John Garen to be the initial director of the Institute (the "Institute Director"). The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, the University agrees to notify the Donor if the individual holding the Institute Director position changes.

b. **The Institute Programs.** To further support the Institute's Mission, the University desires to create the following positions and activities at the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include a "Senior Tenured Economics Professorship," two "Tenure-track Economics Professorships," a "Tenure-track Financial Economics Professorship," a "Senior Lecturer in Entrepreneurship," up to 13 "Ph.D. Fellowships," a "Research Associate," "Research Support," an "Institute Director Stipend," an "Associate Director Stipend," an "Institute Administrator," an "Institute Administrative Assistant," and "Institute Support." The University shall use any funds received under this Agreement solely to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions and Ph.D. Fellowships will follow the University's standards and procedures for hiring faculty and staff members for the relevant academic units.

3. **The University's Commitment to and Support for the Institute.** The University shall support the Institute Programs as provided for in this Agreement to advance the Institute and the University's missions

during the Term. The University shall continue supporting the faculty positions included in the Institute Programs and the Ph.D. Fellowships after the University expends all Contributed Amounts (defined below) received from the Donor. Though the University intends to continue supporting all of the Institute Programs after the University expends all Contributed Amounts received from the Donor, the University may need additional philanthropic support after this time to continue the other aspects of the Institute Programs. The University shall ensure, in accordance with its customary procedures regarding the same, that the faculty, staff, and fellows working with the Institute receive adequate office space to achieve the Institute's Mission.

4. The Donor's Support for the Institute Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to make a charitable grant of funds to the University and the University agrees to accept and use such funds solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$4,000,000, unless otherwise agreed to by the Parties in writing executed by authorized representatives of each Party.

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 528,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$ 716,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 608,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 265,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 315,000
Salary and fringe benefits for the Research Associate	Up to \$ 215,000
Costs and expenses for the Research Support	Up to \$ 680,000
Costs and expenses for the Institute Director Stipend	Up to \$ 176,000
Costs and expenses for the Associate Director Stipend	Up to \$ 50,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 196,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 110,000
Costs and expenses for the Institute Support	Up to \$ 141,000
Total Maximum Contributed Amount by Donor	Up to \$4,000,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute or the University faculty, students, and staff.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and the John H. Schnatter Family Foundation (the "Schnatter Foundation") executing an agreement providing for a grant from the Schnatter Foundation (the "Schnatter Foundation Grant Agreement") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Schnatter Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and the Schnatter Foundation's pledge to make contributions pursuant to the Schnatter Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, constitutes a separate and independent breach on the part of the University, as applicable, under the Schnatter Foundation Grant Agreement and shall entitle the Schnatter Foundation to exercise any and all of its

remedies provided in the Schnatter Foundation Grant Agreement, up to and including the right to terminate the Schnatter Foundation Grant Agreement.

5. University Annual Charitable Grant Request; Proposed Grant Award Schedule.

a. University Annual Charitable Grant Request. The University shall submit an annual written grant request according to the schedule below for Donor’s consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the “University Annual Charitable Grant Request”). The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$ 200,000
June 1, 2016	On or about August 1, 2016	Up to \$ 400,000
June 1, 2017	On or about August 1, 2017	Up to \$ 800,000
June 1, 2018	On or about August 1, 2018	Up to \$ 800,000
June 1, 2019	On or about August 1, 2019	Up to \$ 900,000
June 1, 2020	On or about August 1, 2020	Up to \$ 900,000
Total Maximum Contributed Amount by Donor		Up to \$4,000,000

c. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted expenditure fund on its books and records called the “ISFE-CKF Fund” (the “Fund”). The Fund shall be used solely to support the Institute Programs and the Institute Mission as stated in this Agreement. The University shall make the Fund available for contributions from other donors.

6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.

a. Tax Status. The University has furnished the Donor with records that it is an organization described in Internal Revenue Code (“Code”) section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor’s tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended or otherwise committed for the Institute Programs.

d. Donor Intent. The Donor intends that the grants paid to the University shall qualify as a “qualifying distribution” under Code section 4942.

7. **Publicity.** The Parties shall consult with each other and mutually agree prior to issuing the initial public announcement of this Agreement. To this end, the Parties have agreed to the contents of the "Executive Summary," attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The Parties shall not use each other's logos without the applicable Party's express written consent.

8. **General Provisions.**

a. The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended or otherwise uncommitted Contributed Amounts to the Donor within forty-five (45) days of the Donor's request. If the Donor terminates, the University may temporarily or permanently discontinue the operation and activities of the Institute, in its sole discretion. If the Donor terminates, the University may also choose to continue or at a future date resume the activities of the Institute and the Institute's Mission.

b. Except as permitted in Section 7, the University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the Schnatter Foundation and its charitable and educational mission. The Parties acknowledge that the Schnatter Foundation has certain rights under this Agreement. The University acknowledges and agrees that they will not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained

in any agreement between the Donor and the Schnatter Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The University may not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the University:
David W. Blackwell
University of Kentucky
Gatton College of Business & Economics
Lexington, Kentucky 40506-00

If to the Donor:
Charles Koch Foundation
1320 N. Courthouse Road, Suite 500
Arlington, VA 22201
Attn: Grant Administrator
Cc: General Counsel's Office

k. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

UNIVERSITY OF KENTUCKY

Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: G. Thomas Barker
G. Thomas Barker
Attorney at Law

By: D. Michael Richey
D. Michael Richey,
Vice President for Development

David W. Blackwell
David W. Blackwell,
Dean Gatton College of Business & Economics

CHARLES KOCH FOUNDATION

By: Brian Hooks
Brian Hooks
President



ATTACHMENT A

University of Kentucky Proposal to Support the John H. Schnatter Institute for the Study of Free Enterprise

The Gatton College of Business & Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the “Institute”). The Institute enables the Gatton College to continue and expand its long-standing mission to discover and understand aspects of free enterprise that promote the well-being of society.

The Institute will:

- Gain a deep, accurate, and objective understanding of free enterprise vis-à-vis other systems of organization for the economy and society.
- Engage the broader academic and university communities and the public in a serious and sustained examination of free enterprise and the numerous ways in which it affects our lives.
- Broaden perspectives regarding economics, economic history, public policy, and the law.

Institute Positions, Activities, and Student Fellowships

The Faculty Positions

The University will hire five new faculty members. The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty’s work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute.

The University will hire the new faculty members according to the following schedule:

- Senior Tenured Economics Professorship by the fall 2017 semester
- One Senior Tenure-track Economics Professorships by the fall 2017 semester and the second by the fall 2018 semester
- Tenure-track Financial Economics Professorship by the fall 2017 semester
- Senior Lecturer in Entrepreneurship for at least five academic years from the fall 2017 semester through the spring 2023 semester

The Ph.D. Fellowships

The University will select up to 13 individuals to hold Ph.D. Fellowships for four academic years during the fall 2017 semester through the spring 2023 semester. The fellows will receive academic advising from faculty affiliates of the Institute. The fellows will engage in a mix of teaching and research to support the University and the Institute’s mission. Each fellow will receive stipends, fringe benefits, or tuition scholarships not to exceed \$150,000 over four academic years.

The Research Associate

The University will hire a Research Associate by the fall 2018 semester. The Research Associate will be affiliated with the Institute and assist faculty affiliated with the Institute with research, including translating the Institute’s research into materials easily understood by the public.

The Research Support

The Institute will provide research grants up to \$30,000 to scholars from a variety of institutions affiliated with the Institute. The Institute will also engage in marketing and communications activities (including speaking at academic conferences) to enhance the impact of its intellectually rigorous research.

The Institute Director Stipend

The Institute's activities and use of funds will be under the direction of the Institute Director subject to normal University financial management procedures and accountability for stewardship of donor funds. The Institute Director will have the authority to approve the affiliation of faculty, staff, and students with the Institute. Any individual the Institute Director presents to an academic unit as a possible hire or affiliate of that unit must be approved by that unit pursuant to the University's and unit's established appointment procedures for selecting people for those units. Given these substantial duties, the University will provide the Institute Director with a stipend to enable the Institute Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Institute Director.

The Associate Director Stipend

The Institute's Associate Director will have substantial duties to help build the Institute's work. Given these substantial duties, the University will provide the Associate Director with a stipend to enable the Associate Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Associate Director.

The Institute Administrator

The Institute's Administrator will be a full time University staff member. The Institute Administrator will devote 100% of his or her time to ensure the Institute is well-administered and remains within its budget.

The Institute Administrative Assistant

The Institute's Administrative Assistant will be a full time University staff member. The Institute Administrative Assistant will devote 100% of his or her time to providing administrative support to the Institute.

The Institute Support

The Institute Support will include support for the fellows to attend academic conferences; an academic reading group for the fellows; undergraduate programs (such as a certificate program in entrepreneurship and a course in PPE); public and academic conferences; and an executive education program.

ATTACHMENT B

JOHN H. SCHNATTER FAMILY FOUNDATION GRANT AGREEMENT

CHARITABLE GRANT AGREEMENT

This charitable grant agreement (this "Agreement") is made effective on December 15, 2015 (the "Effective Date"), between the **University of Kentucky** (the "University"), an instrumentality of the Commonwealth of Kentucky, for the benefit of the John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"), which will be imminently created and housed in the Gatton College of Business and Economics (the "College"), and the **John H. Schnatter Family Foundation**, a Kentucky nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for eight years (the "Term"), unless otherwise provided for in this Agreement. The University and Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

WHEREAS, the University has for at least ten (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise, and

WHEREAS, the Parties desire to expand those existing activities by entering into this Agreement.

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

1. **Promoting Academic Freedom.** The Donor's grant is intended to help promote an environment at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University and the Donor desire to support the Institute to advance the University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into and made part of this Agreement, and is attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission"). The University has selected Dr. John Garen to be the initial director of the Institute (the "Institute Director"). The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, the University agrees to notify the Donor if the individual holding the Institute Director position changes.

b. **The Institute Programs.** To further support the Institute's Mission, the University desires to create the following positions and activities at the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include a "Senior Tenured Economics Professorship," two "Tenure-track Economics Professorships," a "Tenure-track Financial Economics Professorship," a "Senior Lecturer in Entrepreneurship," up to 13 "Ph.D. Fellowships," a "Research Associate," "Research Support," an "Institute Director Stipend," an "Associate Director Stipend," an "Institute Administrator," an "Institute Administrative Assistant," and "Institute Support." The University shall use any funds received under this Agreement solely to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions and Ph.D. Fellowships will follow the University's standards and procedures for hiring faculty and staff members for the relevant academic units.

3. **The University's Commitment to and Support for the Institute.** The University shall support the Institute Programs as provided for in this Agreement to advance the Institute and the University's missions

during the Term. The University shall continue supporting the faculty positions included in the Institute Programs and the Ph.D. Fellowships after the University expends all Contributed Amounts (defined below) received from the Donor. Though the University intends to continue supporting all of the Institute Programs after the University expends all Contributed Amounts received from the Donor, the University may need additional philanthropic support after this time to continue the other aspects of the Institute Programs. The University shall ensure, in accordance with its customary procedures regarding the same, that the faculty, staff, and fellows working with the Institute receive adequate office space to achieve the Institute's Mission.

4. The Donor's Support for the Institute Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to make a charitable grant of funds to the University and the University agrees to accept and use such funds solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$6,000,000, unless otherwise agreed to by the Parties in writing executed by authorized representatives of each Party.

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 792,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$1,074,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 397,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 912,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 321,000
Salary and fringe benefits for the Research Associate	Up to \$1,020,000
Costs and expenses for the Research Support	Up to \$ 472,000
Costs and expenses for the Institute Director Stipend	Up to \$ 264,000
Costs and expenses for the Associate Director Stipend	Up to \$ 75,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 295,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 166,000
Costs and expenses for the Institute Support	Up to \$ 212,000
Total Maximum Contributed Amount by Donor	Up to \$6,000,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute or the University faculty, students, and staff.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and the Charles Koch Foundation (the "CK Foundation") executing an agreement providing for a grant from the CK Foundation (the "CK Foundation Grant Agreement") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the CK Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and the CK Foundation's pledge to make contributions pursuant to the CK Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, constitutes a separate and independent breach on the part of the University, as applicable, under the CK Foundation Grant Agreement and shall entitle the CK

Foundation to exercise any and all of its remedies provided in the CK Foundation Grant Agreement, up to and including the right to terminate the CK Foundation Grant Agreement.

5. University Annual Charitable Grant Request; Proposed Grant Award Schedule.

a. University Annual Charitable Grant Request. The University shall submit an annual written grant request according to the schedule below for Donor’s consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the “University Annual Charitable Grant Request”). The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$300,000
June 1, 2016	On or about August 1, 2016	Up to \$600,000
June 1, 2017	On or about August 1, 2017	Up to \$1,200,000
June 1, 2018	On or about August 1, 2018	Up to \$1,200,000
June 1, 2019	On or about August 1, 2019	Up to \$1,350,000
June 1, 2020	On or about August 1, 2020	Up to \$1,350,000
Total Maximum Contributed Amount by Donor		Up to \$6,000,000

c. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted expenditure fund on its books and records called the “ISFE-JSSF Fund” (the “Fund”). The Fund shall be used solely to support the Institute Programs and the Institute Mission as stated in this Agreement. The University shall make the Fund available for contributions from other donors.

6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.

a. Tax Status. The University has furnished the Donor with records that it is an organization described in Internal Revenue Code (“Code”) section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor’s tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended or otherwise committed for the Institute Programs.

d. Donor Intent. The Donor intends that the grants paid to the University shall qualify as a “qualifying distribution” under Code section 4942.

7. Naming Rights, Acknowledgment, and Publicity

a. Naming Rights and Acknowledgments. From the date the Institute is created and henceforth, the Institute shall be known as the “The John H. Schnatter Institute for the Study of Free Enterprise” (the “Institute Name”). The University shall include the full and complete Institute Name in all references to the Institute, whether oral, written, electronic or otherwise, made, published or generated in any form or medium now or hereafter known. The Institute Name shall be prominently displayed at or about all means of ingress and egress to the facility where the Institute is housed, and shall be printed, embossed or otherwise included, at University expense, on all letterhead, envelopes, business cards, news or press releases, announcements and other printed materials relating to the Institute or events occurring at the Institute. The University shall use its best efforts to cause third parties that, with the authorization or cooperation of the University, refer to the Institute in oral, written, electronic or any other form of communication (including, by way of example and not limitation, speaking engagements, program materials, publications, videos and on the internet), to incorporate the full and complete Institute Name in all such references to the Institute.

i. It is the intent of the Donor and the University that the Institute Name be linked to any academic program or programs the University may hereinafter conduct in furtherance of the Institute’s Mission, so long as the Institute is in existence. Accordingly, the University hereby represents, warrants, and covenants that any academic programs supported by or initiated within the Institute or the University, a material focus of which is the Institute’s Mission, shall at all times be known by, and conducted under the auspices of, the Institute Name. If in the sole judgment of the Donor, any academic program conducted by the University in accordance with the terms of this Agreement is no longer principally focused on the Institute’s Mission, at the Donor’s election, in addition to any other remedy available to the Donor by reason of a breach of this Agreement, Donor may direct the University to immediately cease and desist use of the Institute Name in connection with such program. The Parties acknowledge that the terms of this Section 7(a) are intended to survive the Term of this Agreement, so long as the Institute is in existence and as provided in Paragraph 8(a).

b. Publicity. The University shall allow the Donor to review and approve the text of any proposed publicity which includes or mentions the Donor or the amount to be contributed pursuant to this Agreement. All such references to the Donor shall be to the “The John H. Schnatter Family Foundation.” The University agrees to allow the Donor to include information regarding the Donor supported Institute Programs and any information or materials about the Foundation or the University and their activities in the Donor’s reports, newsletters, and news releases. If requested by the Donor, the University shall acknowledge the Donor in all of its general materials in the same manner as any other University donor at the same level of funding. The Parties have agreed to the contents of the “Executive Summary,” attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The Parties shall not use each other’s logos without the applicable Party’s express written consent.

8. General Provisions.

a. The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended or otherwise uncommitted Contributed Amounts to the Donor within forty-five (45) days of the Donor’s request. If the Donor terminates, the University may temporarily or permanently discontinue the operation and activities of the Institute, in its sole discretion. If the Donor terminates, the University may also choose to continue or at a future date resume the activities of the Institute and

the Institute's Mission, but shall not be bound by the terms of Section 7(a) of this Agreement; except, however, in the event the Donor has contributed the sum of \$3 Million in accordance with the terms of this Agreement the University agrees to continue the naming rights set forth in Paragraph 7(a) above for a period of seven (7) years from the date of termination of this Agreement.

b. Except as permitted in Section 7, the University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the CK Foundation and its charitable and educational mission. The Parties acknowledge that the CK Foundation has certain rights under this Agreement. The University acknowledges and agrees that they will not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained in any agreement between the Donor and the CK Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The University may not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. This Agreement will be governed, interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of law provisions.

k. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following

address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the University:
David W. Blackwell
University of Kentucky
Gatton College of Business & Economics
Lexington, Kentucky 40506-00


If to the Donor:
John H. Schnatter Family Foundation
11411 Park Road
Anchorage, KY 40223
Attn: Aaron M. Thompson


1. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

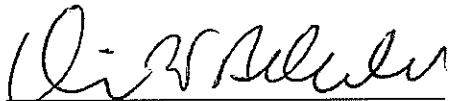
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UNIVERSITY OF KENTUCKY

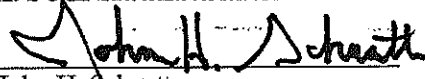
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Attorney at Law

By: 
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Vice President for Development


David W. Blackwell,
Dean Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 
John H. Schnatter
President

ATTACHMENT A

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The Institute will:

- Gain a deep, accurate, and objective understanding of free enterprise vis-à-vis other systems of organization for the economy and society.
- Engage the broader academic and university communities and the public in a serious and sustained examination of free enterprise and the numerous ways in which it affects our lives.
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Institute Positions, Activities, and Student Fellowships

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The University will hire five new faculty members. The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty's work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute.

The University will hire the new faculty members according to the following schedule:

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The Institute's Associate Director will have substantial duties to help build the Institute's work. Given these substantial duties, the University will provide the Associate Director with a stipend to enable the Associate Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Associate Director.

The Institute Administrator

The Institute's Administrator will be a full time University staff member. The Institute Administrator will devote 100% of his or her time to ensure the Institute is well-administered and remains within its budget.

The Institute Administrative Assistant

The Institute's Administrative Assistant will be a full time University staff member. The Institute Administrative Assistant will devote 100% of his or her time to providing administrative support to the Institute.

The Institute Support

The Institute Support will include support for the fellows to attend academic conferences; an academic reading group for the fellows; undergraduate programs (such as a certificate program in entrepreneurship and a course in PPE); public and academic conferences; and an executive education program.

ATTACHMENT B
CK FOUNDATION GRANT AGREEMENT

ATTACHMENT C

CHARITABLE GRANT AGREEMENT SUMMARY BETWEEN THE UNIVERSITY OF KENTUCKY AND THE JOHN H. SCHNATTER FAMILY FOUNDATION

The University of Kentucky and the John H. Schnatter Family Foundation have entered into a charitable grant agreement for the John H. Schnatter Family Foundation to provide philanthropic support for the University's proposal to support the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics.


The grant responds to an opportunity presented to the John H. Schnatter Family Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's goal for the John H. Schnatter Institute for the Study of Free Enterprise, which is to discover and understand aspects of free enterprise that promote the well-being of society.

The John H. Schnatter Family Foundation will provide philanthropic support of up to \$6,000,000 to support the University's plan for the John H. Schnatter Institute for the Study of Free Enterprise. The University expects to attract additional contributions to support the John H. Schnatter Institute for the Study of Free Enterprise and the College. As outlined in the University's proposal, these funds will aid the University's support of the John H. Schnatter Institute for the Study of Free Enterprise and provide funding for five faculty positions, up to thirteen Ph.D. fellowships, research support, and support for the programs conducted by the John H. Schnatter Institute for the Study of Free Enterprise.

The charitable grant adheres to the University of Kentucky's policies regarding hiring, research, and curriculum and the John H. Schnatter Family Foundation's principles for university charitable giving.

The University of Kentucky and the John H. Schnatter Family Foundation attest that this is an accurate representation of the charitable grant agreement.

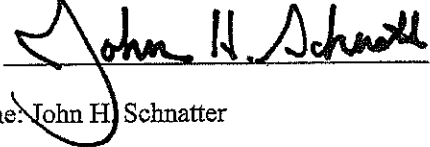
THE UNIVERSITY OF KENTUCKY

By: 

Name: David W. Blackwell

Title: Dean, Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 

Name: John H. Schnatter

Title: President

December 15, 2015

ATTACHMENT C

CHARITABLE GRANT AGREEMENT SUMMARY BETWEEN THE UNIVERSITY OF KENTUCKY AND THE CHARLES KOCH FOUNDATION

The University of Kentucky and the Charles Koch Foundation have entered into a charitable grant agreement for the Charles Koch Foundation to provide philanthropic support for the University's proposal to support the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics.

The grant responds to an opportunity presented to the Charles Koch Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's goal for the John H. Schnatter Institute for the Study of Free Enterprise, which is to discover and understand aspects of free enterprise that promote the well-being of society.

The Charles Koch Foundation will provide philanthropic support of up to \$4,000,000 to support the University's plan for the John H. Schnatter Institute for the Study of Free Enterprise. The University expects to attract additional contributions to support the John H. Schnatter Institute for the Study of Free Enterprise and the College. As outlined in the University's proposal, these funds will aid the University's support of the Institute for the Study of Free Enterprise and provide funding for five faculty positions, up to thirteen Ph.D. fellowships, research support, and support for the programs conducted by the John H. Schnatter Institute for the Study of Free Enterprise.

The charitable grant adheres to the University of Kentucky's policies regarding hiring, research, and curriculum and the Charles Koch Foundation's principles for university charitable giving.

The University of Kentucky and the Charles Koch Foundation attest that this is an accurate representation of the charitable grant agreement.

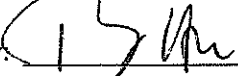
THE UNIVERSITY OF KENTUCKY

By: 

Name: David W. Blackwell

Title: Dean, Gatton College of Business & Economics

CHARLES KOCH FOUNDATION

By: 

Name: Brian Hooks

Title: President

December 15, 2015

CHARITABLE GRANT AGREEMENT

This charitable grant agreement (this "Agreement") is made effective on December 15, 2015 (the "Effective Date"), between the **University of Kentucky** (the "University"), an instrumentality of the Commonwealth of Kentucky, for the benefit of the **John H. Schnatter Institute for the Study of Free Enterprise** (the "Institute"), which will be imminently created and housed in the **Gatton College of Business and Economics** (the "College"), and the **John H. Schnatter Family Foundation**, a Kentucky nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for eight years (the "Term"), unless otherwise provided for in this Agreement. The University and Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

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WHEREAS, the Parties desire to expand those existing activities by entering into this Agreement.

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

1. **Promoting Academic Freedom.** The Donor's grant is intended to help promote an environment at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University and the Donor desire to support the Institute to advance the University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into and made part of this Agreement, and is attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission"). The University has selected Dr. John Garen to be the initial director of the Institute (the "Institute Director"). The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, the University agrees to notify the Donor if the individual holding the Institute Director position changes.

b. **The Institute Programs.** To further support the Institute's Mission, the University desires to create the following positions and activities at the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include a "Senior Tenured Economics Professorship," two "Tenure-track Economics Professorships," a "Tenure-track Financial Economics Professorship," a "Senior Lecturer in Entrepreneurship," up to 13 "Ph.D. Fellowships," a "Research Associate," "Research Support," an "Institute Director Stipend," an "Associate Director Stipend," an "Institute Administrator," an "Institute Administrative Assistant," and "Institute Support." The University shall use any funds received under this Agreement solely to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions and Ph.D. Fellowships will follow the University's standards and procedures for hiring faculty and staff members for the relevant academic units.

3. **The University's Commitment to and Support for the Institute.** The University shall support the Institute Programs as provided for in this Agreement to advance the Institute and the University's missions

during the Term. The University shall continue supporting the faculty positions included in the Institute Programs and the Ph.D. Fellowships after the University expends all Contributed Amounts (defined below) received from the Donor. Though the University intends to continue supporting all of the Institute Programs after the University expends all Contributed Amounts received from the Donor, the University may need additional philanthropic support after this time to continue the other aspects of the Institute Programs. The University shall ensure, in accordance with its customary procedures regarding the same, that the faculty, staff, and fellows working with the Institute receive adequate office space to achieve the Institute's Mission.

4. The Donor's Support for the Institute Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to make a charitable grant of funds to the University and the University agrees to accept and use such funds solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$6,000,000, unless otherwise agreed to by the Parties in writing executed by authorized representatives of each Party.

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 792,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$1,074,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 397,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 912,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 321,000
Salary and fringe benefits for the Research Associate	Up to \$1,020,000
Costs and expenses for the Research Support	Up to \$ 472,000
Costs and expenses for the Institute Director Stipend	Up to \$ 264,000
Costs and expenses for the Associate Director Stipend	Up to \$ 75,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 295,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 166,000
Costs and expenses for the Institute Support	Up to \$ 212,000
Total Maximum Contributed Amount by Donor	Up to \$6,000,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute or the University faculty, students, and staff.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and the Charles Koch Foundation (the "CK Foundation") executing an agreement providing for a grant from the CK Foundation (the "CK Foundation Grant Agreement") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the CK Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and the CK Foundation's pledge to make contributions pursuant to the CK Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, constitutes a separate and independent breach on the part of the University, as applicable, under the CK Foundation Grant Agreement and shall entitle the CK

Foundation to exercise any and all of its remedies provided in the CK Foundation Grant Agreement, up to and including the right to terminate the CK Foundation Grant Agreement.

5. University Annual Charitable Grant Request: Proposed Grant Award Schedule.

a. University Annual Charitable Grant Request. The University shall submit an annual written grant request according to the schedule below for Donor’s consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the “University Annual Charitable Grant Request”). The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$300,000
June 1, 2016	On or about August 1, 2016	Up to \$600,000
June 1, 2017	On or about August 1, 2017	Up to \$1,200,000
June 1, 2018	On or about August 1, 2018	Up to \$1,200,000
June 1, 2019	On or about August 1, 2019	Up to \$1,350,000
June 1, 2020	On or about August 1, 2020	Up to \$1,350,000
Total Maximum Contributed Amount by Donor		Up to \$6,000,000

c. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted expenditure fund on its books and records called the “ISFE-JSSF Fund” (the “Fund”). The Fund shall be used solely to support the Institute Programs and the Institute Mission as stated in this Agreement. The University shall make the Fund available for contributions from other donors.

6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.

a. Tax Status. The University has furnished the Donor with records that it is an organization described in Internal Revenue Code (“Code”) section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor’s tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended or otherwise committed for the Institute Programs.

d. Donor Intent. The Donor intends that the grants paid to the University shall qualify as a “qualifying distribution” under Code section 4942.

7. Naming Rights, Acknowledgment, and Publicity

a. Naming Rights and Acknowledgments. From the date the Institute is created and henceforth, the Institute shall be known as the "The John H. Schnatter Institute for the Study of Free Enterprise" (the "Institute Name"). The University shall include the full and complete Institute Name in all references to the Institute, whether oral, written, electronic or otherwise, made, published or generated in any form or medium now or hereafter known. The Institute Name shall be prominently displayed at or about all means of ingress and egress to the facility where the Institute is housed, and shall be printed, embossed or otherwise included, at University expense, on all letterhead, envelopes, business cards, news or press releases, announcements and other printed materials relating to the Institute or events occurring at the Institute. The University shall use its best efforts to cause third parties that, with the authorization or cooperation of the University, refer to the Institute in oral, written, electronic or any other form of communication (including, by way of example and not limitation, speaking engagements, program materials, publications, videos and on the internet), to incorporate the full and complete Institute Name in all such references to the Institute.

i. It is the intent of the Donor and the University that the Institute Name be linked to any academic program or programs the University may hereinafter conduct in furtherance of the Institute's Mission, so long as the Institute is in existence. Accordingly, the University hereby represents, warrants, and covenants that any academic programs supported by or initiated within the Institute or the University, a material focus of which is the Institute's Mission, shall at all times be known by, and conducted under the auspices of, the Institute Name. If in the sole judgment of the Donor, any academic program conducted by the University in accordance with the terms of this Agreement is no longer principally focused on the Institute's Mission, at the Donor's election, in addition to any other remedy available to the Donor by reason of a breach of this Agreement, Donor may direct the University to immediately cease and desist use of the Institute Name in connection with such program. The Parties acknowledge that the terms of this Section 7(a) are intended to survive the Term of this Agreement, so long as the Institute is in existence and as provided in Paragraph 8(a).

b. Publicity. The University shall allow the Donor to review and approve the text of any proposed publicity which includes or mentions the Donor or the amount to be contributed pursuant to this Agreement. All such references to the Donor shall be to the "The John H. Schnatter Family Foundation." The University agrees to allow the Donor to include information regarding the Donor supported Institute Programs and any information or materials about the Foundation or the University and their activities in the Donor's reports, newsletters, and news releases. If requested by the Donor, the University shall acknowledge the Donor in all of its general materials in the same manner as any other University donor at the same level of funding. The Parties have agreed to the contents of the "Executive Summary," attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The Parties shall not use each other's logos without the applicable Party's express written consent.

8. General Provisions.

a. The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended or otherwise uncommitted Contributed Amounts to the Donor within forty-five (45) days of the Donor's request. If the Donor terminates, the University may temporarily or permanently discontinue the operation and activities of the Institute, in its sole discretion. If the Donor terminates, the University may also choose to continue or at a future date resume the activities of the Institute and

the Institute's Mission, but shall not be bound by the terms of Section 7(a) of this Agreement; except, however, in the event the Donor has contributed the sum of \$3 Million in accordance with the terms of this Agreement the University agrees to continue the naming rights set forth in Paragraph 7(a) above for a period of seven (7) years from the date of termination of this Agreement.

b. Except as permitted in Section 7, the University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the CK Foundation and its charitable and educational mission. The Parties acknowledge that the CK Foundation has certain rights under this Agreement. The University acknowledges and agrees that they will not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained in any agreement between the Donor and the CK Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The University may not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. This Agreement will be governed, interpreted and enforced in accordance with the laws of the Commonwealth of Kentucky, without regard to conflict of law provisions.

k. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following

address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the University:
David W. Blackwell
University of Kentucky
Gatton College of Business & Economics
Lexington, Kentucky 40506-00


If to the Donor:
John H. Schnatter Family Foundation
11411 Park Road
Anchorage, KY 40223
Attn: Aaron M. Thompson


1. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.


The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

UNIVERSITY OF KENTUCKY


Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: 
G. Thomas Barker
Attorney at Law

By: 
D. Michael Richey,
Vice President for Development


David W. Blackwell,
Dean Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 
John H. Schnatter
President

ATTACHMENT A

University of Kentucky Proposal to Support the John H. Schnatter Institute for the Study of Free Enterprise

The Gatton College of Business & Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"). The Institute enables the Gatton College to continue and expand its long-standing mission to discover and understand aspects of free enterprise that promote the well-being of society.

The Institute will:

- Gain a deep, accurate, and objective understanding of free enterprise vis-à-vis other systems of organization for the economy and society.
- Engage the broader academic and university communities and the public in a serious and sustained examination of free enterprise and the numerous ways in which it affects our lives.
- Broaden perspectives regarding economics, economic history, public policy, and the law.

Institute Positions, Activities, and Student Fellowships

The Faculty Positions

The University will hire five new faculty members. The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty's work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute.

The University will hire the new faculty members according to the following schedule:

- Senior Tenured Economics Professorship by the fall 2017 semester
- One Senior Tenure-track Economics Professorships by the fall 2017 semester and the second by the fall 2018 semester
- Tenure-track Financial Economics Professorship by the fall 2017 semester
- Senior Lecturer in Entrepreneurship for at least five academic years from the fall 2017 semester through the spring 2023 semester

The Ph.D. Fellowships

The University will select up to 13 individuals to hold Ph.D. Fellowships for four academic years during the fall 2017 semester through the spring 2023 semester. The fellows will receive academic advising from faculty affiliates of the Institute. The fellows will engage in a mix of teaching and research to support the University and the Institute's mission. Each fellow will receive stipends, fringe benefits, or tuition scholarships not to exceed \$150,000 over four academic years.

The Research Associate

The University will hire a Research Associate by the fall 2018 semester. The Research Associate will be affiliated with the Institute and assist faculty affiliated with the Institute with research, including translating the Institute's research into materials easily understood by the public.

The Research Support

The Institute will provide research grants up to \$30,000 to scholars from a variety of institutions affiliated with the Institute. The Institute will also engage in marketing and communications activities (including speaking at academic conferences) to enhance the impact of its intellectually rigorous research.

The Institute Director Stipend

The Institute's activities and use of funds will be under the direction of the Institute Director subject to normal University financial management procedures and accountability for stewardship of donor funds. The Institute Director will have the authority to approve the affiliation of faculty, staff, and students with the Institute. Any individual the Institute Director presents to an academic unit as a possible hire or affiliate of that unit must be approved by that unit pursuant to the University's and unit's established appointment procedures for selecting people for those units. Given these substantial duties, the University will provide the Institute Director with a stipend to enable the Institute Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Institute Director.

The Associate Director Stipend

The Institute's Associate Director will have substantial duties to help build the Institute's work. Given these substantial duties, the University will provide the Associate Director with a stipend to enable the Associate Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Associate Director.

The Institute Administrator

The Institute's Administrator will be a full time University staff member. The Institute Administrator will devote 100% of his or her time to ensure the Institute is well-administered and remains within its budget.

The Institute Administrative Assistant

The Institute's Administrative Assistant will be a full time University staff member. The Institute Administrative Assistant will devote 100% of his or her time to providing administrative support to the Institute.

The Institute Support

The Institute Support will include support for the fellows to attend academic conferences; an academic reading group for the fellows; undergraduate programs (such as a certificate program in entrepreneurship and a course in PPE); public and academic conferences; and an executive education program.

ATTACHMENT B
CK FOUNDATION GRANT AGREEMENT

CHARITABLE GRANT AGREEMENT

This charitable grant agreement (this "Agreement") is made effective on December 15, 2015 (the "Effective Date"), between the **University of Kentucky** (the "University"), an instrumentality of the Commonwealth of Kentucky, for the benefit of the John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"), which will be imminently created and housed in the Gatton College of Business and Economics (the "College"), and the **Charles Koch Foundation**, a Kansas nonprofit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for eight years (the "Term"), unless otherwise provided for in this Agreement. The University and Donor are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

WHEREAS, the University has for at least ten (10) years engaged in academic programming, teaching, research and support for faculty and graduate students within the Gatton College for the study of free enterprise, and

WHEREAS, the Parties desire to expand those existing activities by entering into this Agreement.

NOW, THEREFORE, the Parties intending to be legally bound agree as follows:

1. **Promoting Academic Freedom.** Consistent with the Donor's principles of supporting a diversity of ideas in higher education, any grant funds provided by Donor under this Agreement are intended to help promote a republic of science at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Institute, and their faculty, students, and staff is critical to the success of the Institute's research, scholarship, teaching, and service.

2. **The Institute.** The University and the Donor desire to support the Institute to advance the University's educational mission as follows:

a. **The Institute's Mission and Director.** As stated in the proposal, which is hereby incorporated into and made part of this Agreement, and is attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Institute's mission is to discover and understand aspects of free enterprise that promote the well-being of society (the "Institute's Mission"). The University has selected Dr. John Garen to be the initial director of the Institute (the "Institute Director"). The Parties believe the Institute Director is an invaluable part of advancing the Institute's Mission; therefore, the University agrees to notify the Donor if the individual holding the Institute Director position changes.

b. **The Institute Programs.** To further support the Institute's Mission, the University desires to create the following positions and activities at the Institute, collectively referred to as the "Institute Programs." The Institute Programs are described more fully in the Proposal and include a "Senior Tenured Economics Professorship," two "Tenure-track Economics Professorships," a "Tenure-track Financial Economics Professorship," a "Senior Lecturer in Entrepreneurship," up to 13 "Ph.D. Fellowships," a "Research Associate," "Research Support," an "Institute Director Stipend," an "Associate Director Stipend," an "Institute Administrator," an "Institute Administrative Assistant," and "Institute Support." The University shall use any funds received under this Agreement solely to support the Institute Programs in accordance with the terms of this Agreement. The selection of the foregoing positions and Ph.D. Fellowships will follow the University's standards and procedures for hiring faculty and staff members for the relevant academic units.

3. **The University's Commitment to and Support for the Institute.** The University shall support the Institute Programs as provided for in this Agreement to advance the Institute and the University's missions

during the Term. The University shall continue supporting the faculty positions included in the Institute Programs and the Ph.D. Fellowships after the University expends all Contributed Amounts (defined below) received from the Donor. Though the University intends to continue supporting all of the Institute Programs after the University expends all Contributed Amounts received from the Donor, the University may need additional philanthropic support after this time to continue the other aspects of the Institute Programs. The University shall ensure, in accordance with its customary procedures regarding the same, that the faculty, staff, and fellows working with the Institute receive adequate office space to achieve the Institute's Mission.

4. The Donor's Support for the Institute Programs.

a. Contributed Amount. Subject to the terms of this Agreement, the Donor agrees to make a charitable grant of funds to the University and the University agrees to accept and use such funds solely to support the Institute Programs to advance the Institute's Mission (all or part of such funds are referred to as the "Contributed Amount(s)"). In no event shall the aggregate Contributed Amount under this Agreement exceed \$4,000,000, unless otherwise agreed to by the Parties in writing executed by authorized representatives of each Party.

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 528,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$ 716,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 608,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 265,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 315,000
Salary and fringe benefits for the Research Associate	Up to \$ 215,000
Costs and expenses for the Research Support	Up to \$ 680,000
Costs and expenses for the Institute Director Stipend	Up to \$ 176,000
Costs and expenses for the Associate Director Stipend	Up to \$ 50,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 196,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 110,000
Costs and expenses for the Institute Support	Up to \$ 141,000
Total Maximum Contributed Amount by Donor	Up to \$4,000,000

b. Other Support. If the University and Donor mutually agree, the Donor may also contribute in-kind services to the University to help promote the work of the University, the Institute or the University faculty, students, and staff.

c. Contingent Grant. The Donor's support under this Agreement is expressly contingent upon the University and the John H. Schnatter Family Foundation (the "Schnatter Foundation") executing an agreement providing for a grant from the Schnatter Foundation (the "Schnatter Foundation Grant Agreement") to support the Institute Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the Schnatter Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor's pledge to make contributions pursuant to this Agreement and the Schnatter Foundation's pledge to make contributions pursuant to the Schnatter Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the University, constitutes a separate and independent breach on the part of the University, as applicable, under the Schnatter Foundation Grant Agreement and shall entitle the Schnatter Foundation to exercise any and all of its

remedies provided in the Schnatter Foundation Grant Agreement, up to and including the right to terminate the Schnatter Foundation Grant Agreement.

5. University Annual Charitable Grant Request; Proposed Grant Award Schedule.

a. University Annual Charitable Grant Request. The University shall submit an annual written grant request according to the schedule below for Donor’s consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the “University Annual Charitable Grant Request”). The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.

b. University Annual Charitable Grant Request and Proposed Grant Award Schedule.

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$ 200,000
June 1, 2016	On or about August 1, 2016	Up to \$ 400,000
June 1, 2017	On or about August 1, 2017	Up to \$ 800,000
June 1, 2018	On or about August 1, 2018	Up to \$ 800,000
June 1, 2019	On or about August 1, 2019	Up to \$ 900,000
June 1, 2020	On or about August 1, 2020	Up to \$ 900,000
Total Maximum Contributed Amount by Donor		Up to \$4,000,000

c. The Fund. The University shall place all of the Contributed Amounts in a segregated and restricted expenditure fund on its books and records called the “ISFE-CKF Fund” (the “Fund”). The Fund shall be used solely to support the Institute Programs and the Institute Mission as stated in this Agreement. The University shall make the Fund available for contributions from other donors.

6. Contributed Amount Used Solely for Educational Purposes for the Institute Programs.

a. Tax Status. The University has furnished the Donor with records that it is an organization described in Internal Revenue Code (“Code”) section 170(c)(1) or 511(a)(2)(B). The University agrees to immediately notify the Donor if its tax status changes.

b. Educational Purpose. The Contributed Amount will be expended solely for the Institute Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation as described in section 4945(d)(1) of the Code, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor’s tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Institute Programs. The University shall use all Contributed Amounts solely to support the Institute Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended or otherwise committed for the Institute Programs.

d. Donor Intent. The Donor intends that the grants paid to the University shall qualify as a “qualifying distribution” under Code section 4942.

7. **Publicity.** The Parties shall consult with each other and mutually agree prior to issuing the initial public announcement of this Agreement. To this end, the Parties have agreed to the contents of the "Executive Summary," attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The Parties shall not use each other's logos without the applicable Party's express written consent.

8. **General Provisions.**

a. The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. In the event of termination of the Agreement, the University agrees to return all unexpended or otherwise uncommitted Contributed Amounts to the Donor within forty-five (45) days of the Donor's request. If the Donor terminates, the University may temporarily or permanently discontinue the operation and activities of the Institute, in its sole discretion. If the Donor terminates, the University may also choose to continue or at a future date resume the activities of the Institute and the Institute's Mission.

b. Except as permitted in Section 7, the University agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor with at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the Schnatter Foundation and its charitable and educational mission. The Parties acknowledge that the Schnatter Foundation has certain rights under this Agreement. The University acknowledges and agrees that they will not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained

in any agreement between the Donor and the Schnatter Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The University may not transfer or assign its interest in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the University:
David W. Blackwell
University of Kentucky
Gatton College of Business & Economics
Lexington, Kentucky 40506-00

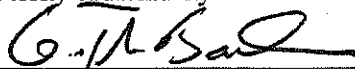
If to the Donor:
Charles Koch Foundation
1320 N. Courthouse Road, Suite 500
Arlington, VA 22201
Attn: Grant Administrator
Cc: General Counsel's Office

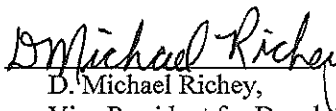
k. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.


The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

UNIVERSITY OF KENTUCKY

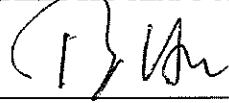
Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: 
G. Thomas Barker
Attorney at Law

By: 
D. Michael Richey,
Vice President for Development


David W. Blackwell,
Dean Gatton College of Business & Economics

CHARLES KOCH FOUNDATION

By: 
Brian Hooks
President



ATTACHMENT A

University of Kentucky Proposal to Support the John H. Schnatter Institute for the Study of Free Enterprise

The Gatton College of Business & Economics will house the newly created John H. Schnatter Institute for the Study of Free Enterprise (the "Institute"). The Institute enables the Gatton College to continue and expand its long-standing mission to discover and understand aspects of free enterprise that promote the well-being of society.

The Institute will:

- Gain a deep, accurate, and objective understanding of free enterprise vis-à-vis other systems of organization for the economy and society.
- Engage the broader academic and university communities and the public in a serious and sustained examination of free enterprise and the numerous ways in which it affects our lives.
- Broaden perspectives regarding economics, economic history, public policy, and the law.

Institute Positions, Activities, and Student Fellowships

The Faculty Positions

The University will hire five new faculty members. The individuals holding the faculty positions will be selected by the University and will engage in research, teaching, and community outreach. The faculty's work will make additional courses and educational opportunities available for undergraduates, provide advising for graduate students, encourage interdisciplinary collaboration at the University, and provide important information to the general public. This work will include devoting a significant amount of time and resources to work related to the Institute.

The University will hire the new faculty members according to the following schedule:

- Senior Tenured Economics Professorship by the fall 2017 semester
- One Senior Tenure-track Economics Professorships by the fall 2017 semester and the second by the fall 2018 semester
- Tenure-track Financial Economics Professorship by the fall 2017 semester
- Senior Lecturer in Entrepreneurship for at least five academic years from the fall 2017 semester through the spring 2023 semester

The Ph.D. Fellowships

The University will select up to 13 individuals to hold Ph.D. Fellowships for four academic years during the fall 2017 semester through the spring 2023 semester. The fellows will receive academic advising from faculty affiliates of the Institute. The fellows will engage in a mix of teaching and research to support the University and the Institute's mission. Each fellow will receive stipends, fringe benefits, or tuition scholarships not to exceed \$150,000 over four academic years.

The Research Associate

The University will hire a Research Associate by the fall 2018 semester. The Research Associate will be affiliated with the Institute and assist faculty affiliated with the Institute with research, including translating the Institute's research into materials easily understood by the public.

The Research Support

The Institute will provide research grants up to \$30,000 to scholars from a variety of institutions affiliated with the Institute. The Institute will also engage in marketing and communications activities (including speaking at academic conferences) to enhance the impact of its intellectually rigorous research.

The Institute Director Stipend

The Institute's activities and use of funds will be under the direction of the Institute Director subject to normal University financial management procedures and accountability for stewardship of donor funds. The Institute Director will have the authority to approve the affiliation of faculty, staff, and students with the Institute. Any individual the Institute Director presents to an academic unit as a possible hire or affiliate of that unit must be approved by that unit pursuant to the University's and unit's established appointment procedures for selecting people for those units. Given these substantial duties, the University will provide the Institute Director with a stipend to enable the Institute Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Institute Director.

The Associate Director Stipend

The Institute's Associate Director will have substantial duties to help build the Institute's work. Given these substantial duties, the University will provide the Associate Director with a stipend to enable the Associate Director to devote the appropriate time and energy to building and promoting the Institute. The University will continue to pay the salary and benefits of the Associate Director.

The Institute Administrator

The Institute's Administrator will be a full time University staff member. The Institute Administrator will devote 100% of his or her time to ensure the Institute is well-administered and remains within its budget.

The Institute Administrative Assistant

The Institute's Administrative Assistant will be a full time University staff member. The Institute Administrative Assistant will devote 100% of his or her time to providing administrative support to the Institute.

The Institute Support

The Institute Support will include support for the fellows to attend academic conferences; an academic reading group for the fellows; undergraduate programs (such as a certificate program in entrepreneurship and a course in PPE); public and academic conferences; and an executive education program.

ATTACHMENT B

JOHN H. SCHNATTER FAMILY FOUNDATION GRANT AGREEMENT

ATTACHMENT C

CHARITABLE GRANT AGREEMENT SUMMARY BETWEEN THE UNIVERSITY OF KENTUCKY AND THE CHARLES KOCH FOUNDATION

The University of Kentucky and the Charles Koch Foundation have entered into a charitable grant agreement for the Charles Koch Foundation to provide philanthropic support for the University's proposal to support the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics.

The grant responds to an opportunity presented to the Charles Koch Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's goal for the John H. Schnatter Institute for the Study of Free Enterprise, which is to discover and understand aspects of free enterprise that promote the well-being of society.

The Charles Koch Foundation will provide philanthropic support of up to \$4,000,000 to support the University's plan for the John H. Schnatter Institute for the Study of Free Enterprise. The University expects to attract additional contributions to support the John H. Schnatter Institute for the Study of Free Enterprise and the College. As outlined in the University's proposal, these funds will aid the University's support of the Institute for the Study of Free Enterprise and provide funding for five faculty positions, up to thirteen Ph.D. fellowships, research support, and support for the programs conducted by the John H. Schnatter Institute for the Study of Free Enterprise.

The charitable grant adheres to the University of Kentucky's policies regarding hiring, research, and curriculum and the Charles Koch Foundation's principles for university charitable giving.

The University of Kentucky and the Charles Koch Foundation attest that this is an accurate representation of the charitable grant agreement.


THE UNIVERSITY OF KENTUCKY

By: 

Name: David W. Blackwell

Title: Dean, Gatton College of Business & Economics

CHARLES KOCH FOUNDATION

By: 

Name: Brian Hooks

Title: President

December 15, 2015

ATTACHMENT C

CHARITABLE GRANT AGREEMENT SUMMARY BETWEEN THE UNIVERSITY OF KENTUCKY AND THE JOHN H. SCHNATTER FAMILY FOUNDATION

The University of Kentucky and the John H. Schnatter Family Foundation have entered into a charitable grant agreement for the John H. Schnatter Family Foundation to provide philanthropic support for the University's proposal to support the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics.


The grant responds to an opportunity presented to the John H. Schnatter Family Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's goal for the John H. Schnatter Institute for the Study of Free Enterprise, which is to discover and understand aspects of free enterprise that promote the well-being of society.

The John H. Schnatter Family Foundation will provide philanthropic support of up to \$6,000,000 to support the University's plan for the John H. Schnatter Institute for the Study of Free Enterprise. The University expects to attract additional contributions to support the John H. Schnatter Institute for the Study of Free Enterprise and the College. As outlined in the University's proposal, these funds will aid the University's support of the John H. Schnatter Institute for the Study of Free Enterprise and provide funding for five faculty positions, up to thirteen Ph.D. fellowships, research support, and support for the programs conducted by the John H. Schnatter Institute for the Study of Free Enterprise.

The charitable grant adheres to the University of Kentucky's policies regarding hiring, research, and curriculum and the John H. Schnatter Family Foundation's principles for university charitable giving.

The University of Kentucky and the John H. Schnatter Family Foundation attest that this is an accurate representation of the charitable grant agreement.

THE UNIVERSITY OF KENTUCKY

By: 

Name: David W. Blackwell

Title: Dean, Gatton College of Business & Economics

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 

Name: John H. Schnatter

Title: President

December 15, 2015

CHARITABLE GRANT AGREEMENT

THIS CHARITABLE GRANT AGREEMENT (hereinafter referred to as the "Agreement"), made and entered into on this the 15th day of December, 2015, by and between John H. Schnatter, in his capacity as President of the John H. Schnatter Family Foundation, 11411 Park Road, Anchorage, KY 40223 (hereinafter referred to as the "Donor" or "Schnatter Foundation"), and the University of Kentucky, William B. Sturgill Development Building, Lexington, Kentucky 40506-0015 (hereinafter referred to as the "University").

WITNESSETH:

WHEREAS, the Schnatter Foundation desires to make a charitable grant commitment to the University, to be used by the University for the construction and enhancement of the Gatton College of Business & Economics (the "Gatton College") facility located on the campus of the University, subject to the terms of this Agreement; and

WHEREAS, the University agrees to receive and administer this charitable grant in accordance with the purposes and provisions of this Agreement and the policies of the University.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions hereinafter set forth, the parties do hereby mutually agree as follows:

1. **Charitable Grant Purpose & Commitment.** The Schnatter Foundation agrees to make and the University does hereby accept the grant described below for the restricted purpose of providing immediately expendable philanthropic support for the construction and enhancement of the Gatton College's facility located on the campus of the University, which shall be payable as follows:
 - a. Schnatter Foundation Grant Amount and Payment Schedule. The Schnatter Foundation shall transfer or cause to be transferred cash or marketable securities to the University in the total amount of TWO MILLION DOLLARS (\$2,000,000). The parties agree that this commitment will be funded over a period of not more than eight (8) years, beginning in calendar year 2016 and ending in calendar year 2023.
 - b. Fulfillment of Schnatter Foundation Grant by Others. At the option of John H. Schnatter, any gift made by him or any entity created, controlled or owned by him to the University and designated for the purposes discussed herein shall reduce the Schnatter Foundation's obligation hereunder by an amount equal to the fair market value of such gift; however, the aforementioned individual shall not have an obligation to make any such gift to the University pursuant to this Agreement.
 - c. Schnatter Foundation Intention to Secure Additional Funding. The Schnatter Foundation hereby agrees to use its best efforts to secure philanthropic

commitments from other sources in the amount of THREE MILLION DOLLARS (\$3,000,000) to increase the total funding amount for the Gatton College facility to FIVE MILLION DOLLARS (\$5,000,000). The Schnatter Foundation agrees to solicit this additional commitment(s) pursuant to payment terms in accordance with the eight-year funding schedule in paragraph 1(a) above.

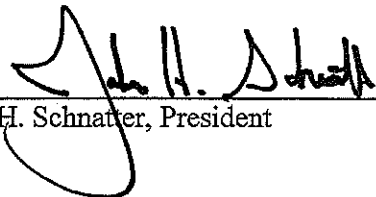
2. **Naming Recognition.** The parties agree that the University will recognize the generosity of the Donor's charitable commitment and pledge to secure additional gifts with a naming recognition opportunity to include the naming of the Atrium space located within the Gatton College's facility on the University's campus, to be known as the "John H. Schnatter Atrium." Said naming shall be in a style and location within the Atrium mutually agreed to by the University and the Donor. The naming shall be erected by the University within one (1) year of the date of the University's receipt of the Donor's first contribution pursuant to this Agreement, and shall continue for so long as the Atrium space exists within the Gatton College's facility, but not less than fifteen (15) years. The parties agree that the University retains the right to offer naming recognition opportunities throughout the Gatton College's facility, but such other naming shall not detract from the naming of the "John H. Schnatter Atrium."
3. **Additional Terms.**
 - a. University Tax Status and Donative Intent. The University is an agency and instrumentality of the Commonwealth of Kentucky and is an organization described in §§ 170(b)(1)(A)(ii) and 170(b)(1)(A)(v) of the United States Internal Revenue Code of 1986, ("IRC") as amended, when contributions are made to it in furtherance of its public mission of education, research and service. The University is not a private foundation within the meaning of § 509 of the IRC or a 501(c)(3) organization. The Donor intends that all contributions made to the University in furtherance of the purpose of this Agreement shall qualify as charitable contributions under the applicable provisions of the IRC. The Donor intends that the grants from the Schnatter Foundation shall be a "qualifying distribution" as applied to private foundations under the applicable provisions of the IRC.
 - b. Binding Obligation. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
 - c. Entire Agreement, Severability and Amendment. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any prior oral or written agreements or communications between us regarding this purpose.
 - d. University Board of Trustees Approval; Termination; Refund. The parties acknowledge and agree that acceptance of the contribution discussed herein from the Schnatter Foundation to the University is subject to the approval by the University's Board of Trustees. If in the unlikely event the contribution is

not approved by the University's Board of Trustees, this Agreement shall immediately terminate.

WITNESS the signature of the parties hereto this 15th day of December, 2015.

DONOR

**THE JOHN H. SCHNATTER
FAMILY FOUNDATION**



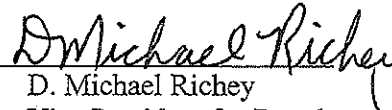
John H. Schnatter, President

RECOMMENDED FOR APPROVAL BY: UNIVERSITY OF KENTUCKY


Examined for Form and Legality
Office of Legal Counsel
University of Kentucky

By: 

G. Thomas Barker
Attorney at Law

By: 

D. Michael Richey
Vice President for Development



David W. Blackwell
Dean, Gatton College of Business & Economics

APPENDIX C

The John H. Schnatter Institute for the Study of Free Enterprise

Points to address as per AR 1:3, section V.A., numbers 1 through 9.

1. Goals and Significance

The true nature and meaning of free enterprise are often misunderstood and debates continue regarding its use as a form of economic organization. Free enterprise – as characterized by private ownership, economic freedom, choice, and competition – is often closely connected with institutions involving civil and political freedoms. Each has had important effects on societies and on human prosperity.

Thus, the overarching vision of the Schnatter Institute is to:

- Discover and understand aspects of free enterprise that promote the well-being of society;
- Examine the role of governmental, legal, and political institutions in this regard;
- To work toward these understandings in an intellectually rigorous way via use of logic and evidence, with open discussion and debate.

More specifically, the mission of the Institute is comprised of three primary goals:

- i. To gain deep, accurate, and objective understandings of free enterprise vis-à-vis other systems of organizing the economy and society;
- ii. To engage the academic and university communities, as well as the public, in a serious and sustained examination of free enterprise and related institutions in the numerous ways which they affects our lives;
- iii. To foster understanding and appreciation of the inter-relationships among: modern economics and related social sciences, economic history and economic thought, public policy and the law, and various social institutions.

2. Justification for an Institute

The use of a formal institute structure has several advantages.

- It provides an natural organizational framework that can enhance faculty cooperation
- It facilitates reputation building of faculty member via a formal affiliation
- It facilitates reputation building of the University by enabling reference to a specific group of faculty and research focus
- It facilitates grant and gift receipt and the use of such funds

3. Faculty Leadership

The spokesperson for the Institute is Professor John Garen, Department of Economics, Garton College of Business and Economics.

4. Reporting Relationships

The Schnatter Institute is within one college; the Gatton College of Business and Economics. The administration structure of the Institute is the following.

(Faculty) Director. The director reports to the Dean regarding institute matters.

(Faculty) Associate Director. The associate director reports to the director regarding institute matters.

Support staff. Staff report to the director.

Faculty Affiliates. Faculty affiliation with the Institute is by mutual agreement. Any duties are established on a case-by-case basis and determined by agreement between the director and the faculty member.

5. Staff and Facility Requirements

There are three Institute staff positions to be filled.

Assistant director of finance and operations. This position handles budgetary matters, event management, and related operations tasks.

Administrative assistant. This position handles the usually set of administrative duties.

Research associate. This position assists faculty in research, works with faculty in conveying their work to the public, and may engage in related research activity.

Funding is forthcoming for each of these positions.

Regarding facilities, the Institute requires space for the director and the staff. The College of Business and Economics has committed to providing this space.

6. Equipment and Instrumentation

No requirements beyond current availabilities.

7. Projected Operating Costs and Source of Income

Below are planned expenditures for calendar year 2016 – 2022. Outside funding for these is already committed.

Faculty positions

Senior tenured position in economics, 2 tenured or tenure track position in economics, non-tenure track position in economics, tenured or tenure track position in finance.

2016-2022 budget: \$5,301,458

Research Grants and Support

Summer research grants for tenure track faculty hires, business and economics faculty summer research grants, research associate, external faculty research grants, faculty travel to professional or academic conferences.

2016-2022 budget: \$2,237,418

Doctoral Student Support

Doctoral fellowships, conference travel, doctoral summer reading program.

2016-2022 budget: \$869,000

Undergraduate Programs

Undergraduate reading group, undergraduate research program, development of course in philosophy, politics, and economics, development of undergraduate certificate in entrepreneurship

2016-2022 budget: \$133,000

Community, Industry, and Academic Outreach

Biannual high profile speaker event, biannual academic policy conference/forum, development of executive education program in free enterprise.

2016-2022 budget: \$180,000

Institute administration and other faculty support expenses

Institute director, associate director, Institute administrator, administrative assistant, faculty recruiting expenses, moving expenses for new faculty members, start-up expenses for new faculty members (computers, data, etc.), operating expenses (data, publications, supplies, etc.).

2016-2022 budget: \$1,536,310

8. Potential for Extramural Funds

As noted, extramural funds are already committed for the expenses/programming outlined above. Potential for further sources seems strong.

9. Other Benefits of the Institute

Each of the outlined programs enhance key aspects of the University's mission. More faculty and more research support further the research mission. The support for doctoral education does likewise. More and broader opportunities for undergraduates are supported, enriching the teaching mission. The funding for outreach to the community enhances our service mission.

The John H. Schnatter Institute for the Study of Free Enterprise

SAOSC Cover Page Points a through h.

- a. Disposition of faculty, staff, and resources (financial and physical).
 - There will be additional faculty lines available from Institute funds. No faculty will be moved. Any hiring of faculty to be affiliated with the Institute will be through academic departments, following the usual hiring process.
 - There are additional staff lines from Institute funds. No existing staff positions will change as a result of the Institute.
 - Any faculty utilized for administration is accomplished via agreed upon compensation to the academic unit affected.
 - Existing physical resources are sufficient to handle Institute needs.

- b. Willingness of the donating units to release faculty lines for transfer to a different educational unit.
 - This is not applicable. No faculty are transferring. Any administrative use of faculty is done, as noted above, by mutually agreed terms with affected departments.

- c. Consultation with the faculty of the unit to which the faculty lines are proposed to be transferred.
 - This is not applicable. No faculty are being transferred.

- d. Consultation with the faculty of the educational unit that will be significantly reduced.
 - This is not applicable. No educational unit will be reduced.

- e. Summary of votes and viewpoints (including dissents) of unit faculty and department/college committees.
 - See section titled Vetting Process and Responses on pages 4-6 of the proposal memorandum.

- f. Ballots, votes expressing support for or against the proposal by unit faculty and staff and committees.
 - See section titled Vetting Process and Responses on pages 4-6 of the proposal memorandum.

- g. Letters of support or opposition from appropriate faculty and/or administrators.
 - See Appendix F for letters of support from faculty members, affected department chairs, and Mark Kornbluh, Dean, College of Arts and Sciences.

- h. Letters of support from outside the University.
 - See Appendix I for a letter of support from Geoffrey Rosenberger on behalf of the Gattton College Dean's Advisory Council.

The John H. Schnatter Institute for the Study of Free Enterprise

Questions from SAOSC “Guidelines for Preparing a Proposal for Change in Organization”

1. What is the impetus for the proposed change?

The background for the change is found in the first section (“Background”) of the proposal memorandum to the SAOSC. After 10 years of conducting research and outreach activities related to the study of capitalism and free enterprise, the Gatton College sought and obtained significant grant funding from the John H. Schnatter Family Foundation and the Charles Koch Foundation to expand those activities under the auspices of the John H. Schnatter Institute for the Study of Free Enterprise.

2. What are the benefits and weaknesses of the proposed unit with specific emphasis on the academic merits for the proposed change?

The proposed unit enables effective administration of the grant funds toward research, teaching, and outreach activities related to the institute mission. The institute also facilitates enhanced branding and recognition of institute activities. The institute will report to the Dean of the Gatton College of Business and Economics for strategic guidance and oversight.

The institute will house activities that have been conducted for 10 years by various faculty members in the Gatton College. The academic merits of these activities have been established by the accomplishments of those faculty members over that period. Since the grants support expanded activity, the academic merits will be enhanced.

3. Describe the organization of the current structure and how the proposed structure will be different and better. Current and proposed organizational charts are often helpful in illustrating reporting lines.

Not applicable to this proposal since we are creating the unit. This institute will report to the Dean’s office similar to other units with significant outreach activities such as the Von Allmen Center for Entrepreneurship and the Don and Cathy Jacobs Executive Education Center.

4. How does the change fit with department, college, and/or university objectives and priorities?

The Gatton College and University strategic plans call for advancement of teaching, research, outreach, and graduate education. As outlined in the more detailed proposal, the Schnatter Institute contributes to all of these priorities.

5. How does this change better position the proposers relative to state and national peers, as well as University Benchmark Institutions? How does the change help UK meet the goals of its strategic plan?

The institute funds five new faculty hires, research support for faculty and graduate students, and expansion of outreach activities. The extra visibility and research productivity from institute funds will improve our standing relative to our strategic benchmark institutions. Over 250 universities have received funding for similar initiatives from the Charles Koch Foundation, including such esteemed institutions as Dartmouth, Duke, Georgia Tech, Harvard, Indiana, Johns Hopkins, Ohio State, Penn State, Maryland, UNC Chapel-Hill, University of Pennsylvania, and University of Virginia.

6. Who are the key personnel associated with the proposed unit? Provide qualifications of these personnel in a brief form.

Several faculty members from the Gatton College have currently expressed interest in affiliating with the institute. They are listed in Appendix G with a summary of their qualifications.

7. Discuss leadership and selection process for appointing a chair, a director, or interim leader and search process, etc.

Professor John Garen will be designated as the founding director and Professor Aaron Yelowitz will serve as associate director. The Dean will recommend Professor Garen's appointment to the Provost for approval **by the President and the Board of Trustees** after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will recommend appointment of Professor Yelowitz to the Dean after consultation with the Chair of the Department of Economics and the faculty affiliates of the institute. Professor Garen will be recommended based on his long experience in leading the BB&T Program for the Study of Capitalism and his leading role in proposing the institute to the donors and obtaining the initial grant support.

8. What is the function of the faculty/staff associated with the proposed change and how is that relationship defined? Discuss DOE, adjunct, full-time, voting rights, etc.

Any faculty member may choose to affiliate with the institute by mutual agreement with the institute director. It is expected that faculty members receiving research support from the institute will identify as affiliates. Affiliation with the institute is not associated with any change of the faculty member's relationship with their academic unit. There is no DOE change related to becoming a faculty affiliate. Once the institute is approved by the Board of Trustees, we plan to form an external advisory board for the institute to guide institute strategy and to facilitate fund raising activity.

9. Will the proposed change involve multiple schools or colleges?

There is no formal organizational link to another school or college. The institute, however, welcomes interested faculty affiliates from academic units other than the Gatton College.

10. If the proposed change will involve transferring personnel from one unit to another, provide evidence that the donor unit is willing and able to release the personnel.

There will be no transfer of personnel from one unit to another as a result of this change. The director and associate director of the institute may be permitted to buy out teaching time from their department by mutual agreement with the department chair to support the administration of the institute.

11. What is the arrangement of faculty associated with the proposed change and how is that relationship defined? Discuss faculty DOE and status as adjunct, tenure track, or tenured. Describe the level of faculty input in the policy-making process including voting rights and advisory.

The relationship of a faculty member to the institute is an informal affiliation by mutual agreement. The institute does not house any faculty members. Faculty members who choose to affiliate with the institute will be expected to provide informal guidance to the director on institute activities. There are no formal voting rights associated with institute affiliation.

On occasions that educational policy needs to be established concerning the content of educational activities being housed at the Institute, the educational policy shall be established by the vote of those faculty with recurring, formally assigned instructional, research, and/or service duties in the Institute, i.e., the "members" of the faculty of the Institute (GR VII.A.7). When University regulations authorize or require the vote or action of the faculty members of an educational unit on other matters (e.g., GR IX.III.paragraph 2), then the vote or action concerning the Institute shall be taken by the above faculty membership.

12. Discuss any implications of the proposal for accreditation by SACS and/or other organizations.

There are no implications for SACS accreditation of the university or AACSB accreditation of the Gatton College.

13. What is the timeline for key events in the proposed change? Student enrollments, graduates, moved programs, closed courses, new faculty and staff hires, etc.

The formation of the institute will be announced as soon as the Board of Trustees approves, but we expect later in 2016. Some institute activities are planned provisionally as permitted under AR 1:3, but will be conducted in collaboration with the existing BB&T Program for the Study of Capitalism. The five faculty members to be hired with grant funds will be recruited as soon as practicable but we expect to complete hires to start by academic year 2018.

14. If the proposal involves degree changes, describe how the proposed structure will enhance students' education and make them more competitive. Discuss the impact on current and future students. State assumptions underlying student enrollment growth and describe the plans for student recruitment.

No degree changes are involved with this proposal.

15. Include evidence that adequate financial resources exist for the proposed unit to be viable.

As outlined in the grant agreements in Appendix B, the donors are providing \$10 million in operating funds through 2020. The schedule of fund disbursements appears in the grant agreements.

16. A general description of the new costs and funding should be provided. A letter from the Provost, Dean, or other relevant administrators may affirm commitment to provide financial resources as appropriate. An exhaustive budget is not expected.

Below are appropriate excerpts from the grant agreements showing the schedule for receipt of funds and a general outline of how the funds are to be used. The Dean of the Gatton College of Economics has agreed to provide space to house the institute administration and will support faculty members hired or graduate students funded under that auspices of the institute through their natural progressions in the unlikely event of a loss of funding or failure to procure sustaining funding externally. The Dean's letter is in Appendix J.

Koch Foundation Grant

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 528,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$ 716,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 608,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 265,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 315,000
Salary and fringe benefits for the Research Associate	Up to \$ 215,000
Costs and expenses for the Research Support	Up to \$ 680,000
Costs and expenses for the Institute Director Stipend	Up to \$ 176,000
Costs and expenses for the Associate Director Stipend	Up to \$ 50,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 196,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 110,000
Costs and expenses for the Institute Support	Up to \$ 141,000
Total Maximum Contributed Amount by Donor	Up to \$4,000,000

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$ 200,000
June 1, 2016	On or about August 1, 2016	Up to \$ 400,000
June 1, 2017	On or about August 1, 2017	Up to \$ 800,000
June 1, 2018	On or about August 1, 2018	Up to \$ 800,000
June 1, 2019	On or about August 1, 2019	Up to \$ 900,000
June 1, 2020	On or about August 1, 2020	Up to \$ 900,000
Total Maximum Contributed Amount by Donor		Up to \$4,000,000

Schnatter Foundation Grant

Institute Programs	Maximum Contributed Amount
Salary and Fringe Benefits for the Senior Tenured Economics Professorship	Up to \$ 792,000
Salary and Fringe Benefits for the two Tenure-track Economics Professorships	Up to \$1,074,000
Salary and fringe benefits for the Tenure-track Financial Economics Professorship	Up to \$ 397,000
Salary and fringe benefits for the Senior Lecturer in Entrepreneurship	Up to \$ 912,000
Costs and expenses for up to 13 Ph.D. Fellowships	Up to \$ 321,000
Salary and fringe benefits for the Research Associate	Up to \$1,020,000
Costs and expenses for the Research Support	Up to \$ 472,000
Costs and expenses for the Institute Director Stipend	Up to \$ 264,000
Costs and expenses for the Associate Director Stipend	Up to \$ 75,000
Salary and fringe benefits for the Institute Administrator	Up to \$ 295,000
Salary and fringe benefits for the Institute Administrative Assistant	Up to \$ 166,000
Costs and expenses for the Institute Support	Up to \$ 212,000
Total Maximum Contributed Amount by Donor	Up to \$6,000,000

University Annual Charitable Grant Request Date	Proposed Contribution Date	Maximum Contributed Amount
December 21, 2015	On or about January 1, 2016	Up to \$300,000
June 1, 2016	On or about August 1, 2016	Up to \$600,000
June 1, 2017	On or about August 1, 2017	Up to \$1,200,000
June 1, 2018	On or about August 1, 2018	Up to \$1,200,000
June 1, 2019	On or about August 1, 2019	Up to \$1,350,000
June 1, 2020	On or about August 1, 2020	Up to \$1,350,000
Total Maximum Contributed Amount by Donor		Up to \$6,000,000

17. The proposal should document any faculty votes and departmental or school committee votes as appropriate leading up to this point in the process. The SAOSC recommends that faculty votes be by secret ballot. Include in your documentation of each vote taken the total number of eligible voters and the number that actually voted along with the break-down of the vote into numbers for, against and abstaining. A Chair or Dean may appropriately summarize supporting and opposing viewpoints expressed during faculty discussions.

The Gatton College conducted discussions with various groups and requested votes from these groups by secret ballot. The votes are summarized below:

- Gatton College faculty meeting: 47 in favor, 12 opposed, 1 abstain
- Gatton College Faculty Council: 5 in favor, 0 opposed
- Gatton College Operating Committee: 7 in favor, 0 opposed
- Gatton College faculty (by academic department): 51 in favor, 14 opposed
- Gatton Dean's Advisory Council: 22 in favor, 0 opposed

The votes of the Gatton faculty, Gatton academic departments, and other relevant groups as well as a summary of opposing viewpoints are summarized and described in more detail in the proposal memorandum. Letters of support for the institute appear in Appendix F.

18. The committee will want to see evidence of academic merit and support from key parties.

Thirteen (13) letters of support describing the academic merits of the institute appear in Appendix F.

19. Letters of support (or opposition) are encouraged from the relevant senior faculty and administrators. Relevant faculty and administrators include those in units directly involved in the proposed change (including existing units from which a new unit may be formed.)

As documented in the proposal memorandum, the department chairs and associate deans of the Gatton College voted unanimously to support the institute. The department chairs of the departments to be most directly impacted by the institute (Economics—Professor Bill Hoyt; Finance and Quantitative Methods—Professor Brad Jordan) wrote letters of support seen in Appendix F.

20. Indicate how the new structure will be evaluated as to whether it is meeting the objectives for its formation. Timing of key events is helpful.

The success of the institute will be defined by the successes of the faculty members and graduate students supported by institute funding (publications, conference presentations, grant funding, doctoral student placements, etc.) and by attendance at

and visibility of the outreach events. Each year the institute will develop a report of institute accomplishments to be reviewed by the Dean of the Gatton College and which will be discussed with the donor foundations. Further, the Director of the Schnatter Institute and the Dean of the Gatton College will continually pursue additional external funding to support institute activities. The success of the fund raising activity will be a strong reflection of the institute's success.

21. Letters of support from outside the University may be helpful in understanding why this change helps people beyond the University.

Mr. Schnatter's vision for the institute summarizes how he expects the institute to help the people of Kentucky. A recent editorial published by Mr. Schnatter appears in Appendix H. Further, the Dean of the Gatton College requested a vote by secret ballot of the members of the Dean's Advisory Council ("DAC"), consisting of Gatton College alumni, local and national business leaders, and community leaders. The vote of DAC members attending the April 15, 2016 meeting was unanimous in favor of the institute. A list of DAC members attending the meeting and a summary letter from the Chair of the DAC, Mr. Geoffrey Rosenberger, is included in Appendix I.

APPENDIX D

action items for next week's faculty meeting

Troske, Kenneth

Sent: Friday, January 22, 2016 5:36 PM

To: Anderson, Urton; Bratten, Brian; Burgess, Raymond; Causholli, Monika; Clark, Myrtle; Commerford, Benjamin; Dennis, Sean; Hulse, David S; Jenkins, Nicole; Miller, Cynthia J; Payne, Jeffery; Pepper, Sean A; Pope, Thomas; Siebenthaler, Jennifer W; Smigla, John E; Stone, Dan; Vines, Cynthia; Wells, Jane B; Xie, Hong; Ziebart, Dave; Agrawal, David R; Ahn, Thomas; Bagh, Adib; Benguria Depassier, Felipe; Blomquist, Glenn C; Bollinger, Chris R; Creane, Anthony; Ederington, Josh; Fackler, James S; Garen, John; Gillette, J R; Herrera, Ana Maria; Hoyt, Gail; Hoyt, William; Kim, Yoonbai; Lamarche, Carlos; Ma, Lala; Malkova, Olga; Minier, Jenny; Patel, Darshak; Scott, Frank; Troske, Kenneth; Wildasin, David E; Yelowitz, Aaron; Ziliak, James; Bergeron, Leonce; Blackwell, David; Childs, Paul D; Clifford, Chris P; Gerken, William; Hackbart, M; Hankins, Kristine; Hankins, Scott W; Holsapple, Clyde W; Jame, Russell; Jordan, Brad; Jordan, Susan; Liu, Huan L; Liu, Wendy; Pakath, Ram; Pierce, Joshua; Borgatti, Steve; Brass, Dan; Chung, Chen H; Davis, Rebecca J; Ferrier, Walter J; Gladstone, Eric; Halgin, Daniel; Holbein, Gordon F; Huang, Zhi; Johnson, Nancy; Kim, Ji Youn; Labianca, Joe; Mehra, Ajay; Soltis, Scott M; Allen, Alexis; Craig, Adam W; Dean, Tereza; Ellis, Scott C; Garvey, Aaron M; Hapke, J Holly; Hardesty, David M; Kelley, Scott; Lee-Post, Anita; Lewis, Thomas; Murtha, Brian R; Pelosa, John; Sheehan, Daniel; Skinner, Steve; Sudharshan, Devanathan

Cc: Kegebein, Rebecca**Attachments:** ISFE Plan 11-29-2015.pdf (251 KB) ; Schnatter Institute Features.pdf (65 KB) ; Schnatter-Koch-contract-wi-1.pdf (3 MB) ; 2015-16 Operating Budget ~1.docx (21 KB)

I am sending out several files related to two action items for next week's faculty meeting. Since we have not finalized the agenda, we will be sending that out next week.

The first item we are going to vote on is an endorsement for the proposed John H. Schnatter Institute for the Study of Free Enterprise. As I'm sure all of you have read, the College has received a \$10M gift to establish this new Institute. The President has indicated that we need to seek an endorsement from the University Senate for this new Institute. Part of that process involves an endorsement from the faculty in the College. I have attached three documents relating to the Institute: two documents describing the basic structure, business plan and features of the center and another document containing the agreements between the University and the Schnatter foundation, and the agreement between the University and the Koch foundation (part of the money for the Institute is coming from the Koch foundation). Because we are going to be taking a formal vote on the Institute and reporting this vote to the Senate, please be sure you sign in at the meeting so we have an accurate count of the number of faculty in attendance.

The second action item proposed is proposed changes to the College rules governing the appointment and review of Endowed and Chaired professors and faculty fellows. Based on recent experiences with the reviews of Chaired and Endowed Professors as well as faculty fellows, the operating committee felt we needed to revised the College rules governing these appointments. The goal of this revision was to clarify the expectations for these positions, bring the review process more in line with other reviews of faculty, as well as set up a review period that provides holders of these positions with a longer period to document their performance. The primary proposed changes are: increase the review period for Chaired professors from four to eight years; increase the review period for endowed professors from two to four years; ensure that the review for all endowed positions occur as part of the College faculty merit review process, change the name from research to endowed professors to emphasize that individuals holding these positions will be judged on more than just research; clarify that holders should not expect that these positions will be automatically renewed, particularly holders of faculty fellowships. We have also changed the composition of the review committee for endowed positions to consist of the Senior Associate Dean for Faculty along with the Chairs of the five academic departments or schools in the College. This committee will then submit a recommendation to the Dean who will make the final decision on awarding or renewing a position.

I have attached a document showing the proposed changes. I have used the track changes feature in Word so you will be able to see the original wording along with the proposed changes.



Kenneth Troske
Senior Associate Dean for Administration,
Faculty and Research
Sturgill Professor of Economics
Gatton College of Business & Economics
University of Kentucky

859.257.1282

ktroske@uky.edugattonunited.uky.edu

Gatton College Faculty Meeting
Friday, January 29, 2016
Gatton 299

1. Approval of minutes (Ken Troske)
2. Update from the Graham Office of Career Management (Sally Foster and Sarah Madison)
3. John H. Schnatter Institute for the Study of Free Enterprise (Dave Blackwell)
4. University financial model and resource allocations in Gatton (Dave Blackwell)
5. Gatton College strategic plan (Dave Blackwell)
6. Endowed professor and chair professor reviews (Ken Troske)
7. New travel policy (Ken Troske)

In Attendance

AHN SAE YOUNG	
ALLEN ALEXIS	<i>Alexis Allen</i>
ANDERSON URTON	<i>Urton</i>
BAGH ADIB	<i>Adib Bagh</i>
BARGERON LEONCE	<i>Leonce</i>
BENGURIA DEPASSIER FELIPE	<i>Felipe Benguria</i>
BLOMQUIST GLENN	<i>Glenn Blomquist</i>
BOLLINGER CHRISTOPHER	<i>Christopher Bollinger</i>
BONAIME ALICE	
BORGATTI STEPHEN	<i>Stephen Borgatti</i>
BRASS DANIEL	<i>Daniel Brass</i>
BRATTEN BRIAN	<i>Brian Bratten</i>
BURGESS RAYMOND	
CAUSHOLLI MONIKA	<i>Monika Causholli</i>
CHILDS PAUL	<i>Paul Childs</i>
CHUNG CHEN	
CLARK MYRTLE	
CLIFFORD CHRIS	<i>Chris Clifford</i>
COMMERFORD, BEN	
COOPER JEAN	
CRAIG ADAM	<i>Adam Craig</i>
CREANE ANTHONY	<i>Anthony Creane</i>
DAVIS REBECCA	<i>Rebecca Davis</i>
DEAN TEREZA	<i>Tereza Dean</i>
DENNIS Sean	
EDERINGTON WILLIAM	
ELLIS SCOTT	<i>Scott Ellis</i>
FACKLER JAMES	<i>James Fackler</i>
FERRIER WALTER	<i>Walter Ferrier</i>
GAREN JOHN	<i>John Garen</i>
GARVEY AARON	<i>Aaron Garvey</i>
GERKEN WILLIAM	<i>William Gerken</i>
GILLETTE JAMES	
GLADSTONE ERIC	<i>Eric Gladstone</i>
GULLA DARRIN	
HALGIN DANIEL	<i>Daniel Halgin</i>
HANKINS KRISTINE	<i>Kristine Hankins</i>
HANKINS SCOTT	
HAPKE HOLLY	<i>Holly Hapke</i>
HARDESTY DAVID	<i>David M. Hardesty</i>
HERRERA ANA MARIA	<i>Ana Maria Herrera</i>
HOLBEIN GORDON	<i>Gordon Holbein</i>
HOLSAPPLE CLYDE	
HOYT GAIL	
HOYT WILLIAM	<i>William Hoyt</i>
HUANG ZHI	<i>Zhi Huang</i>
HULSE DAVID	<i>David Hulse</i>
JAME RUSSELL	<i>Russell Jame</i>
JENKINS NICOLE	
JOHNSON NANCY	<i>Nancy Johnson</i>
JORDAN BRADFORD	

In Attendance

JORDAN SUSAN	Susan Jordan
KELLEY SCOTT	
KIM JI YOUN	Kim Ji Youn
KIM YOONBAI	Yoonbai Kim
LABIANCA GIUSEPPE	Giuseppe Labianca
LAMARCHE CARLOS	
LEE POST ANITA	Anita Lee Post
LEWIS THOMAS	Thomas J. Lewis
LIU HUANLIANG	
LIU WENDY	Wendy Liu
MA LALA	Lala Ma
MALKOVA OLGA	Olga Malkova
MATFER GEORGE	
MEHRA AJAY	Ajay Mehra
MILLER CYNTHIA	Cynthia Miller
MINIER JENNY	Jenny Minier
MURALIDHAR KRISHNAMURTY	
MURTHA BRIAN	Brian Murtha
PAKATH RAMAKRISHNAN	
PATEL DARSAK	
PAYNE JEFFERY	Jeffery Payne
PEFFER SEAN	Sean Peffer
PELOZA JOHN	John Pelozza!!!!
PIERCE JOSHUA	Joshua Pierce
POPE THOMAS	
RAMSAY ROBERT	
SCOTT FRANK	Frank Scott
SHEEHAN DANIEL	
SIEBENTHALER JENNIFER	Jennifer Siebenthaler
SKINNER STEVEN	
SMIGLA JOHN	John Smigla
SOLTIS SCOTT	Scott Soltis
STONE DAN	Dan Stone
SUDHARSHAN DEVANATHAN	Sudharshan Devanathan
TROSKE KENNETH	Kenneth Troske
VINES CYNTHIA	Cynthia Vines
WELLS JANE	Jane B. Wells
XIE HONG	
YELOWITZ AARON	Aaron Yellowitz
ZIEBART DAVID	David Ziebart
ZILIAK JAMES	James Ziliak
WERL H -	
David Agrawal	42 R Ave

APPENDIX E

Operating Committee Meeting
Tuesday, February 16th
12:00-2:00 – room 223J

1. Evaluating and rewarding teaching in the College
2. Honors College proposal
3. Covering courses for the new healthcare certificate (Frank & Harvie will join)
4. Discussion on John H. Schnatter Institute for the Study of Free Enterprise
5. Staff Reorganization & Department Self-Studies
6. Budget
7. Move back to Gatton
8. Proposal for usage of space in Gatton
9. UK@work survey

APPENDIX F




Timothy S.
Tracy, PhD
Provost
Main Building, Room 105
401 Administration Drive
Lexington, KY 40506
859 257-2911

MEMORANDUM

DATE: April 12, 2016

TO: Dr. Andrew Hippisley

FROM: Timothy S. Tracy, PhD 

RE: Proposal for the John H. Schnatter Institute for the Study of Free Enterprise

I understand that the University Senate may soon consider a proposal to endorse the creation of the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics. This development directly supports the University's new Strategic Plan. The Institute will provide additional support for the teaching, research, and outreach efforts of Gatton College faculty and staff. The Institute will also facilitate the addition of much needed teaching power in the Gatton College, which will also help students in the College of Arts and Sciences. The Institute will also support extracurricular enrichment and external engagement activities that will elevate the University of Kentucky.

My review of the Schnatter Institute proposal and charitable grant agreements leads me to conclude that the faculty and administration of the Gatton College will be intensely mindful of UK's commitment to academic freedom and integrity as it executes the mission of the Schnatter Institute.

Further, I have consulted with Dean Blackwell on the continuing support of faculty members and graduate students that may be affiliated with the Institute. In the event that external funding is not available, I agree that the Gatton College and UK will support those faculty members and graduate students to the otherwise normal conclusion of their careers (or programs) at UK.

Thus, I write to express the strong support of the University administration and urge the University Senate to endorse this proposal.

From: [Blackwell, David](#)
To: [B&E Faculty](#)
Subject: Schnatter Institute letters of support or opposition
Date: Tuesday, April 05, 2016 9:20:00 PM
Importance: High

Colleagues:

Earlier this semester we held a number of votes related to establishing the Schnatter Institute. The Senate's Committee on Academic Organization and Structure Committee guidelines request that we provide "letters of support or opposition from appropriate faculty." If you wish to provide such a letter, I ask that you send it to me in a PDF format, copying John Garen.

The letters do not need to be long. If you choose to send one, I think it would be most effective if you indicate your support or opposition and then give a few reasons for your position.

If you wish your written views to be represented to the committee, please respond no later than 5:00 pm on Thursday, April 7. At that point I will collect all of the letters that I have received and forward to the committee.

Thank you for your help.

Regards,
Dave

David W. Blackwell
Dean
Gatton College of Business and Economics
University of Kentucky
dblackwell@uky.edu
859.257.8939



Senate Committee on Academic Organization and Structure

April 6, 2016

Dear colleagues,

I am writing to you to express my support for the Schnatter Institute, as you requested through Dean Blackwell. Never before on this campus have I felt it as necessary as I do today to speak up in favor of academic freedom. Make no mistake in interpreting what I am saying here: this is simply about academic freedom. The freedom of all ideas to be expressed on campus. The freedom of individual faculty on campus to present those ideas and express their opinions.

While I understand many faculty, myself included, will likely disagree with some of the opinions held by members of the Schnatter Institute, I also know that our students gain tremendously by having those ideas exposed to light and academic debate. As president Obama stated in speech in Des Moines on September 14, 2015, "The purpose of college is not just to transmit skills, it's also to widen your horizons, to make you a better citizen." He continues with, "The way to do that is to create a space where a lot of ideas are presented and collide and people are having arguments and people are testing each other's theories. And over time people learn from each other because they are getting out of their own narrow point of view and having a broader point of view." He also notes, "One thing I do want to point out, is it's not just sometimes folks who are mad that colleges are too liberal that have a problem. Sometimes there are folks on campus who are liberal...who sometimes aren't listening to the other side. And that's a problem too." In an interview with NPR, on December 21st, 2015, he states, "As I've said before, I do think that there have been times on college campuses where I get concerned that the unwillingness to hear other points of view can be as unhealthy on the left as on the right."

For me, this idea was highlighted on Bascom Hill in Madison, Wisconsin. At the top of the hill, in front of Bascom Hall there is a plaque, which reads, "Whatever may be the limitations which trammel inquiry elsewhere, we believe that the great State University of Wisconsin should ever encourage that continual and fearless sifting and winnowing by which alone the truth may be found." As you may know, this was the stance of the Wisconsin board of trustees when asked by the then conservative governor, to silence a faculty member who was pro-union and pro-socialist or even Marxist. But this constant sifting and winnowing needs both sides to be heard. Not just one group or another.



The economics department is, and has been for at least as long as I've been here, a place where faculty and graduate students were allowed to hold differing views on various subjects. It is the home of the University of Kentucky Center for Poverty Research and the home of the Center for Business and Economic Research. Indeed, it is the only poverty research center housed and supported in a Business School. I am basically a moderate Democrat. Many of my colleagues hold political views further to the left or further to the right than I. We have always had lively but respectful and intellectual discussions on politics and economic policy. We have invited speakers to our seminar series who hold wildly differing views. While I personally tend to find the arguments of the "free enterprise" type group to be less than convincing, I'm perfectly capable of and willing to presenting the counter ideas. And isn't that what this campus should be about?

Rather than stifling discussion, we can, and should, be a place where all views are allowed to have their thoughtful expression.

Sincerely,

Christopher R. Bollinger
Gatton Professor of Economics
Director, Center for Business and Economic Research.





MEMORANDUM

FROM: Dr. James Fackler, Professor of Economics *JF*
TO: Senate Academic Organization and Structure Committee
SUBJECT: Schnatter Institute for Study of Free Enterprise
SENT: April 4, 2016

This is to express my strongest support for the establishment of the Schnatter Institute for Study of Free Enterprise. This institute will contribute to graduate student research and support (including travel for professional activities) as well as faculty research and professional travel. In addition, the institute will bring well-known speakers to campus for presentations in professional seminars as well as public talks and, hopefully, discussions with the local media. The speakers brought to campus can bring to UK and Lexington an analysis and debate that inform the robust discussion across the world about income inequality and the role of capitalism in the distribution of income and wealth. A university community devoted to diversity of thought can only benefit from these various activities.



April 6, 2016

David W. Blackwell
Dean, Gatton College of Business & Economics
University of Kentucky
Lexington, KY 40506

Dear Dean Blackwell:

The purpose of this letter is to express my fullest, unconditional support in favor of forming the Schnatter Institute for the Study of Free Enterprise at the Gatton College of Business and Economics.

Mr. Schatter's success as an entrepreneur serves as an obvious exemplar of the vital roles of vision, leadership, business planning, execution, and perseverance in navigating and establishing a position in the modern competitive marketplace. To further promote the study of the free/competitive markets, the Charles Koch Foundation has provided funding to over 200 college and universities throughout the country; many of which are the University of Kentucky's peer institutions and aspirational benchmarks. Thus, the College and University are supremely fortunate to have been considered for the Schnatter/Koch gifts. More importantly, we are beneficiaries of the Schnatter/Koch Foundation's vision to explore -- to the extent that our current and future scholarly capabilities allow -- the drivers, processes, and consequences associated with what I and many across the world believe to be the the most important twin forces for human progress: Capitalism and the free market.

Owing to Messrs. Schatter and Koch's well publicized political beliefs and reputations, there has been a predictable chorus of dissenting voices within the University community since the announcement of the Institute and accompanying financial gift a few months back. Our benefactors' politics notwithstanding, the Institute ought to stand as a reflection and/or a manifestation of our University's *raison d'être*: Scholarly inquiry and the free exchange of ideas. Yet, against this backdrop, I believe that there are indeed legitimate questions and concerns about the establishment of the Institute. In other words, rather than center on stark differences in political ideology, these concerns should be strictly confined to maintaining academic freedom and establishing autonomy in the Institute's strategic and operational affairs.

Having served as chair of the Senate Council's Ad Hoc Committee to Review the University of Kentucky Confucius Institute (2014-2015), I (along with other members of the Committee) am

perhaps uniquely qualified to compare, contrast, and reconcile the chief concerns that were expressed with regard to the Confucius Institute with those related to the Schnatter Institute. These are:

- **Transparency:** All agreements, contracts and dialog, expectations and caveats, the exchange and uses of funds, etc. related to the Institute shall be readily available to the public and open to observation and scrutiny.
- **Political Interference:** The political beliefs and practices of the parties involved notwithstanding, the Institute shall be in full compliance with and operate under the mantle of academic freedom, in both spirit and letter.
- **Faculty Oversight:** The strategic, operational, and (most importantly) scholarly programs and activities of the Institute shall be developed, governed, monitored, and evaluated by qualified College faculty. This includes, but is not limited to, Institute staffing, research, curriculum, budgets, and evaluation.

Thus, I am confident that the University and College have and will continue to develop the safeguards necessary to protect and preserve academic freedom, in general, and the requisite level of transparency, freedom from political interference, and faculty oversight, in particular.

Should you require more information or greater insight about my analysis, opinions, and thoughts, please don't hesitate to contact me at walter.ferrier@uky.edu or 859-257-9326.

Most sincerely,

Walter J. Ferrier

Walter J. Ferrier, Ph.D.
Associate Professor of Management

Cc: Professor John Garen



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY

UK
UNIVERSITY OF KENTUCKY

Dear Academic Organization and Structure Committee,

I would like to voice my support for the establishment of the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics. The resources provided by the institute will allow the addition of much needed faculty and allow faculty to engage in valuable research. Based on the information that I have been provided, the terms related to the gift will allow for full academic freedom for all those related to the institute. For these reasons, I would like to voice my support.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Will Gerken', with a long horizontal flourish extending to the right.

William Gerken
Assistant Professor of Finance
University of Kentucky



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY

UK
UNIVERSITY OF KENTUCKY

April 6, 2016

Dean David W. Blackwell
Gatton College of Business and Economics
University of Kentucky

Dear Dave,

I am writing to express my support for the establishment of the Schnatter Institute for the Study of Free Enterprise. The gift funding this institute allows Gatton College to grow the number of research faculty and lecturers and provides additional funding for doctoral students. I believe this gift, given the commitment to complete academic freedom explicitly stated in the contract, is nothing but a benefit to Gatton, UK, and the Commonwealth. As state funding diminishes, it is rewarding to see private individuals contribute to the research and teaching mission of our university.

Best,

A handwritten signature in blue ink that reads "Kristine A. Hankins".

Kristine Hankins
Garvice D. Kincaid Endowed Associate Professor of Finance
University of Kentucky





Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY



Department of Economics

Wednesday, April 06, 2016

To: Senate Committee on Academic Organization and Structure

From: William Hoyt 
Gatton Endowed Professor and Chair, Department of Economics

Re: Schnatter Institute

I am writing in response to a request for “letters of support or opposition from appropriate faculty” for the Schnatter Institute from faculty from the Gatton College of Business and Economics.

Let me voice my support for the Institute. At this time, the additional support for faculty and educational programs the Institute provides are sorely needed by the College and, in particular, the Department of Economics. The Institute allows for the Department of Economics to hire several additional faculty members, including senior and junior tenure-track faculty. In addition, the funding provides for additional graduate student support. This is particularly important given how much our Ph.D. stipends have fallen behind in stipends. Finally, I think there are some excellent opportunities for visits of prominent and influential scholars that will benefit both undergraduate and graduate students as well as faculty.

I am quite confident that we can hire faculty who meet our high standards and will not be willing to compromise the integrity of our research or teaching when hiring these faculty. We have also tried to ensure that admission of graduate students remains based on qualifications and not on any political or social viewpoints.



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY

UK
UNIVERSITY OF KENTUCKY

April 7, 2016

TO: Senate's Committee on Academic Organization and Structure

FR: Bradford D. Jordan
Richard W. and Janis H. Furst Endowed Chair in Finance
Chair, Department of Finance and Quantitative Methods

RE: Schnatter Institute

I fully support the founding of the Schnatter Institute. At a time of rapidly disappearing state funding, this gift allows the Gatton College to grow our faculty and thereby help meet the needs of our expanding student enrollments, particularly at the undergraduate level. Given the commitment to complete academic freedom explicitly stated in the contract and the robust intellectual environment in the College, I have no concerns regarding conflicts of interest or undue political influence.





Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY



TO: Senate's Academic Organization and Structure Committee (SAOSC)

FROM: Susan D. Jordan 
Associate Professor, Department of Finance and Quantitative Methods

DATE: April 6, 2016

SUBJECT: Schnatter Institute

I am writing this letter in support of the Schnatter Institute. The funding for this institute will permit the Gatton College to support research that examines the free enterprise system and its impact on society and the economy. In addition, the Institute will provide the support for new faculty, visiting scholars, graduate students, outreach, and instruction. I believe this gift will strengthen the Gatton College and enhance its reputation which, in turn, will be beneficial to the University and the Commonwealth.



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY



Department of Economics

Dave W. Blackwell
Dean
Gatton College of Business and Economics
University of Kentucky

April 7, 2016

Dear Dave,

I support that we establish the Schnatter Institute at the Gatton College of Business and Economics. I trust it will bring many benefits to the college. Among others:

1. Funds for extra positions for faculty and graduate students
2. Opportunities for more academic activities for conferences and guest speakers
3. Enhanced visibility among business community and further funding opportunities

In sum, the Institute will likely boost the quality of the academic programs and raise the visibility of the college. I support that we establish the Schnatter Institute at the Gatton College

Sincerely,

A handwritten signature in black ink, appearing to read "Yoonbai Kim".



College of Arts and Sciences

Office of the Dean
202 Patterson Office Tower
Lexington, KY 40506-0027


859 257-8354
fax 859 323-1073

www.as.uky.edu

MEMORANDUM

Date: April 6, 2016

To: Senate's Academic Organization and Structure Committee

From: Mark Kornbluh, Dean, College of Arts and Sciences 

Subject: Support for Establishing of the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics

This memorandum is to express my support for establishing the John H. Schnatter Institute for the Study of Free Enterprise in the Gatton College of Business and Economics. I have had discussions with Dean Blackwell and Senior Associate Dean Ken Troske about the mission and role of the institute. I see a number of benefits to our students and to the intellectual discourse on our campus about the role of free enterprise in society.

In addition to supporting research on the impact of capitalism or free enterprise on society, the institute will also provide much needed teaching resources and enhancements of graduate student support to the Gatton College, especially in the Department of Economics, which serves the BA Economics majors in the College of Arts and Sciences. I believe the additional teaching power and enrichment activities sponsored by the institute will enhance the experience of Economics students in our college and broaden their perspectives on how different means of organizing economic activity affect society.

Another initiative of the Schnatter Institute will be to enhance understanding of entrepreneurship and its impact on society. In particular, one of the faculty positions supported by the institute will be a non-tenure track position in Entrepreneurship. With that new position, a similar position in the proposed Honors College, and the Von Allmen Center for Entrepreneurship (housed in Gatton), UK will have a unique concentration of resources to help our students learn how to form and lead new business ventures.

I also see potential for collaborations among or between the proposed UK Center for Equality and Social Justice, faculty members in Philosophy and Political Science, and the proposed Schnatter Institute on research into the causes and consequences of inequality and the role and impact of various economic policy choices related to promoting equality and the well-being of

society. There will be opportunities for joint speaking events to present diverse views on capitalism and equality. I believe having both the Equality and Social Justice Center and the Schnatter Institute on the same campus positions UK uniquely to rigorously address the relationships among capitalism and equality through scholarship and teaching.

Further, the Schnatter Institute has a focus on the moral and ethical foundations of capitalism. I understand that some faculty affiliates in the Gatton College have already begun discussions with faculty members in the College of Arts and Sciences about developing a cross-disciplinary undergraduate certificate in Philosophy, Political Science, and Economics to explore those foundations and to study the impact of public policies on the well-being of society. I believe such a certificate would be attractive to our students and would enhance the value of a number of degree programs in the humanities and social sciences.

In sum, I believe the establishment of the Schnatter Institute enhances and broadens the scholarly fabric of campus both in research and teaching in addition to promoting healthy discussions on our campus about the role of capitalism and free enterprise in society.



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY



April 6, 2016

Dean Blackwell
Gatton College of Business and Economics
University of Kentucky
Lexington, KY 40506

Dear Dean Blackwell:

I am writing to express my enthusiastic support to establishing the Schnatter Institute for the Study of Free Enterprise within our College. The Institute's mission is to "discover and understand aspects of free enterprise that promote the well-being of society." This mission is based on the principle of free exchange of ideas in higher education to generate knowledge that benefits the well-being of individuals and society. It is a principle shared by our University, our College, the donor (the Charles Koch Foundation), and myself. The generosity and commitment of the donor are indicative the high level of trust and confidence placed on our College to fulfill the stated mission. We surely should seize such a unique and exciting opportunity to partner with the donor to engage in impactful research, scholarship, teaching and service that improve the well-beings of individuals and society. It is indeed a privilege to join with such a donor to take part in shaping a better future for our students and stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anita Lee-Post', is written over a faint watermark of the Gatton College of Business and Economics logo.

Anita Lee-Post
Cc: Dr. John Garen



April 7, 2016

Academic Organization and Structure Committee
University Senate
University of Kentucky

Dear Committee Members:

I write to express my support for the establishment of the Schnatter Institute for the Study of Free Enterprise. I see this as a great opportunity for the Gatton College of Business and Economics and something that is entirely consistent with our educational mission. As a business school faculty we spend considerable time and energy educating students and helping them prepare for careers after they leave the cocoon of the University. My hope for the Schnatter Institute is that the Institute's activities will help our students achieve greater understanding of the role of business in a free society.

I am encouraged by the creation of three new centers at UK this academic year—the Confucius Institute, the Center for Social Justice, and the Schnatter Institute. I see considerable congruency in the missions of all three. A greater comprehension and appreciation of Chinese culture and the Chinese economy requires one to understand comparative economic systems, especially since China has embarked on a transition from central planning to a market economy. Understanding differences in economic outcomes for different members of society is central to the concept of social justice. A large part of the mission of the Schnatter Institute will involve educating the public about the economic organization of society and how different ways of making resource allocation decisions affect the well-being of everyday citizens.

I have already suggested in departmental and college meetings that the Schnatter Institute engage with faculty involved in the Confucius Institute and the Center for Social Justice to sponsor university-wide symposia on topics of common interest and co-sponsor campus-wide speakers. I see great possibilities for open exchange of ideas and lively debate on a range of topics. And after all, this is what great universities strive to promote.

Sincerely,

Frank A. Scott, Jr.

Frank A. Scott, Jr.
Gatton Professor of Economics



April 6, 2016

Dear Colleagues:

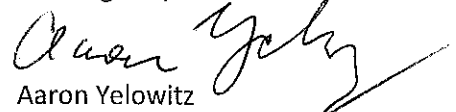
I am writing to strongly support the formation of The Schnatter Institute for the Study of Free Enterprise. The general topics of the Institute (as I view them) –studying issues related to market economies, analyzing the appropriate role of government intervention in improving markets and well-being, understanding the full costs of benefits of such public or private actions, and considering private alternatives – are well established as an important part of the mainstream economics profession. Any issue of American Economic Review, Journal of Political Economy, or Quarterly Journal of Economics has path-breaking research articles, often rigorously evaluating a narrow policy intervention, but typically ignoring, or giving lip service, to the vast array of alternative interventions. I believe that the Institute could provide a forum to more thoroughly and rigorously explore the full array of public and private policy interventions, getting away from the “Do policy X or do nothing” approach that typically frames such debates.

It is a unique and exciting opportunity for University of Kentucky to form an intellectual center on campus to rigorously analyze such issues related to market economies. The Institute comes with a generous gift from Mr. Schnatter and the Charles Koch Foundation. This gift will be used to hire faculty, fund graduate and undergraduate education, bring in seminar speakers and hold conferences, provide support for existing faculty, and outreach to the public. All of these endeavors enhance the intellectual climate and prestige in the Economics Department, the Gatton School, and the University as a whole.

I will be affiliated with the Schnatter Institute. My research interests are broad – my recent academic work includes exploring issues like why individuals use the cyber-currency Bitcoin, moral hazard from the provision of paid sick leave, the impacts of Medicaid managed care, the behavioral economic foundations of choosing life insurance plans, the early effects of the Affordable Care Act on coverage and health, and the impacts of intensive job search assistance on ex-offenders. Many of these academic topics have very important policy implications, all of which could be further explored (and “translated” into more readable versions for a wider audience) through the Institute.

To summary, I strongly support the formation of The Schnatter Institute for the Study of Free Enterprise.

Best regards,


Aaron Yelowitz



Gatton
COLLEGE OF BUSINESS & ECONOMICS
UNIVERSITY OF KENTUCKY



April 7, 2016

Senate Academic Organization and Structure Committee
University of Kentucky

I believe that one of the fundamental roles that a research university plays is to conduct research and to discuss and debate serious questions and issues regarding many different issues in our world today. Accordingly, I support the establishment of the Schnatter Institute for the Study of Free Enterprise. In today's complex world we cannot afford to not be engaged in discussing and debating important issues and proposing possible solutions. The Schnatter Institute will support a number of activities (faculty research, seminars, student events, etc.) and this will assist in fulfilling this part of our university mission. One of the best parts of being a faculty is to be at a university where there are strong intellectual debates and a multitude of diversity of thought. The Schnatter Institute will assist in improving our scholarly atmosphere.

Sincerely,

David A. Ziebart
PwC Professor of Accountancy
Von Allmen School of Accountancy
Gatton College of Business & Economics

APPENDIX G

**Schnatter Insitute for the Study of Free Enterprise
Qualifications of Initial Faculty Affiliates**

Faculty Member	Rank/Title	Department	Qualifications
David Blackwell	Professor/Dean	Finance and Quantitative Methods	Award-winning scholar in corporate finance and accounting with over 30 years' of academic and industry experience; author of two textbooks and 18 publications including 6 publications in the elite journals of finance and accounting; former department chair and associate dean
Jim Fackler	Professor	Economics	Recognized expert in macroeconomics and monetary policy with over 40 years' experience; author of 32 publications in leading economics journals; member of the editorial board of the Journal of Macroeconomics
John Garen	BB&T Professor for the Study of Capitalism	Economics	Current Director of the BB&T Program for the Study of Capitalism; accomplished scholar in labor economics, financial economics, and the study of capitalism with over 30 years' experience; author of 38 publications in leading economics and finance journals; member of Board of Directors of the Association of Private Enterprise Education; former Chair of the Department of Economics
Frank Scott	Gatton Endowed Professor of Economics	Economics	Accomplished scholar in applied microeconomic theory, industrial organization, antitrust economics, and the economics of public policy with over 30 years' experience and 41 publications in leading journals; former Interim Chair of the Department of Economics
Aaron Yelowitz	Associate Professor	Economics	Author of 20 publications on public policy, economics of poverty, health care regulation, health insurance markets with over 20 years' experience; former DGS for the Department of Economics and affiliate of the UK Center for Health Services Research and the UK Center for Poverty Research

APPENDIX H

UK center to unleash power, benefits of entrepreneurship

By John H. Schnatter

The University of Kentucky announced this month that it will soon open the John H. Schnatter Institute for the Study of Free Enterprise at its Gatton School of Business. This initiative, which I helped fund, offers UK students and scholars the opportunity to engage in classes and research that explore the role of free enterprise in advancing a free and prosperous society that benefits everyone.

This is a mission I deeply believe in. Free enterprise is the greatest mechanism mankind has ever created to eliminate poverty, enhance prosperity and enable the “pursuit of happiness” spoken of in the Declaration of Independence. The students who participate in this new center, as well as the professors who teach them and conduct research, will thus be contributing to a better world for everyone, especially the least fortunate.

I have seen the power of free enterprise firsthand. My father Robert L. Schnatter — a 1953 University of Kentucky graduate — taught me many lessons about taking risks and serving my community through entrepreneurship.

Thanks in large part to his influence, I set out on my own entrepreneurial adventure in my early 20s. After saving his bar in Jeffersonville, Ind., from bankruptcy, I took a sledge hammer to open up a broom closet, where I installed \$1,600 worth of used pizza-making equipment. Within a year, I built enough credit to open my own stand-alone pizza store.

Today, three decades after making my first pizza in that broom closet, Papa John’s International Inc. is one of the largest pizza companies in the world.

As of September, we operated nearly 4,800 stores in all 50 states and 38 countries and territories, with nearly 100,000 team members at franchise stores and more than 20,000 team members at Papa John’s corporate stores, generating approximately \$3.5 billion of annual global systemwide sales.

This is a testament to the power of free enterprise. I took an idea and turned it into something that created opportunities for my employees, my suppliers, my franchisees and others throughout the world.

This happened for one simple reason: I made a product that people valued and enjoyed. As I quickly learned, such entrepreneurship rewards not only the entrepreneur but customers and countless others. This mutually beneficial relationship is at the heart of free enterprise and a free society.

Students at UK now have the chance to learn about the principles that make such stories — and there are many — attainable. Anyone, regardless of his or her station in life, is blessed with gifts and talents that can be used to benefit others.

When people are free to apply their skills and pursue their dreams, they are capable of finding tremendous self-fulfillment, self-esteem and self-respect.

Not only that, but by taking risks and challenging the status quo, they can give others the opportunity to find similar satisfaction.

Students will also have the chance to learn about the obstacles that prevent free enterprise from taking root and flourishing. There are many examples. Thomas Jefferson warned, “The natural progress of things is for liberty to yield, and government to gain ground.” His prediction has been borne out in more ways than I can count.

Free enterprise is increasingly hamstrung by over-regulation, corporate welfare and growing government demands on employers and employees. The result is an economy where opportunities are harder and harder to come by.

A growing number of Americans, regardless of their political affiliation, recognize this sad fact. Only 26 percent of our fellow countrymen now think America is headed in the right direction.

Unleashing the power of entrepreneurship is a critical part of restoring Americans’ belief that the future will be better than the past. The Institute for Free Enterprise at the University of Kentucky will offer its students the chance to study how to advance the freedom and prosperity that benefit everyone, especially the least fortunate.

This is desperately needed. Our country’s well-being depends on people who understand and defend true free enterprise and practice principled entrepreneurship. College campuses like the University of Kentucky are the natural place to teach this to the next generation of business leaders.

John H. Schnatter of Louisville, founder and CEO of Papa John’s International, Inc., is the primary supporter of the John H. Schnatter Institute for the Study of Free Enterprise at the University of Kentucky.

Source: <http://www.kentucky.com/opinion/op-ed/article51943880.html>

APPENDIX I

April 15, 2016

Senate's Academic Organization and Structure Committee
University Senate
University of Kentucky

Re: Support for the John H. Schnatter Institute for the Study of Free Enterprise

Dear Members of the SAOSC and University Senate:

On April 15, 2016, I presided over a discussion of the proposed John H. Schnatter Institute for the Study of Free Enterprise among members of the Gatton College Dean's Advisory Council (DAC). I am the chair of the DAC and write this letter representing the collective views of the DAC membership. At the conclusion of the discussion on April 15, I conducted a vote by secret ballot on the question of supporting formation of the Schnatter Institute. The DAC voted unanimously, 19-0, in favor of establishing the Schnatter Institute.

The DAC consists of 31 entrepreneurs and business leaders who believe a vibrant Kentucky entrepreneurial business community is essential to the long term growth of the Kentucky economy. The education and research to be fostered by the Schnatter Institute will inspire the next generation of entrepreneurs and business leaders required to grow Kentucky's economy and endow its citizens with a better life. Further, the Schnatter Institute will augment the financial support from the Commonwealth of Kentucky to increase the teaching and research capacity in the Gatton College, which continues to experience rapidly growing demand for its degree programs.

Given the mission and proposed activities of the Schnatter Institute, the DAC believes there is outstanding potential for future external funding to sustain the institute. Further, several DAC members have expressed interest in financially supporting the effort. During its history, Gatton DAC members have provided over \$100 million of philanthropic support to the Gatton College and to broader initiatives of the University of Kentucky. In the vast majority of these cases, the financial capacity for making our gifts has stemmed directly from the outstanding, affordable education we received here at UK. In all cases those funds resulted from visionary entrepreneurs and business leaders who understood how to create economic value in a complex world to the benefit of many. The initiatives of the Schnatter Institute can strongly contribute to developing future visionaries.

We urge your strong endorsement for the formation of the Schnatter Institute.

Sincerely,



Geoffrey Rosenberger, Chair
Gatton College Dean's Advisory Council

see blue.



Michael W. Bowling, SVP Corporate Strategy
AT&T
Dallas, TX

Gregory L. Burns, President
Burns Consulting Group
Nashville, TN

Ruth Cecelia Day, Advisor
Vice President for Administrative Services
(retired)
Landstar System, Inc.
Jacksonville Beach, FL

Luther Deaton, Jr., Chairman, President and CEO
Central Bank & Trust Co.
Lexington, KY

Carol Martin "Bill" Gatton, Owner
Gatton Chevrolet-Cadillac
Bristol, TN

James E. Geisler, Senior Operating Executive
Cerberus
Lexington, KY

J. Douglas Gerstle
Vice President and Assistant Treasurer
The Procter and Gamble Company
Cincinnati, OH

John L. Gohmann, Regional President
PNC Bank
Lexington, KY

William J. "Bill" Herkamp, Consultant
Mount Vernon Partners, LLC
Cincinnati, OH

Richard J. Huxley, Owner
Richard J. Huxley, LLC
Fort Myers, FL

Howard L. Lewis
Founder, Chairman Emeritus
Family Heritage Life Insurance Company of America
Broadview Heights, OH

Elizabeth Griffin McCoy, President and CEO
Planters Bank
Hopkinsville, KY

W. Rodney McMullen, Chairman and CEO
The Kroger Co.
Cincinnati, OH

Samuel J. Mitchell, Jr., CEO, Valvoline
Lexington, KY

Nate Morris, CEO
Rubicon Global Holdings, LLC
Lexington, KY

Donald C. Rogers, Chairman
Rogers Petroleum, Inc.
Morristown, TN

Geoffrey H. Rosenberger, Owner | CHAIR
Lily Pond Ventures, LLC
Pittsford, NY

Mr. Gary A. Smith, Sr., President and CEO
Kentucky Trailer
Louisville, KY

Sean S. Smith, Chairman
Stratose
Jupiter, FL

Mr. Charles M. Sonstebly, CAO & CFO
Michaels Stores, Inc.
Dallas, TX

Nancy E. Thomas, Managing Partner
Greater China Group
Global Business Services, IBM
Panama City Beach, FL

Dr. M. S. Vijayaraghavan (Viji), MD
President, Resources International, Inc.
Alpha Resources International Ltd. LLC
Chairman, Vass Enterprises Ltd. LLC
Lexington, KY

University Representatives:

David W. Blackwell, Dean
Gatton College of Business and Economics

D. Michael Richey
Vice President for Philanthropy and
Chief Philanthropy Officer

APPENDIX J



April 11, 2016

Senate's Academic Organization and Structure Committee
University Senate
University of Kentucky

Re: Support for the John H. Schnatter Institute for the Study of Free Enterprise

Dear Colleagues:

As Dean of the Gatton College of Business and Economics I enthusiastically support establishing the Schnatter Institute. I have agreed to provide adequate physical space for the administration of the institute and will also work to provide funding to support faculty members and graduate students funded by the institute in the unlikely event that external funds are no longer available.

The \$10 million charitable grants from the Schnatter and Koch Foundations to establish the institute are intended as seed funding over five years ending in 2020. While the funding is potentially renewable, I understand that there may be concern about the risk associated with hiring faculty members and committing to support graduate students with funds that could end.

In the current environment of higher education, no funding is permanent. The financing of higher education is a complex web of funding from the state, external research grants, tuition, auxiliary income, and philanthropy—all of which is at risk.

Similar to other sources of external research funding, the Schnatter and Koch grants are annually renewable. The leadership of the Gatton College and the University of Kentucky are fully cognizant of the funding risks for these grants, which are similar to those of other grants and sources of external funding on campus.

Nonetheless, absent unpredictable, extraordinary circumstances, I pledge to support any faculty members hired under auspices of the institute through their natural career progressions in the unlikely event we are unable to renew the Schnatter and Koch grants or obtain other external funding. Further, any graduate students obtaining funding from the institute will be supported through their otherwise natural program progressions in the event that external funding is no longer available.

Sincerely,

A handwritten signature in blue ink that reads "David W. Blackwell".

David W. Blackwell
Dean

APPENDIX K

**Selected List of Universities
Receiving Support from CKF**

Baylor
Clemson
Dartmouth
Duke
Florida State
George Mason
Georgia Tech
Harvard
Indiana
Johns Hopkins
Michigan State
NYU
Ohio State
Penn State
SMU
Texas A&M
University of Arizona
University of Arkansas
University of Maryland
University of Mississippi
University of Missouri
UNC-Chapel Hill
University of Notre Dame
University of Pennsylvania
University of Texas
University of Virginia
University of Washington

**Kentucky Universities
Receiving Support from CKF**

Morehead
Murray
Transylvania University
Western Kentucky
University of Louisville

Examples of Koch demanding undue influence - Expanded Edition

Florida State University [\(more at bottom\)](#)

- FSU's faculty senate found that the gift from the Charles Koch Foundation came with a Koch appointed Advisory Committee, which was granted an active role (including veto power) over tenure and non-tenure track hiring. The Koch "gift" was conditional on the selection of department chair, and granted direct influence over curricular and extracurricular programming, graduate fellowships, post-doctoral programming, and the creation of a certificate program.
- A 2011 Faculty Senate [investigation](#) of the agreement found that it "**allows undue, outside influence over FSU's academic content and processes**, a codified danger that the doctrine of academic freedom is designed to avoid." The report cited **more than ten examples where Koch's terms or actions violate academic freedom and faculty governance**, including two conflicts of interest.
- If at any point Koch's Advisory Committee determined that the university was not in "compliance" with section 1.a of the agreement, "Objectives and Purposes," Koch [maintained](#) the right to withdraw any or all funding from students/faculty/programming, with only 15 days notice.
- A faculty [memo](#) showed that Koch's interests were conditional on furthering their own agenda, "they want to support and mentor students who share their views. Therefore, they are trying to convince us to hire faculty who will provide that exposure and mentoring. [...] If we are not willing to hire such faculty, they are not willing to fund us." (Center for Public Integrity [2014](#))
- A 2011 [memo](#) from Interim Dean of the Faculties echos the curricular issues mentioned in the Faculty Senate report, "**many more could occur any time under our current procedures for faculty review of courses, certificates, majors, and degrees. This results from the fact that once a gift agreement is settled by the donor, the Foundation, and the academic unit, that agreement becomes invisible in the faculty governance process** designed to make decisions regarding the shape of the curriculum."

Suffolk University

- Suffolk university [announced](#) earlier this week that it will cut ties with the Koch funded Beacon Hill Institute (BHI). The center has received over \$800,000 from the Charles Koch Foundation since 2008 and has been criticized by economists and scientists for its inaccurate and faulty research, especially around energy policy. The center director cited newly enforced academic protections for the closure, "I think the entire administration made up their mind that they were troubled by what we were doing in some way, where we were getting money, how we were using the money, what we were saying, and they wanted things to change. [...]I couldn't raise money under the guidelines that were being issued."
- Suffolk administration were first alerted to BHI's activities in 2013 when the [Guardian](#) showed revealed grant proposals where BHI "appeared to have already arrived at its conclusions in advance, admitting from the outset that the aim of the research was to arm

opponents of cap-and-trade with data for their arguments, and to weaken or destroy the initiative." The proposal read, "Success will take the form of media recognition, dissemination to stakeholders, and legislative activity that will pare back or repeal [Regional Greenhouse Gas Initiative]."

- In a prepared statement, Suffolk University made clear it had not been consulted about Beacon Hill's research plans – and would not have authorized the grant proposal if it had been. "The stated research goals, as written, were inconsistent with Suffolk University's mission," Greg Gatlin, the university's vice-president for marketing and communications, said in an email.

University of Kansas

- In September at the University of Kansas, records revealed details about the entirely Koch funded Center for Applied Economics. In another instance of non-academic research with foregone conclusions, the center's founding director (and former Koch lobbyist) Dr. Art Hall, was seen receiving money predicated on the creation of "intellectual products" for "use as a tool in economic policy debates." Specifically, Hall was paid to generate research against renewable energy in Kansas, yet failed to disclose this funding when presenting the research to the legislature ([Sept 2015](#)).
- Hall [told](#) reporters that his congressional testimony was the only published work that came from his research, making it clear that his scholarship served a single, non-academic purpose. He describes the objectives of his non-peer reviewed research in contrast to academic settings, saying "They're two distinct marketplaces. The public policy arena is not nearly as formal and peer-reviewed, but at the same time if you're going to be effective and compelling, you can't be blowing smoke, you've got to have evidence." The donor's political interests required that Hall's work to be "effective" and "compelling," while going completely unexamined by peer review.
- Documents revealed that the center, its effectiveness is measured by how well its research can be disseminated. As stated in the documents released, "The best measurement proxy for this test of effectiveness involves citation by other researchers and discussion by news media – particularly print and Web media." This is not how the effectiveness of faculty members is evaluated. In academia, effective research and effective researchers are those who have been vetted through the peer-review process and are then published in peer-reviewed journals.

College of Charleston

- At the [College of Charleston](#) in South Carolina, [documents show](#) that the Charles Koch Foundation made future funding **centrally** contingent upon being given access to extensive information about students, with the aim of "to notify students of opportunities" through both the Charles Koch Foundation and the Institute for Humane Studies at George Mason University. Koch's foremost reporting requirement [seeks](#) names and email addresses —specifying addresses "preferably not ending in .edu"— of any student who participated in a Koch-sponsored class, reading group, club or fellowship. In another email, a Koch foundation official says that "[...] information regarding students who pursue additional opportunities connected to these ideas (**regardless of whether they were direct program participants**) is vital to understanding our grant's impact.

We suggest updating a list of interested students throughout the year in order to avoid omitting important information in your final report.” ([pg 43, 54](#))

- The Koch foundation also requires, as at other universities, final authority over any information that university officials disseminate about the Koch program.

University of Illinois at Urbana-Champaign

- The Chancellor of the University of Illinois at Urbana-Champaign commissioned the Faculty Senate to [study](#) a Koch funded center on campus. **The [report](#) finds that the creation of an “extra-academic board, self-perpetuating on the basis of ideological sympathy with the donors’ intent” is an infringement on “institutional academic freedom.”**
- In addition, it was found that the center’s affiliation with the university violated two principles of a ‘free and distinguished university’: institutional neutrality (because the overly-narrow ideological research mission was inconsistent with the university’s standards of open and free inquiry) and institutional autonomy (as the center and its academic mission were unaccountable to traditional administrative and faculty governance oversight).
- The faculty wrote of the center’s Free Market research mission, “Whether one agrees with these views or not, they are statements of doctrine, not questions to be examined in an open-minded academic investigation.” ([pg 11](#))
- The Chancellor dissolved the agreement with the center 2008, described as a “friendly divorce.”
 - [The Academy that didn’t go away](#), Inside Higher Ed (Sept. 8, 2009) extended history:
 - [In 2007], it appeared that the University of Illinois at Urbana-Champaign had resolved a conflict with faculty leaders over the [Academy on Capitalism and Limited Government](#).
 - Faculty members said that they didn’t object to professors teaching about capitalism, but that research centers at universities shouldn’t be devoted to any one ideology and that donors shouldn’t be able to pick the ideological views of work to be supported. The solution -- [generally praised by those on all sides](#) -- was for the the academy to sever its ties to the university. It could still support faculty members at the university and sponsor programs on the campus, but as a price of keeping control of the use of funds (and a political perspective), the academy couldn’t be part of the University of Illinois. There’s just one problem: the ties were never cut, and a new agreement kept the academy as an affiliate of the university’s foundation.
 - The Faculty Senate has just [completed a report](#) on what actually happened, describing an agreement “negotiated in secret” that has maintained the ties to the foundation that the university had pledged to sever. This deal was signed without faculty involvement -- and the lack of faculty oversight, the Senate report alleges, has led to the funds for the academy going to support the faculty members who are on its advisory

board, raising questions about conflict of interest. A resolution adopted by the leaders of the Senate calls for the university to do what it told faculty members it was doing two years ago: sever ties to the institute.

- [Hoover in the Heartland](#), Inside Higher Ed (Sept. 20, 2007)
 - “This has been an end run around faculty governance,” said Cary Nelson, an English professor at Illinois who is president of the American Association of University Professors. He said that the funds had been accepted by the university without appropriate review and said that he feared that committees now being created to oversee the program were not real governance but would just amount to people with the power to “whisper in the chancellor’s ear.”
 - Brown said he was “not an expert on university rules,” so he didn’t know the specifics of how funds would be given out to support projects. But he said that since this was a “donor-initiated fund” and that the goal was to involve professors from a range of disciplines, it made sense to house it in the university’s foundation.
- [Report of the Ad Hoc Committee of the Senate of the University of Illinois at Springfield on The Academy on Capitalism and Limited Government](#).

University of Dayton

- In a 2015 statement, University of Dayton spokeswoman Cilla Shindell explained that the school **did reject a recent proposal** from a “foundation that is in part funded by the Koch family” **because it “would have been structured in a way that would limit oversight by the university in such areas as curriculum and faculty hiring.”** [[Center for Public Integrity](#)]

Auburn University

- A Koch center at Auburn University was [found](#) to have violated its standard hiring procedure in order to fast-track the donor intended hires. Alabama State House Representative Craig Ford wrote to Auburn President Gogue, "...it has been brought to my attention, by persons both inside and outside the university, that there may have been a number of administrative 'irregularities' in both the creation of the center, the design of the center's administrative structure, the funding of the center, and in the hiring of its director."

Clemson University

- [Clemson’s Koch contract](#) includes similar hiring control and “Objectives” as Florida State, Utah State University, and West Virginia University, with explicit language ensuring that Koch-funded professors would “[support the research into the causes, measurements, impact, and appreciation of economic freedom.](#)”
- It’s a red flag for Koch to narrow its programs at Clemson to promote “economic freedom,” a concept that’s actually created by Koch itself through the Fraser Institute in Canada, working in conjunction with professors in Florida State University’s Koch-funded

economics department, like James Gwartney (see Charles Koch Institute's Economic Freedom [website](#) and [Fraser Institute's](#) 2013 Economic Freedom of the World report, supported by Charles Koch Foundation, p. 251, written by by James Gwartney Charles G. Koch Doctoral Scholarship recipient Alice M. Crisp, p.250).

Hamilton University

- Questions were raised about governance, specifically about the role of the dean of faculty and president in overseeing the center on campus, and also how faculty would be involved in the center. [The Alexander Hamilton Center](#), The Continental (student-run magazine) (April, 2007)
 - Professor Steve Orvis helped write the faculty resolution, and acknowledged that the faculty “had no actual power.” Orvis, who chairs the government department, believed that the main problem with the AHC's governance was its Board of Overseers, the key governing board of the AHC. “The dean has oversight over all similar campus organizations, but he would not have oversight over the AHC, and the faculty was concerned about this,” said Orvis. He also found it problematic that an on-campus college organization could have a board of members that were mostly people from outside of Hamilton.
 - Pellman noted that the faculty's anxieties with the charter did not concern their own involvement, but rather the involvement of the administration in the governance of the AHC. “I truly don't think anyone on the faculty was interested in being ‘in the loop’ of the governance of the center,” said Pellman. “But the faculty was very concerned that the president and the dean were not going to be substantively included in the loop.”
 - On November 27, 2006, Hamilton announces the Alexander Hamilton Center will not go forward, notwithstanding the prior announcements of Sept. 6th and Oct. 13th: [The Failure of the Alexander Hamilton Center](#) (Nov. 29, 2006).

Florida State University (Continued)

1. Suppressed faculty account of “threats” and “intimidation” used to violate academic freedom and governance

- a. In the very first finding of the original faculty senate report detailed the corrupt circumstances regarding how the “agreement” came to be implemented. All mention of this main finding was stripped from the final version of the report:

Dissenting faculty reported an atmosphere of intimidation and administrative dictate by the Dean for a “done deal” that prevented faculty input on academic integrity or curricular issues. [...] Faculty specifically requested a vote on accepting the Koch agreement and this was rejected by the Dean who told us he did this because he did not intend to take their input. The

Faculty Senate Constitution and generally accepted discourse on academic freedom place curricular issues under the province of faculty. The Dean erred in not allowing established faculty governance process to function.

It should be noted that each department within the university establishes its own by-laws for faculty governance. Traditionally, the Economics department has elected an Executive Committee and left all issues of curricular development, faculty hiring, and departmental development to this group. This trusting, governance at a distance process functioned well when issues were within established, traditional bounds, but was inadequate to handle the intense controversy of the Koch issue. Attempts to move into a more active governance mode by the faculty on the Koch issue were stifled by the Dean and by the Department Chair who regularly emailed interpretations of the Dean's wishes. It was repeatedly stated by faculty that an atmosphere of intimidation was thus generated. It was reported that the Dean made threats about future teaching assignments if Koch money was not available, that dissent with the Koch agreement was viewed as faculty disloyalty by the department chair, and that memos from the department chair were argumentative and angry. Many faculty were loathe to speak to the Koch issue in this atmosphere, particularly the untenured ones. ([pg 2](#))

It is seen in a [2014 email](#) that Dr. Jayne Standley, a co-chair of the faculty senate committee and author of this suppressed draft, was under the impression that her draft was "softened" by the other co-chair, Dr. Eric Walker. She appears to be unclear as to the differences between her draft and the final draft:

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

Dr. Walker has said in several instances that he and President Eric Barron edited the final version of the report. It is now apparent that they substantially altered the findings and recommendations of her draft, while curiously leaving her name first in the final report.

- b. In the second finding of the original report, the committee findings determine the terms of the Koch MOU violate academic freedom, as it "allows undue outside influence over FSU's academic content and process, a codified 'danger that the doctrine of academic freedom is designed to avoid.'"

2. Conflict of Interest

- a. The 2008 MOU was declared a "two-fold conflict-of-interest" by the Faculty Senate findings ([pg 7](#)). The arrangement involved a student and a faculty member, and was approved by the signatories of the 2008 MOU

1. The MOU was negotiated by a graduate student, Matt Brown, who was also a Koch Foundation employee. According to CKF tax documents, Matt Brown made over \$500,000 between [2007-2009](#), and was CKF's highest paid employee in [2008](#). He also received a graduate fellowship through the agreement. The original faculty findings called this part of the conflict "egregious."
2. CKF's "gift" was contingent upon then Chair Bruce Benson remaining Chair. [Benson explains](#),

Koch has indicated that they would not be willing to commit the proposed level of funding if I do not continue to serve as chair until the proposal is implemented. They are willing to help induce me to do so, and this [\$105,000] line item reflects that effort.

In turn, Dr. Benson served as co-chair of Matt Brown's doctoral committee.

3. This was affirmed by President Eric Barron in a 2011 [letter](#) to FSU's Dean of the Faculties, saying "This is a clear conflict of interest and it should have been revealed and then avoided."

3. Ideological Influence over Academics

- a. In a 2007 department memo, Benson described CKF's plan for "Constrained hiring", saying

[t]hese organizations have an explicit agenda. They want to expose students to what they believe are vital concepts about the benefits of the market and the dangers of government failure, and they want to support and mentor students who share their views. Therefore, they are trying to convince us to hire faculty who will provide that exposure and mentoring. If we are not willing to hire such faculty, they are not willing to fund us. There clearly is a danger in this, of course ([pg 3](#))

- b. The final faculty senate report found that, despite being denied access by department officials to the interview process for the Koch supported positions, the Koch Foundation conducted its own parallel interviews of those interviewing for the positions at a meeting of the American Economic Association in January 2009 ([pg 6](#)). According to the original draft of the 2011 faculty report, Koch also was granted "prior approval of the advertisement used for filling positions" ([pg 3](#)).
- c. The final faculty senate report expressed "concern" at the Koch Foundation's intent to "design and propose an Undergraduate Program [...] consistent with the Objectives and

Purposes set forth in Section 1(a)” ([pg 7](#)). Though omitted from the final draft, the original faculty senate findings explicitly cite the violation of departmental governance, noting:

Koch funded non-tenure track faculty have been assigned to teach the service courses in Economics. Criticism of this administrative move asserts that faculty oversight of these positions and content no longer rests with the Economics department at large, but with the SPEFE Program. These courses teach approximately 7000 FSU students/yr. Further criticism concerns implementation of issues related to the Koch agreement and that a free market firewall was established in the department with issues like content of service courses behind this firewall that did not allow for usual faculty input or governance process” ([pg 4](#)).

- d. The Undergraduate Program eventually created a “Markets and Institutions” Certificate Program using a process that the Faculty Senate Ad Hoc Committee described as having “fallen short of a usefully functioning standard of transparency and openness” ([pg 13](#)), and as documented in the original faculty findings, it was implemented “without faculty input” ([pg 5](#)).
- e. CKF was granted involvement in faculty evaluations:

Individuals holding the Professorship Positions will [...] have included in the services component of their annual review by the FSU Department of Economics an evaluation of their performance at advancing the objectives of this Memorandum” 3.e.(iv), [2008 MOU](#)

It was recognized by the faculty senate reports that this likely violated the faculty collective bargaining agreement.

- f. The system of graduate fellowships is described in the original faculty findings, and is completely absent from the final report:

The Koch fellowships for graduate students may have targeted a specific type of graduate student that is not representative of the diversity of the Economics department and determination of awards have not been implemented with input from the Graduate Admissions Committee. ([pg 4](#))

- g. The original findings of the faculty senate described several problems with extra-curricular donor influence and the lack of department control:

The “Economics Club” conceived by the Koch agreement is not representative of the diversity of departmental curricular offerings. There were repeated reports that it promotes dogma rather than academic inquiry. Scholarships of

\$200/semester are given for reading books on a list developed by the Koch funded program, not the Economics faculty as a whole. The club website now shows legislative initiatives, an activity specifically prohibited by the Koch Memorandum of Understanding ([pg 4](#))

4. CKF maintains explicit control over funds after giving to FSU

Section 1.1.7. of FSU gift acceptance policy reads “A donor may not retain any explicit or implicit control over the use of a gift after acceptance by the institution.” ([FSU Gift 2013](#), pg 4)

- a. All aspects of the programs (curriculum, tenure track faculty hiring, non tenure track faculty hiring, undergraduate curricular and extracurricular programming, etc.) at FSU are obliged to comply at all times with the Koch Foundation’s Objectives and Purposes 1(a) in the [2008 MOU](#)¹
- b. An entirely Koch appointed advisory committee, whose decision rule is a unanimous vote (7.(b)), is charged with “Ensur[ing] compliance with the terms of this Memorandum through appropriate administrative or legal channels” 7.a.(iv) [2008 MOU](#). This structure remains despite the recommendation of its restructure or removal by both faculty and administration.
- c. FSU President Eric Barron in 2011 [acknowledges](#) that “*the agreement did provide the opportunity for outside influence.*”

5. A Revocable “Gift”; CKF maintained the freedom to withdraw/withhold funding at anytime under a great many circumstances

- a. Veto power over instructor hiring with Koch funds; “No funding for a Professorship Position or any other Affiliated Program or Position will be released without the review and approval of the SPEFE-EEE Advisory Board.” 3.d.(iii), [2008 MOU](#)
- b. Influence after hiring; “annual renewal [of teaching specialist funding] dependent upon satisfactory evaluation of the FSU Economics Department and the SPEFE-EEE Advisory Board that the individual is advancing the Objectives and Purposes set forth in Section 1(a)” 4.(d), [2008 MOU](#)
- c. The ability to withdraw funding for noncompliance at any point with 15 days notice; “Such termination shall be deemed effective upon the expiration of said fifteen (15) days from the date notice was provided by Donor to Donee and University, if Donee and/or

¹ from Objectives and Purposes 1(a) “*to advance the understanding and practice of those free voluntary processes and principles that promote social progress, human Well-being, individual freedom, opportunity and prosperity based on the rule of law, constitutional government, private property and the laws, regulations, organizations, institutions and social norms upon which they rely.*” This are, in effect, the values of the [Charles Koch Institute](#).

University have not therefore corrected the events of default or performed the acts described in the notice.” 2008 MOU [Attachment C](#), section V.(H)

- d. Koch Graduate Fellows [are approved](#) through a committee comprised solely of SPEFE/EEE faculty, who determine whether the student will comply with the Objectives and Purposes, though “should their interests ever change”, their fellowship is withdrawn, and they revert to department support; a 50% pay cut and a doubled workload (from 10 hrs/week on Koch Fellowship to 20 hrs/week or more on department support). These faculty are beholden to CKF’s Purposes and Objectives in their selection of fellowship students, as the [BB&T and CKF fellowships](#) are explicitly “part of a larger grant-supported set of programs: the program for the Study of Political Economy and Free Enterprise (SPEFE) and the program for Excellence in Economic Education (EEE),” and as such, are under the purview of the Koch Advisory Committee.

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Kentucky Center for Investigative Reporting (<https://kycir.org/2015/12/28/read-the-contracts-between-the-university-of-kentucky-and-the-koch-foundation-papa-johns-ceo/>)

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KENTUCKY CENTER
FOR INVESTIGATIVE REPORTING

Read the Contracts Between the University of Kentucky and the Koch Foundation, Papa John's CEO

By: **BRENDAN MCCARTHY**

December 28, 2015



(<http://7k2pn2391cd3whpwn4li6y01c1g.wpengine.netdna-cdn.com/files/2015/12/Gatton-UK-e1450214784879.jpg>)

UK

Gatton College of Business and Economics

The University of Kentucky has released the contracts for its "free enterprise" teaching institute, the result of major donations from the foundations of pizza magnate John Schnatter and businessman Charles Koch.

The school announced earlier this month (<http://kycir.org/2015/12/16/papa-johns-ceo-koch-foundation-expand-free-enterprise-program-at-uk/>) that the Schnatter and Koch foundations were donating a combined \$12 million to create the new program that furthers capitalistic philosophy. The donation, one of the largest in

UK history, is double what the foundations gave earlier this year to set up a similar program (<http://kycir.org/2015/03/10/university-of-louisville-released-details-on-major-gift-from-papa-johns-ceo-koch-foundation/>) at the University of Louisville.

The contracts, released last week by UK in response to a records request, provide some additional details about the pledges and program.

The contracts note that the aim is to "promote a republic of science at the University where ideas can be exchanged freely and useful knowledge will be benefit the well-being of individuals and society." All sides agree, the contracts state, that academic freedom is critical.

The language very closely mirrors the agreements signed with the University of Louisville. The UK donation, however, is more extensive and provides significantly more funding. The school will hire five new faculty members, select up to 13 people for Ph.D. fellowships, and hire a research associate, among other moves.

The donors have the right to back out of the agreements at any time and the school would have to return unspent funds, the contracts show.

Also, UK has agreed not to release details of the contracts and arrangement without written consent of the donors, except for cases in which they are required to release information under the Open Records Act. In those instances, the school agrees to give the donors three days' advance notice of such disclosures. This contract language was also in the University of Louisville's agreements.

Read the UK agreements (<https://www.documentcloud.org/documents/2655413-Schnatter-Koch-contract-with-Univ-of-Kentucky.html>) .

To print the document, click the "Original Document" link to open the original PDF. At this time it is not possible to print the document with annotations.

You can view the Schnatter and Koch agreements with the University of Louisville here (<http://kycir.org/2015/03/18/university-of-louisvilles-major-gift-from-pizza-ceo-koch-comes-with-caveat/>) .

Similar Koch-funded enterprise centers at other schools across the country have prompted criticism (<http://kycir.org/2014/12/09/university-of-louisville-set-to-get-millions-from-charles-koch-foundation-and-papa-johns-ceo/>) from students and faculty who allege the schools have sold curricula for cash.

Schnatter, of Anchorage, is the CEO of Papa John's International, the publicly traded pizza giant.

"Entrepreneurship is critical to unlocking the power of the free market system," Schnatter said in a news release announcing the donation. "We're proud to support this effort to educate the next generation about free market principles and equip aspiring entrepreneurs with the know-how to launch successful businesses."

The Koch brothers are billionaire businessmen and well-known philanthropists who champion conservative causes and politicians who favor less government regulation.

Managing Editor Brendan McCarthy can be reached at bmccarthy@kycir.org or (502) 814.6541.

Disclosure: In October 2014, the University of Louisville, which for years has donated to Louisville Public Media, earmarked \$10,000 to KyCIR as part of a larger LPM donation.



(<http://7k2pn2391cd3whpwn41i6y01c1g.wpenginecdn.com/files/2014/12/John-Schnatter.jpg>)

Twitter

John Schnatter

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GRANT AGREEMENT

This grant agreement (this "Agreement") is made effective on March 10, 2015, (the "Effective Date") by and among the University of Louisville Foundation, a Kentucky non-profit corporation (the "Foundation"), the University of Louisville (the "University"), an instrumentality of the commonwealth of Kentucky, for the benefit of the John H. Schnatter Center for Free Enterprise (the "Center"), which shall be imminently created and housed in the University's College of Business (the "College"), and the John H. Schnatter Family Foundation, a Kentucky non-profit corporation (the "Donor"). The term of this Agreement shall begin on the Effective Date and shall continue for seven years (the "Term") unless earlier terminated pursuant to this Agreement. The Foundation, the University, and the Donor are sometimes referred to herein individually as a "Party" and collectively as the "Parties." The Parties agree as follows:

1. **Promoting Academic Freedom.** The Donor's grant is intended to help promote an environment at the University where ideas can be exchanged freely and useful knowledge will benefit the well-being of individuals and society. Thus, the Parties agree that the academic freedom of the University, the Center, and their faculty, students, and staff is critical to the success of the Center's research, scholarship, teaching and service.

2. **The Center.** The University desires to create the Center in the College to advance the University's educational mission as follows:

a. **The Center's Mission and Director.** As stated in the proposal, which is hereby incorporated into this Agreement, and attached as Attachment A (the "Proposal"), the University has informed the Donor, and the Donor is relying on such representation, that the Center's mission is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing the well-being of society (the "Center's Mission"). The University has selected Stephan Gohmann as the initial director of the Center (the "Center Director"). The Parties believe the Center Director is an invaluable part of advancing the Center's Mission.

b. **The Center Programs.** To support the Center's Mission, the University desires to create (and the Donor wishes to support) the following positions and activities at the Center, collectively referred to as the "Center Programs." The Center Programs are described in the Proposal and include two "Tenure-Track Professorships," two "Visiting Professorships," the "Ph.D. Fellowships," the "Outreach Director Position," the "Administrative Assistant Position," the "Research Grants," the "Center Director Stipend," and the "Center Activities." The University and the Foundation shall each use any funds received under this Agreement to support the Center Programs in accordance with this Agreement.

3. **The University's Commitment to and Support for the Center.**

a. **Generally.** This Agreement is expressly contingent upon the University's desire to create and support the Center. The University shall create the Center by December 1, 2015. The University shall support the Center Programs to advance the University's mission.

b. **Center Office Space.** The University shall ensure that the Center is provided with adequate office space and administrative support pursuant to University and College policies.

4. **The Donor's Support for the Center Programs.**

a. **Contributed Amount.** Subject to Section 5, the Donor agrees to contribute funds to the Foundation exclusively to support the Center Programs to advance the Center's Mission (all or part of

such funds referred to as the “Contributed Amount(s)”). In no event shall the aggregate Contributed Amount under this Agreement exceed \$4,640,000 as follows:

Center Programs	Amount
Salary and fringe benefits for two Tenure-Track Professorships and salary and fringe benefits for two Visiting Professorships	Up to \$1,875,000
Costs and expenses for up to four four-year Ph.D. Fellowships	Up to \$ 415,000
Salary and fringe benefits for the Outreach Director Position	Up to \$ 375,000
Salary and fringe benefits for the Administrative Assistant Position	Up to \$ 375,000
Costs and expenses for the Research Grants	Up to \$ 375,000
Costs and expenses for the Center Director Stipend	Up to \$ 100,000
Costs and expenses for the Center Activities	Up to \$1,125,000

Total Maximum Aggregate Contributed Amount: Up to \$4,640,000

b. Contingent Grant. The Donor’s support under this Agreement is expressly contingent upon the University, the Foundation, and Charles Koch Foundation (the “CK Foundation”) executing an agreement providing for a grant from the CK Foundation (the “CK Foundation Grant Agreement”) to support the Center Programs. Therefore, the Donor shall not provide any of the Contributed Amount or be obligated to fulfill any other obligation until the CK Foundation Grant Agreement, attached to this Agreement as Attachment B, is executed. The Donor’s pledge to make contributions pursuant to this Agreement and the CK Foundation’s pledge to make contributions pursuant to the CK Foundation Grant Agreement are each contingent upon each other. Therefore, any breach of this Agreement, if caused by the Foundation or the University, constitutes a separate and independent breach on the part of the Foundation or the University, as applicable, under the CK Foundation Grant Agreement and shall entitle the CK Foundation to exercise any and all of its remedies provided in the CK Foundation Grant Agreement, up to and including the right to terminate the CK Foundation Grant Agreement.

5. Foundation Grant Report; Proposed Grant Award Process and Schedule.

a. The Foundation Grant Report. The Foundation shall submit an annual written report to the Donor for the Donor’s consideration (the “Foundation Grant Report”) and an accounting of the expenditure of any Contributed Amount previously received. If the Donor approves the Foundation Grant Report, the Donor shall make a contribution up to the amount listed in the below schedule to the Foundation, and the Foundation agrees to accept such Contributed Amount on behalf of the University as stated in the below schedule. If the Donor does not provide any Contributed Amount in response to the Foundation Grant Report, it shall notify the Foundation and the University as stated in Section 8.a.

b. Foundation Grant Report and Proposed Grant Award Schedule

Foundation Grant Report Date	Donor Response and Proposed Contribution Date	Contributed Amount
Submitted as the Proposal, Attachment A	Within 30 days of signing this Agreement	Up to \$928,000
November 1, 2015	On or about January 1, 2016	Up to \$928,000
June 1, 2016	On or about August 1, 2016	Up to \$928,000
June 1, 2017	On or about August 1, 2017	Up to \$928,000
June 1, 2018	On or about August 1, 2018	Up to \$928,000

c. The Fund. The Foundation shall place all of the Contributed Amount in a segregated and restricted fund on its books and records called the “Schnatter Center Programs Fund” (the “Fund”). The Fund shall be used solely to support the Center Programs as stated in this Agreement.

6. **Contributed Amount Used Only for Educational Purposes for the Center Programs.**

a. Tax Status. The Foundation represents and warrants that it is an organization described within the meaning of Internal Revenue Code (the “Code”) sections 501(c)(3) and 509(a)(1). The University represents and warrants that it is an organization described in Code section 170(c)(1) or 511(a)(2)(B). The Foundation and the University agree to immediately notify the Donor if their respective tax statuses change.

b. Educational Purpose. The Contributed Amount will be expended only for the Center Programs, which is an educational purpose described in section 170(c)(2)(B) of the Code. The Contributed Amount will not be used to influence legislation, to influence the outcome of any election, for a political campaign or intervention, to carry on any voter registration drive, or any other purpose that would jeopardize the Donor’s tax-exempt status or subject the Donor to penalties under Chapter 42 of the Code.

c. Center Programs. The Foundation and the University shall use all Contributed Amounts solely to support the Center Programs as stated in this Agreement and shall return to the Donor any Contributed Amount not expended for and uncommitted to the Center Programs.

7. **Naming Rights, Acknowledgment, and Publicity**

a. Naming Rights and Acknowledgments.

i. For ten (10) years from the date the Center is created, the Center shall be known as the “The John H. Schnatter Center for Free Enterprise” (the “Center Name”). The University shall include the full and complete Center Name in all references to the Center, whether oral, written, electronic or otherwise, made, published or generated in any form or medium now or hereafter known. The Center Name shall be prominently displayed at or about all means of ingress and egress to the facility where the Center is housed, and shall be printed, embossed or otherwise included, at University expense, on all letterhead, envelopes, business cards, news or press releases, announcements and other printed materials relating to the Center or events occurring at the Center. The University shall use its best efforts to cause third parties that, with the authorization or cooperation of the University, refer to the Center in oral, written, electronic or any other form of communication (including, by way of example and not limitation, speaking engagements, program materials, publications, videos and on the internet), to incorporate the full and complete Center Name in all such references to the Center.

ii. It is the intent of the Donor, the Foundation, and the University that the Center Name be linked to any academic program or programs the University may hereinafter conduct in furtherance of the Center’s Mission. Accordingly, the Foundation and the University hereby represent, warrant, and covenant that any academic programs supported by or initiated within the Center or the University, a material focus of which is the Center’s Mission, shall at all times be known by, and conducted under the auspices of, the Center Name. If in the sole judgment of the Donor, any academic program conducted by the University in accordance with the terms of this Agreement is no longer principally focused on the Center’s Mission, at the Donor’s election, in addition to any other remedy available to the Donor by reason of a breach of this Agreement, Donor may direct the University to immediately cease and desist use of the Center Name in connection with such program. The Parties

acknowledge that the terms of this Section 7.a are intended to survive the Term of this Agreement, in perpetuity.

iii. The Parties agree that irreparable damage may occur to the Donor in the event the Foundation or the University breaches any of the terms of this Section 7.a. The Parties further agree that in the event of any such breach, the Donor may be entitled to specific performance of the terms of the Section 7.a, in addition to any other remedy to which the Donor may be entitled at law or in equity.

b. Publicity. The Foundation and the University shall allow the Donor to review and approve the text of any proposed publicity which includes or mentions the Donor or the amount to be contributed pursuant to this Agreement. All such references to the Donor shall be to the "The John H. Schnatter Family Foundation." The Foundation and the University agree to allow the Donor to include information regarding the Donor supported Center Programs and any information or materials about the Foundation or the University and their activities in the Donor's reports, newsletters, and news releases. If requested by the Donor, the University shall acknowledge the Donor in all of its general materials in the same manner as any other University donor at the same level of funding. The Parties have agreed to the contents of the "Executive Summary," attached as Attachment C, which the Parties may agree to use as the initial public announcement of this Agreement. The Parties shall consult with each other and mutually agree prior to issuing publicly the Executive Summary. The University shall not use the Donor's name or logo without the Donor's express written consent.

8. General Provisions.

a. All the Parties shall act in good faith to fund, create, and operate the John H. Schnatter Center for Free Enterprise in a manner that will support the Center's Mission. If at any point during the Term, the Donor determines in its reasonable discretion that: (i) the Foundation or the University has not acted in good faith under this Agreement; (ii) the Center Programs are not advancing the Center's Mission as stated in this Agreement, or (iii) such action is necessary to comply with any law applicable to one of the Parties, the Donor shall notify the Foundation and the University of its determination, and the Parties shall make a good faith effort to meet within sixty (60) days to discuss the Donor's determination. If the Donor's determination does not change after the end of this sixty (60) day period, the Donor has the right to terminate the Agreement upon providing thirty (30) days' notice to the Foundation and the University. During the pendency of the sixty (60) day period and any following thirty (30) day notice period, the Donor shall not be obligated to provide any Contributed Amount. In the event of termination of the Agreement, the Foundation and the University each agree to return all uncommitted Contributed Amounts to the Donor within fifteen (15) days of the Donor's request. The University and Foundation each represent and warrant that they are not relying on the Donor's proposed funding under this Agreement to incur any obligation or take any action or inaction. The Foundation's and University's obligations shall end upon the Donor's termination of this Agreement, except that the University shall continue to provide support to maintain the Tenure-Track Professorships indefinitely.

b. The Foundation and the University agree to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor, except as otherwise may be required by law. The Parties acknowledge that the University must adhere to the open records laws that exist for public institutions in the Commonwealth of Kentucky. If the Foundation or the University is required to disclose the existence of or the content of this Agreement to any third party, the Foundation and the University agree to provide the Donor with at least ten (10) days' advance written notice of such disclosure, except as otherwise may be required by law.

c. The terms contained in this Agreement supersede all prior oral or written agreements and understandings between the Parties related to the matters contained in this Agreement and shall constitute the entire agreement between the Parties with respect to the matters contained in this Agreement.

d. In the event of a conflict between the provisions stated in the body of this Agreement and those stated in the Proposal, this Agreement shall control.

e. This Agreement shall not be modified or amended except by a writing duly executed by the Parties to this Agreement.

f. The provisions of this Agreement are deemed severable and should any part, term, or provision of this Agreement be construed by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and provisions will not be affected thereby.

g. No delay or failure on any Party's part to enforce any right or claim which it may have hereunder shall constitute a waiver of such right or claim. Any waiver by any Party of any term, provision, or condition of this Agreement, or of any subsequent default under this Agreement in any one or more instances shall not be deemed to be a further or continuing waiver of such term, provision, or condition or of any subsequent default hereunder.

h. The Parties acknowledge that this Agreement may relate to or be for the benefit of the CK Foundation and its charitable and educational mission. The Parties acknowledge that the CK Foundation has certain rights under this Agreement related to its contributions to the Center Programs. The University and the Foundation further acknowledge and agree that they shall not directly or indirectly be entitled to the benefit of any waivers, indemnities, releases, or other provisions contained in any agreement between the Donor and the CK Foundation. Otherwise, this Agreement shall not confer any rights or remedies upon any third party other than the Parties to this Agreement and their respective successors and permitted assigns.

i. The Foundation and the University may not transfer or assign their respective interests in the Agreement or any amount to be contributed pursuant to this Agreement without the express written consent of the Donor.

j. All notices, approvals, or requests in connection with this Agreement shall be in writing and shall be deemed given when delivered personally by hand or one business day after the day sent by overnight courier (in each case with written confirmation of receipt or transmission, as the case may be) at the following address (or to such other address as a Party may have specified by notice to the other Party pursuant to this provision):

If to the Foundation:
University of Louisville Foundation
South 3rd Street
Louisville, KY 40208
Attn: Dr. James R. Ramsey, President

If to the University:
University of Louisville
2301 South 3rd Street,
Louisville, KY 40292
Attn: Dr. James R. Ramsey, President

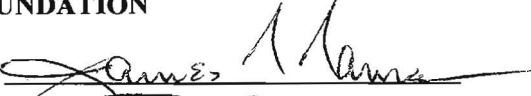
If to the Donor:
John H. Schnatter Family Foundation
11411 Park Road
Anchorage, KY 40223

Attn: Aaron M. Thompson

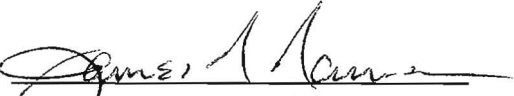
k. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement or direction. Copies of signatures (whether facsimile or other electronic transmission) to this Agreement shall be deemed to be originals and may be relied upon to the same extent as the originals.

The Parties have hereby executed this Agreement as dated below, but agree that this Agreement is effective as of the Effective Date.

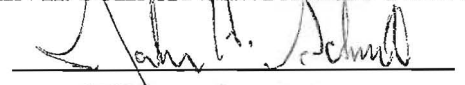
**UNIVERSITY OF LOUISVILLE
FOUNDATION**

By: 
Name: James R. Ramsey
Title: President
Date: 3/10/15

UNIVERSITY OF LOUISVILLE

By: 
Name: James R. Ramsey
Title: President
Date: 3/10/15

JOHN H. SCHNATTER FAMILY FOUNDATION

By: 
Name: John H. Schatter
Title: President
Date: 3/10/15

ATTACHMENT A

University of Louisville Foundation Proposal to Support the Establishment of the John H. Schnatter Center for Free Enterprise in the College of Business at University of Louisville

Preamble

The John H. Schnatter Center for Free Enterprise (the “Center”) will explore the role of enterprise and entrepreneurship in advancing human well-being by providing programs for undergraduate and graduate students and the public at large.

The Center will sponsor new courses in the College of Business (the “College”), lectures, reading groups, and other activities. Through Ph.D. fellowships, four new faculty members, and various academic programs, the Center will become a hub for scholarship on the role of enterprise and entrepreneurship in society and the ideas and institutions that lead to well-being.

Mission

The mission of the Center is to engage in research and teaching that explores the role of enterprise and entrepreneurship in advancing human well-being (the “Center’s Mission”).

The Center objectives

- Provide educational initiatives including courses, seminars, reading groups, research fellowships, symposiums and lectures, including one annual “keynote” speaker who will help build a larger intellectual exchange around the Center’s Mission through a talk on the role of enterprise and entrepreneurship in advancing well-being.
- Engage the Louisville community through talks, seminars, dissemination/publication of research, and other activities that will share the Center’s work with the community.
- Encourage topical research in enterprise and entrepreneurship including the influence of public policies on economics.

Center activities and estimated costs

The Center staff will consist of a director, up to four faculty positions (described below), an outreach director and an administrative assistant. Additionally up to four Ph.D. fellowships will be offered.

The Center Director: The Center director will be responsible for coordinating all center activities and ensuring the Center stays focused on the Center’s Mission (the “Center Director”). The Center Director will have direct supervision of the “Outreach Director” and the “Administrative Assistant” (both defined in the “Staff” section below). The Center Director will also be responsible for providing the appropriate department chair with input on the performance of the tenure track faculty as part of the annual evaluation process in the College. The College proposes that Professor Stephan Gohmann serve as the initial Center’s Director. In that case the costs will consist of annualizing the current 10-month salary and fringes (20% of the current 10-month salary and fringes) plus a stipend. The stipend will reflect the additional duties in the 10-month period. It is assumed that the Center Director’s time in June and July each year will be devoted to the Center. The Center Director’s annual work plan will be created as described in the “College’s Personnel Document,” most recently approved on April 24, 2012, and found

at http://louisville.edu/provost/faculty-personnel/unit/COB_Personnel.pdf. The estimated costs over and above the current 10-month salary are \$47,545 per year.

Faculty: The faculty members hired will devote a significant portion of their time and resources to work related to the Center. These activities will focus on fields of interest to the Center. Their annual work plan will be developed by the Center Director and the appropriate department chair. The teaching activities will be coordinated with the appropriate department chair to fit with the College teaching schedule. The workload expectations would normally consist of teaching, research, conducting seminars, leading reading groups, public lectures, and other outreach activities. The Center faculty will also collaborate with Center-affiliated faculty, the individuals holding the “Ph.D. Fellowships” (defined in the “Ph.D. Fellowships” section below) at the Center, and other graduate students as appropriate. The Center faculty will develop and teach courses related to the Center’s Mission. These courses could be at the graduate or undergraduate level. Some of the Center faculty members’ work could consist of teaching introductory classes in their discipline and working with student organizations in that discipline.

The four faculty positions will consist of two tenure-track positions and up to two new visiting faculty positions each year. Faculty staffing costs an estimated \$629,650 per year for salaries and fringes. These figures are based on the median salary for new hires for accredited public institutions from the current Association to Advance Collegiate Schools of Business salary survey.

Staff: The individuals holding the Outreach Director position and Administrative Assistant position will devote 100% their time and effort to supporting the Center. The Outreach Director will coordinate development and outreach for the Center’s research activities and advance the work of the Center. The Administrative Assistant will assist the Center Director in the administration of the Center. The estimated costs of salary and fringes for the Outreach Director are \$83,525 per year. The estimated costs of salary and fringes for the Administration Assistant are \$51,400 per year.

The Research Grants: The “Research Grant(s)” will be available for up to five Center-affiliated faculty to conduct research consistent with the Center’s Mission. To receive a Research Grant a faculty member will submit a proposal that will be evaluated by a committee, formed by the Center Director after consultation with the Dean of the College of Business and made up of individuals from the University of Louisville’s (the “University”) academic community. The committee will make the final selection of the proposals to be awarded the Research Grants with the approval of the Center Director. The estimated costs of the Research Grants are up to \$100,000 per year.

The Ph.D. Fellowships: The Ph.D. Fellowships will be available for doctoral students in the College’s Entrepreneurship program whose research interests coincide with the Center’s Mission. The Ph.D. Fellowships will cover tuition and provide a stipend and may be renewed annually. The estimated cost of the tuition and stipend for four fellowships is \$132,000 per year.

The Annual Speaker Event: The Center will hold an “Annual Speaker Event,” which will include at least one public lecture or debate per year, hosted by the Center which will address issues related to the Center’s Mission. The estimated costs of the Annual Speaker Event are included in the “Other Center Expenses” section immediately below.

Other Center Expenses: The “Other Center Expenses” include travel, speaker fees, supplies, equipment, publications, and other activities that support the Center’s Missions. Supplies include e-readers, books, and similar materials for students who participate in Center activities, such as reading groups. The estimated costs of the Other Center Expenses are \$220,000 per year.

Selection by the University

All faculty hires will follow the normal procedures for hiring faculty members in the College and the University. The Center Director will chair all of the search committees for the faculty searches. Faculty members hired for the Center positions must have demonstrated a track record that is supportive of the Center’s Mission or show promise of developing such a record. The hiring of the Outreach Director and the Administrative Assistant will follow the University’s process for hiring staff. The Center Director, in consultation with the dean of the College, will have the final decision on the hiring of the Outreach Director and the Administrative Assistant.

Summary:

To accomplish the mission and objectives of the John H. Schnatter Center for Free Enterprise as described above would require funding of an estimated \$1,264,120 per year for a 5-year total of \$6,320,600. See the budget below for the details.

Proposed Budget for the John H. Schnatter Center for Free Enterprise

	Annual expenses			5-year Totals
	Salary	Fringes	Total	
*Tenure-Track Assoc. Prof. of Econ. (2)	\$ 250,000	\$ 71,250	\$ 321,250	\$ 1,606,250
*Visiting Professor (2)	240,000	68,400	\$ 308,400	\$ 1,542,000
Center Director	37,000	10,545	\$ 47,545	\$ 237,725
Outreach Director	65,000	18,525	\$ 83,525	\$ 417,625
Administrative Assistant	40,000	11,400	\$ 51,400	\$ 257,000
Ph.D. Fellowships (4)			\$ 132,000	\$ 660,000
Research Grants (5)	100,000		\$ 100,000	\$ 500,000
Other Center Expenses			\$ 220,000	\$ 1,100,000
Total Annual Expenses			\$ 1,264,120	\$ 6,320,600

*Median salary for new hires for accredited public institutions from the current Association to Advance Collegiate Schools of Business salary data.

ATTACHMENT B

ATTACHMENT C

GRANT AGREEMENT SUMMARY BETWEEN UNIVERSITY OF LOUISVILLE FOUNDATION,
UNIVERSITY OF LOUISVILLE, AND THE CHARLES KOCH FOUNDATION

The University of Louisville Foundation, the University of Louisville, and Charles Koch Foundation (CKF) have entered into a grant agreement for CKF to provide support for the University's proposal to establish the John H. Schnatter Center for Free Enterprise (Center) under the direction of Professor Stephan Gohmann in the College of Business.

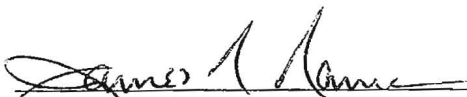
The grant responds to an opportunity presented to CKF by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's proposed goals for the Center, which are to engage in research and teaching that explores the role of entrepreneurship and enterprise in advancing the well-being of society.

CKF will provide support of up to \$1,660,000 for programs to advance the Center's mission. The University expects to attract additional contributions to support the Center. As outlined in the University's proposal, these funds will aid the University's establishment of the Center and provide requested funding for two tenure-track professorships, two visiting professorships, approximately four four-year Ph.D. fellowships, an outreach director position, an administrative assistant position, research grants, a Center director stipend, and activities at the Center.


The grant adheres to the University of Louisville's policies regarding hiring, research, and curriculum and the Charles Koch Foundation's principles for university giving.

The grant will be used solely for educational purposes and to support the Center's programs as outlined in the University's proposal. This funding is in addition to the University's commitment to the Center to provide adequate office space and administrative support pursuant to University policies.

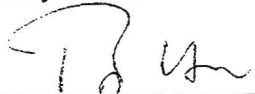
The University of Louisville Foundation, the University of Louisville, and the Charles Koch Foundation attest that this is an accurate representation of the grant agreement.



Dr. James R. Ramsey
President
University of Louisville Foundation



Dr. James R. Ramsey
President
University of Louisville



Brian Hooks
President
Charles Koch Foundation

March 10, 2015

ATTACHMENT C

GRANT AGREEMENT SUMMARY BETWEEN UNIVERSITY OF LOUISVILLE FOUNDATION,
UNIVERSITY OF LOUISVILLE, AND THE JOHN H. SCHNATTER FAMILY FOUNDATION

The University of Louisville Foundation, the University of Louisville, and John H. Schnatter Family Foundation (Schnatter Foundation) have entered into a grant agreement for the Schnatter Foundation to provide support for the University's proposal to establish the John H. Schnatter Center for Free Enterprise (Center) under the direction of Professor Stephan Gohmann in the College of Business.

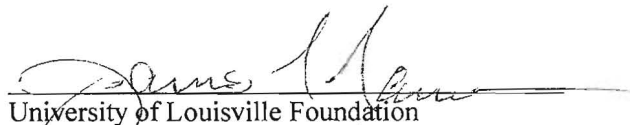
The grant responds to an opportunity presented to the Schnatter Foundation by the University and is intended to help promote a robust discussion of ideas at the University and to advance the University's proposed goals for the Center, which are to engage in research and teaching that explores the role of entrepreneurship and enterprise in advancing the well-being of society.

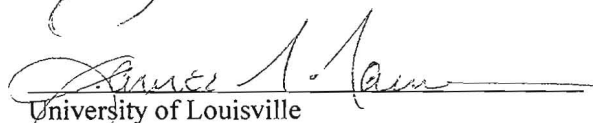
The Schnatter Center will provide support of up to \$4,640,000 for programs to advance the Center's mission. The University expects to attract additional contributions to support the Center. As outlined in the University's proposal, these funds will aid the University's establishment of the Center and provide requested funding for two tenure-track professorships, two visiting professorships, approximately four four-year Ph.D. fellowships, an outreach director position, an administrative assistant position, research grants, a Center director stipend, and activities at the Center.

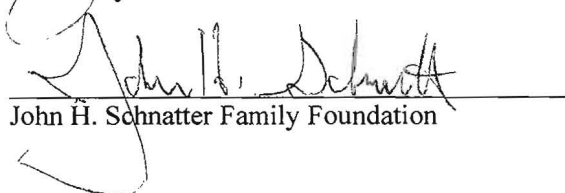
The grant adheres to the University of Louisville's policies regarding hiring, research, and curriculum.

The grant will be used solely for educational purposes and to support the Center's programs as outlined in the University's proposal. This funding is in addition to the University's commitment to the Center to provide adequate office space and administrative support pursuant to University policies.

The University of Louisville Foundation, the University of Louisville, and the John H. Schnatter Family Foundation attest that this is an accurate representation of the grant agreement.


University of Louisville Foundation


University of Louisville


John H. Schnatter Family Foundation

March 10, 2015

REPORT OF THE CHANCELLOR'S ADVISORY COMMITTEE ON THE ACADEMY ON CAPITALISM AND LIMITED GOVERNMENT FUND

October 29, 2007

On July 20, 2006, a Memorandum of Agreement (MOA) was signed between a group of donors and the University of Illinois Foundation regarding a gift to create and administer an entity, to be housed within the Foundation, called the "Academy on Capitalism and Limited Government Fund." (For ease of discussion this will be referred to simply as the "Academy.") After the faculty convened in the Fall of 2007, the agreement became publicly known. Serious questions were then raised by the campus Senate and numerous others about the purposes and structure of the Academy, as well as the manner of its coming into being, from the perspective of the University's *Statutes*. In response, on September 24, 2007, the undersigned committee was appointed by the Chancellor. It was given a charter of specifics, set out below,¹ but was also charged with the larger question of whether the Academy, as currently fashioned, is consistent with the University's mission and policies. The committee met on October 1 and 22, 2007. It was given the complete cooperation of the Chancellor's Office and the Foundation staff, to whom we express our appreciation.

This report first sets out the terms on which the Academy was created and addresses areas of ambiguity in the governing instruments. The report then discusses two basic principles that define the modern research university in general and the University of Illinois in particular: institutional neutrality and institutional autonomy. This report analyzes the purpose and administration of the Academy in the light of these fundamental principles.

¹ The Chancellor's letter of appointment of September 24, 2007, charges the committee as follows:

1. To assist in reviewing and evaluating proposals for funding that come to the Fund for approval.
2. To work to assure that any academic activity which involves an identification with the Urbana campus is subject to appropriate review by our faculty within a structure of shared governance.
3. To work to assure that the Fund retains its identity as a funding source to support faculty scholarship and teaching, and to guarantee that any future proposal to acquire status as an independent entity is subject to appropriate review and approval.
4. To work to assure that this entity, like all university activities, upholds the highest standards of quality, academic freedom, and respect for multiple points of view.

The Committee's conclusion, to be explained in greater detail, is that the Academy as currently conceived and configured is fundamentally inconsistent with the two central principles that define a free and distinguished University. In view of the manifest good will of the donors, the Committee sees no reason why they would not be amenable to a reconfiguration of the terms of the gift to conform to these principles. In the regrettable event that that is not achievable, however, the Committee concludes that the gift's provision for an "alternate application of income" should be invoked. A final forward-looking recommendation will be offered at the close.

I. The Academy

In this section we examine the Academy's purpose and its structure and administration.

A. *Purpose*

The Academy's purpose as stated in the MOA is "to promote scholarly research, teaching and public outreach in areas pertaining to free market capitalism, individual freedom, individual responsibility, limited government and the role of these concepts in ensuring a productive and successful society." These purposes are expanded upon in the MOA as including the sponsorship of courses of instruction, research grants, endowed appointments, lectures, scholarships (undergraduate), and fellowships (graduate). The "promotion" clause is outcome-neutral respecting the nature of the research, teaching, and public outreach it expects to support and so is completely congruent with the University's mission. The "pertaining to" clause, however, is another matter insofar as its final clause either does or can reasonably be read to predispose the teacher or researcher as to specific outcomes.

This reservation is grounded in the MOA's express incorporation by reference of an attached "Governing Document." The Governing Document reiterates the foregoing Mission Statement, but it sets out the Academy's goals and activities in greater detail. Akin to the Mission Statement, several of the areas of academic support stated in the incorporated Governing Document are outcome-neutral—for example, to support research on, "the philosophical, moral and economic underpinnings of capitalism," and on the "societal impact of new technologies and the mechanisms that will promote economic and social well being as science progresses." But other areas would seem to invite Academy support only if researchers or teachers base their teaching or research on a tacit assumption of what can be accomplished—or better accomplished—by free market capitalism. Thus, the Academy proposes to support research on "economic growth as a function of tax policy," to "study the relationship between economic growth and re-

duced government size, lessened regulatory controls and expenditures,” and to show that “free market capitalism can

- become even more effective in providing opportunities and prosperity for individual nations;
- find solutions to social challenges such as healthcare distribution, intransigent poverty, environmental pollution and failing educational systems where they exist; [and]
- provide quality human services using market drive creativity and non-governmental organizations.

It may be that the results of these initiatives are not intended to be foreordained. If so, the governing documents needs to be clarified on questions such as:

- Would the Academy’s purpose of exploring economic growth as an element of tax policy preclude recipients from examining whether there is any connection between tax policy and economic growth?²
- Would the Academy’s purpose of studying the “relationship between economic growth and reduced government size, lessened regulatory controls and expenditures” foreclose investigation tending to show that more exacting or more extensive government regulation can conduce toward a more robust free market.³

However, some of the Academy’s purposes and proposed activities unmistakably signal an ideological predisposition or presupposition. For example,

² The Organization for Economic Cooperation and Development (OECD), which includes the United States, has recently issued a report on taxes as a percentage of gross domestic product (GDP) worldwide. Christopher Heady, head of tax policy for the organization, was quoted as saying of the report’s conclusions:

“There is some evidence that countries with higher tax-to-G.D.P. ratios grow somewhat slower and have lower G.D.P. per head, controlling for other factors, but this is not a very clear relationship,” he said.

As an example, he cited Sweden, which “has the highest tax-to-G.D.P. ratio in the O.E.C.D., just over 50 percent, and yet it is one of the O.E.C.D. countries with the strongest economic performance over the past 20 years or so.”

David Cay Johnson, *Taxes in Developed Nations Reach 36% of Gross Domestic Product*, N.Y. TIMES, Oct. 18, 2007, at C3.

³ Richard Taub, *Research on Entrepreneurship, Culture, and Law*, 28 COMP. LAB. L. & POL’Y J. 893, 896 (2007):

[T]he world abounds in examples of cases where the state facilitates business growth. . . . In the United States, an organic food standard established by the United States Department of Agriculture helped to raise the sale of organic products to an entirely new level. . . . The point is that not all interventions of the state hamper business activity.

- The Governing Document states that “[t]he Academy will support studies asking why communism, socialism, government bureaucracy and high taxation have failed to bring prosperity, and how capitalism brings material wealth to a broad spectrum of society.” (What is meant by “government bureaucracy” or “high” taxation is unexplained.)

That governmental regulation and high taxation, whether separately or in tandem, have in fact failed to bring prosperity is surely academically contested terrain, as the experience of in the Nordic countries evidences.⁴ Equally contested in academic research is the assertion that capitalism in the U.S. has brought material wealth to that rather large segment of the American workforce that has experienced wage stagnation despite rising productivity over the past several decades.⁵

Additionally,

- The Academy proposes to support academic programs and investigations on how free market capitalism can, “[e]ncourage individual rights and individual responsibility as a counterpoint to the culture of entitlement, dependency and victimhood.”

It is surely an academically contested proposition, however, that Social Security, an archetypical “entitlement,” has conduced toward economic independence and so toward individual freedom in old age and would continue better to perform that function than market alternatives.⁶

In sum, it would appear that studies that do not share the Academy’s premises would not qualify for institutional support.

The Committee wishes to make it abundantly clear that it takes no position whatsoever on any of these contested questions of public policy. The foregoing is simply to observe that these *are* contested and that some of what the Academy is purposed to do plainly does or reasonably can be read to foreordain the general thrust of the conclusions it expects the research, lectures, professorships, courses, and students it supports to draw. It is surely within the mission of the research university to sponsor studies relating to economic growth and the relation of tax policy, government size and bureaucracies to individual rights and responsibili-

⁴ See *supra* note 2, concerning Sweden.

⁵ The data are supplied in LAWRENCE MISHEL, JARED BERNSTEIN & SYLVIA ALLEGRETTO, *THE STATE OF WORKING AMERICA 2004–2005* (2006); see also RICHARD B. FREEMAN, *AMERICA WORKS* ch. 3 (2007).

⁶ E.g., DEAN BAKER & MARK WEISBROT, *SOCIAL SECURITY: THE PHONY CRISIS* (1999); *SOCIAL SECURITY REFORM* (Richard Leone & Greg Anrig eds., 1999); JOSEPH WHITE, *FALSE ALARM* (2001); PETER DIAMOND & PETER ORSZAG, *SAVING SOCIAL SECURITY* (2004).

ties. But a university cannot sponsor research, teaching, and public programs based on an assumption of what the results need be. As the report will explain in greater detail, such would be inconsistent with the fundamental nature of a university and inconsistent with the founding principles of a land-grant public university such as the University of Illinois at Urbana-Champaign.

B. Structure and Administration

The Governing Document provides for a continuing, self-perpetuating Advisory Board of Directors housed within the University of Illinois Foundation and composed of persons who support the purposes of the Academy. It also allows for the funding and hiring of an Executive Director with the approval of the Foundation and the UIUC Chancellor. As the Committee understand it, however, the Foundation's function is to raise and husband funds for the support of the University; it should have no responsibility for making academic decisions in the expenditure of such funds. Housing the Academy in the Foundation is thus highly problematic.

The Academy's Board of Directors is given authority to "make funding decisions with the UIUC Chancellor's concurrence." That provision is echoed in the MOA, save that the latter adds that the Chancellor "shall have approval [authority] as to the funding of any grant requirement *as it applies to the campus.*" (Emphasis added.) Thus, it is not clear whether the Academy, acting through its Board, may authorize funds without the Chancellor's approval when the project or program it supports does not "apply" to the UIUC campus—that is, is undertaken by itself as a free-standing body.

The MOA, echoing the Governing Document, provides that the Academy's Board may not revise, alter, or amend the Mission Statement. The MOA and the incorporated Governing Document also allow for the assets of the Academy to be diverted to another qualifying institution if the University of Illinois determines that it is not "practical" for the Academy to function in accordance with these instruments.

II. Compatibility with the University's Mission and Policies

The University is governed by *Statutes* that have the force and effect of law. These acknowledge at the outset the University's observance of "such self-imposed restraints as are essential to the maintenance of a free and distinguished University."⁷ The creation of the Academy presses upon us the question of what conditions *are* essential to the maintenance of a free and distinguished University.

⁷ The University of Illinois, *Statutes*, Preamble:

The University of Illinois, as a state university, is subject to the control of the Illinois General Assembly. The General Assembly, subject to the limitations of

Part of the Academy’s Mission Statement says that one of the Academy’s goals is to “encourage intellectual diversity and civil debate.” This is completely concordant with the University’s mission. The Mission Statement proceeds to qualify this desideratum by stating that the manner in which this will be realized is by “opening campus discourse to a greater range of perspectives.” The tacit assumption of the “greater range” qualification is that the particular perspective the Academy intends to support is either not reflected or, perhaps, is inadequately reflected in the University’s current display of offerings, lectures, research, programs, and the like: the donors perceive a need to broaden the University in that regard. Such would seem to explain those parts of the Academy’s program that have or can reasonably be read to have a specific doctrinal or ideological predisposition. And it explains the additional operational feature of the Academy’s providing for an active role for its Board in grant-making, a co-determinative role to ensure its predisposed ends are being realized. In the Committee’s judgment these two features are irreconcilable with two principles that characterize a free and distinguished university—neutrality and autonomy.

A. *Institutional Neutrality*

The Committee wishes to reiterate that it has no position whatsoever concerning the economic or social positions the Academy’s donors wish to advance. It does not question the donors’ good will toward the University, evident in their very generosity; nor the depth of commitment that impels them. It is altogether laudable that a person or a group would wish to contribute to the robustness of public debate on those contested economic and social questions that so vex the nation; and in so doing they are free to put a particular ideological stamp on their contribution. But it is not the proper function of a university to advance a donor’s ideological agenda, whatever it might be.

The imperative of institutional neutrality as a defining condition of modern American higher education is best understood in historical context. We start by reference to Andrew White, founding president of Cornell University, reflecting on his days on the faculty of the University of Michigan circa 1860, when Harry P. Tappan was president: “Up to that time the highest institutions of learning in the United States were almost entirely under sectarian control,” he ob-

the state constitution and to *such self-imposed restraints as are essential to the maintenance of a free and distinguished University*, exercises control by virtue of its authority to change the laws pertaining to the University and its power to appropriate funds for the maintenance and improvement of the University. Under existing state law the University of Illinois is a public corporation, the formal corporate name of which is “The Board of Trustees of the University of Illinois.”

Italics added. The *Statutes* can be found at <http://www.uillinois.edu/trustees/statutes.cfm>.

served.⁸ Tappan struggled to free the University of Michigan in just that regard. When he addressed the Christian Library Association in 1858, he argued that service to sectarian interest is contrary to the idea of what a university is.⁹ The claim was to resound even more strongly when non-sectarian institutions were founded or supported, in the words of Alton B. Parker, by those “whose sole business in life [is] making money.”¹⁰ Parker maintained that they had the right to “insist [that] the doctrines they believe to be true, and for the propagation of which they have expressly and avowedly founded the institution, or endowed the chairs, shall be taught in such institutions.”¹¹ The regnant assumption of the time was of the right of the payer to call the piper’s tune.

As the modern research university developed over the course of the late nineteenth and early twentieth century, presaged by the Morrill Act of 1862, encouraged by the professionalization of the American professoriate, and driven by the manifest societal need for professional expertise to be brought to bear on all manner of pressing problems and challenges—scientific, economic, social, and moral—the wisdom of the 1915 *Declaration of Principles on Academic Freedom and Tenure* took deep root: The university “should be an intellectual experiment station, where new ideas may germinate and where their fruit, though still distasteful to the community as a whole, may be allowed to ripen until finally, and perchance, it may become a part of the accepted intellectual food of the nation or the world.”¹²

The principle of neutrality became universally recognized as an inextricable component of, a defining condition for the American research university. The reasoning of the 1915 *Declaration* has withstood the test of time:

The simplest case is that of a proprietary school or college designed for the propagation of specific doctrines prescribed by those who have furnished its endowment. It is evident that in such cases the trustees are bound by the deed of gift, and, whatever be their own views, are obli-

⁸ Quoted in II AMERICAN HIGHER EDUCATION: A DOCUMENTARY HISTORY 546 (Richard Hofstadter & Wilson Smith eds., 1961).

⁹ Henry Tappan *on the Idea of the True University*, 1858 quoted *id.* at 515. Tappan was anticipated by J.B. Turner in 1851 in his *Plan for an Industrial University for the State of Illinois*: “No species of knowledge should be excluded, practical or theoretical; unless, indeed, those specimens of ‘organized ignorance’ found in the creeds of party politicians, and sectarian ecclesiastics should be mistaken by some for a species of knowledge.”

¹⁰ Alton Parker, *The Rights of Donors*, 23 EDUC. REV. 16–21 (1902). Parker was Judge of the New York Court of Appeals, president of the National Civic Federation, and candidate for the United States’ Presidency.

¹¹ *Id.*

¹² Quoted in Hofstadter & Smith, *supra* note 5, at 870.

gated to carry out the terms of the trust. ... If, again, as has happened in this country, a wealthy manufacturer establishes a special school in a University in order to teach, among other things, the advantages of a protective tariff, or if, as is also the case, an institution has been endowed for the purpose of propagating the doctrines of socialism [no doubt referring to the Rand school established by the American Socialist Party], the situation is analogous. All of these are essentially proprietary institutions, in the moral sense.¹³

A university, however, and especially a public university exists for the common good, not for the propagation of the views of its donors.

The Committee appreciates that the case of the ACLGF is not “the simplest case” dealt with in the 1915 *Report*. The Academy’s donors do not expect the University to deny those faculty members whom the Academy does not finance the ability to pursue lines of research or modes of discourse that depart from the role they conceive for free market capitalism and limited government. On the contrary, the gift is premised on an assumed want of representation of the views it would advance and in the consequent need to expand the diversity represented in the University’s current portfolio of offerings and undertakings in that regard. The empirical basis of that arresting assumption remains to be seen, however; in point of fact, the Committee members find the assertion contrary to their collective institutional experience. Suffice it to say, the one action the University cannot take in regard to a claimed want of diversity in the current complement of faculty and the current display of university offerings, programs, or the like, is to commit itself to the propagation of a specific economic or social theory or doctrine. We emphasize, as did the 1915 Report, that this is so, irrespective of the content of the particular theory or doctrine the donors desire to advance. Were the American Socialist Party to wish to house the Rand School within the University of Illinois, in the very terms of the MOA’s Academy—to “support studies examining how public ownership of the means of production and higher income equality achieved by a redistributive tax system will bring economic and moral well being to a broad spectrum of society”—and were it to defend its School by a claimed lack of diversity, that the obvious want of any manifest socialist presence on campus has skewed the internal market for ideas, the outcome would be exactly the same: the donation would be incompatible with the principle of institutional neutrality and should not be accepted.

When a teacher or researcher advances a particular theory or model, the principle of institutional neutrality expressly abjures the notion of any institutional endorsement of what the faculty member says save that he or she is held to a professional standard of care in saying it. This condition would be contradicted by

¹³ *Id.* at 862.

the institution's adoption of a commitment to expound a sectarian claim whether grounded in religion, economics, or anything else, to which the teacher or researcher should accordingly be held to account. The distinction was drawn by Tappan almost exactly 150 years ago:

The Regents and Faculty may have their own opinions on politics, their own attachments for the sects to which they severally belong, their own views on questions of moral reform. These as men, and as American citizens, they claim to entertain in perfect freedom, without any interference, or any rebuke. But they would violate the trust reposed in them, did they allow these to influence their measures in respect to the University.¹⁴

Moreover, once a public university has accepted a breach of the principle of neutrality, it would be in no position to reject future donations on the ground of the ideas *those* donors wish the University to propagate.¹⁵ Having accepted an Academy dedicated to the pursuit of capitalism and limited government, for example, it could not reject an Academy dedicated to the pursuit of socialism. In this way, the University would become the purveyor of any and all doctrines that donors wish to propagate under the University's imprimatur. Such an institution, whatever it might wish to call itself, would not be a university: it could make no credible claim for the public's support or respect.

B. Institutional Autonomy

A second achievement of the modern research university is recognition of its autonomy, its freedom to make and implement academic decisions by academic processes, processes in which the faculty necessarily plays a critical role. At the University of Illinois these freedoms are provided for in its *Statutes*.

The *Statutes* state at the outset that in matters of educational policy and governance the University "relies upon the advice of the university senates" and that each senate "has a legitimate concern which justifies its participation." The campus Senate is given "legislative functions in matters of educational policy" which are spelled out in some detail. In addition, the *Statutes* provide that, "as the responsible body in the teaching, research, and scholarly activities of the University, the faculty has inherent interests and rights in academic policy and governance." The faculty has primary authority over such matters as curriculum and faculty appointment; even endowed appointments are subject to screening by a faculty committee.

¹⁴ Tappan, *supra* note 6, at 544.

¹⁵ See note 20, *infra*.

It is deeply troubling that insofar as the functions contemplated for the Academy involve matters of educational policy, authority for which is vested in the faculty and the UIUC Senate, no faculty body was consulted in the matter of the Academy's creation. Insofar as the MOA gives co-determinational authority to the Chancellor, and only the Chancellor, for Academy grants that "affect[]" the Champaign-Urbana campus, these grants simply could not be implemented in this way consistent with the University's *Statutes*. To the extent that the MOA contemplates operational stand-alone authority for the Academy in grants that do not "affect" the Champaign-Urbana campus, the *Statutes* would be completely circumvented.

Putting these rather serious questions to one side, and taking a larger view of the Academy's situation in the University, it becomes immediately obvious that it confronts the fundamental principle of institutional autonomy. So essential is autonomy to the successful conduct of the modern research university that some observers have termed it a matter of "institutional academic freedom."¹⁶ The modern formulation of this concept draws from the opinion of Justice Frankfurter in the case of *Sweezy v. New Hampshire*,¹⁷ in which he quoted in turn from the remonstrance, *The Open Universities in South Africa*, thusly:

A university ceases to be true to its own nature if it becomes the tool of the Church or State or any sectional interest. A university is characterized by the spirit of free inquiry, its ideal being the ideal of Socrates—'to follow the argument where it leads.' This implies the right to examine, question, modify or reject traditional ideas and beliefs. . . . The concern of its scholars is not merely to add and revise facts in relation to an accepted framework, but to be ever examining and modifying the framework itself. ...

It is the business of a university to provide that atmosphere which is most conducive to speculation, experiment and creation. It is an atmosphere in which there prevail 'the four essential freedoms' of a university—to determine for itself on academic grounds who may teach, what may be taught, how it shall be taught, and who may be admitted to study." [Emphasis added.]

The MOA's Academy creates an extra-academic board, self-perpetuating on the basis of ideological sympathy with the donors' intent. At a minimum, it clothes the board with power co-determinative with the administration to decide

¹⁶ E.g., David Rabban, *A Functional Analysis of "Individual" and "Institutional" Academic Freedom Under the First Amendment*, in FREEDOM AND TENURE IN THE ACADEMY 227 (William Van Alstyne ed., 1993); Paul Horowitz, *Universities as First Amendment Institutions*, 54 UCLA L. REV. 1497 (2007).

¹⁷ 354 U.S. 234 (1957).

on the allocation of funds for specific course development, research, conferences, endowed appointments, and more—decisions that lie at the core of the University’s functions.

It is understandable that donors would wish to see what fruit their generosity has borne and to assure themselves that the funds they donate are directed to their intended use. There is every reason for the Foundation and the University to share that information with and to be appreciative of donor response. These and other outreach efforts are simply good husbandry of funds and of those who so generously give them. But it is quite another matter to give co-determinative power over critical academic decisions to an extra-institutional body.

To be sure, *Sweezy* was addressed to an external intrusion—one imposed upon the university from the outside. But the infringement of institutional autonomy, of its institutional academic freedom, is no less, is indeed more seductive and insidious when an institution accepts an infringement conjoined to largesse. Derek Bok’s highlighting of the threat posed by aspects of the commercialization of academic research speaks with even greater force here: “By compromising basic academic principles, universities tamper with ideals that give meaning to the scholarly community and win respect from the public.”¹⁸ Such compromises, he noted, have real-world effects.

Defending these academic values, even at the risk of financial sacrifice, evokes the admiration of students, faculty, and alumni, while building the public’s trust in what professors say and do. . . . Bit by bit [] commercialization threatens to change the character of the university in ways that limit its freedom, sap its effectiveness, and lower its standing in the society.¹⁹

Simply put, the University of Illinois may not accept funds for an endowed appointment conditioned on the donor’s having a voice in the selection of the appointee, even if not a determinative voice.²⁰ Neither may it give donors a

¹⁸ DEREK BOK UNIVERSITIES IN THE MARKETPLACE 206 (2003).

¹⁹ *Id.* at 207.

²⁰ As this report is being written a dispute has arisen concerning the acceptance of a gift by the University of New Mexico from the Roman Catholic Archdiocese endowing a chair in Roman Catholic studies. The gift was conditioned on the Archbishop’s designation of members of the chair’s search committee, subject to the administration’s approval. The gift has been defended in terms echoing the Academy, as contributing to the variety of religious traditions represented on the campus. Richard Wood, *Working With Church Beneficial*, NEW MEXICO DAILY LOBO, July 2, 2007. It has been criticized as necessarily opening the door to any religious group that wants to endow a chair and whose participation in the selection process assures that no appointee likely to be critical of the donor group’s policies or practices will be selected. NEW MEXICO DAILY LOBO, June 18, 2007. The Committee considers the latter persuasive: once donor designation is accepted

co-determinative voice in critical academic decisions over curriculum, research, faculty selection, student support, and the like.

III. Conclusions and Recommendations

1. Aspects of the MOA and Governing Document executed on July 20, 2006, are incompatible with the principles and policies that govern the University of Illinois; they are contrary to the conditions “essential to the maintenance of a free and distinguished university.” To that extent, implementation of the MOA is not “practical” within the meaning of the MOA.

2. The Academy created by the MOA of July 20, 2006, is premised on the desire to encourage intellectual diversity and civil debate. The Committee endorses that goal wholeheartedly as concordant with the University’s reason for being and with the life of the mind within it. Although the Committee concludes that the specific manner in which that goal is to be achieved is inconsistent with fundamental principles governing the University, the Committee earnestly hopes that these donors will decide to contribute to intellectual diversity and civil debate within the University in ways that are consistent with these principles.

3. If the donors wish to foster academic investigation, instruction, and debate at the University of Illinois, the following should be done:

- a. The MOA and Governing Document should be redrafted to eliminate those elements of the Academy’s program that do or reasonably could be understood ideologically to predispose its mission.
- b. The MOA and Governing Document should be redrafted to eliminate any operational role for an extramural body.

4. If the MOA and Governing Document cannot be amended in compliance with the above conclusion 3, the “alternative application of assets” provision should be invoked.

5. It is deeply troublesome that the MOA of July 20, 2006—a document so at odds with governing principles and that trenches so deeply into areas of primary faculty responsibility—was negotiated without any consultation with the faculty. It is equally troublesome that the terms agreed to were held in confidence for so considerable a period of time.

The Committee sees, however, no benefit in undertaking a review of the institutional process that led to the execution of the MOA. Instead, it believes that the University and the Foundation should make a clear announcement of the prin-

there could be no principled ground against its extension well beyond religious groups and purposes.

ciples of institutional neutrality and autonomy that bind it in accepting gifts.²¹ Academic as well as administrative officers, deans, directors, and unit heads should regularly be made aware of these principles. Provision should expressly be made for consultation with the campus Senate which, under the University's governing *Statutes*, has "a legitimate concern which justifies its participation" in any future situation where a donor's desires might raise questions under the principles of neutrality and autonomy.

Thomas Ulen, Chair
Swanlund Chair and Professor of Law, College of Law

Matthew W. Finkin
Albert J. Harno and Edward W. Cleary Chair in Law, College of Law

Robert Fossum,
Professor, Department of Mathematics

Barclay Jones,
Professor, Department of Nuclear, Plasma & Radiological Engineering

William Maher,
University Archivist, Professor of Library Administration

Justin Randall,
Student Body President, Department of Political Science

Joyce Tolliver,
Associate Professor of Spanish, Department of Spanish, Italian, and Portuguese

Kathy Young,
Director, Office of Sponsored Programs and Research Administration

²¹ Professor Arthur Robinson (Civil Engineering) has pointed out that before funds can be accepted for athletic purposes, donors would surely be made aware of the applicable rules of inter-collegiate athletics that bind the university; and that donors of buildings should equally be made aware of applicable architectural restrictions. As he points out, it is no different in kind to inform donors of the principles discussed in this report.

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Lexington Herald-Leader

December 17, 2015 6:00 PM

UK must ensure that no political strings attached

By Ernie Yanarella

The Schnatter-Koch Foundation's \$12 million gift to the University of Kentucky College of Business and Economics should be seen for what it is: a subtle effort to further erode academic freedom and to strap corporate power and interests more tightly to academia.

Despite professions that the gift comes with no strings attached, anyone who has followed the strategies and designs of the Koch brothers and other big donors in national politics knows what their goals are.

Charles and David Koch have been joined by other so-called philanthropists in seeking to win congressional districts for right-wing candidates, support lobbying groups and political action organizations to pollute our electoral processes, and create a political environment favorable to corporate and big-money interests to help shape Supreme Court decisions.

Meanwhile, the UK College of Business and Economics continues its favored status with a major expansion and now a major donation to augment its faculty and programs.

Serious students of Eastern and Western Kentucky and Appalachia know that, despite the SOAR initiative, Kentucky's economy remains in dire straits. Entrepreneurism is desperately needed to abet the transition to a post-coal economy.

But, it is doubtful that the Schnatter Institute for the Study of Free Enterprise will contribute much to the needed transformation, given the long shadow of coal cast over this university and the intrusion into academic priorities by America's leading plutocrats.

Issues like economic inequality, the untoward influence of corporate power on public policy, the place of economics and equity within a larger ecological framework affecting climate change, among others, will likely be treated as ideologically impermissible concerns, screened out by the hidden institutional filters embedded in mainstream economics.

How much chance is there that these issues will find favor if a leading member of the Bluegrass Institute, Kentucky's right-wing free market policy institute, is named the director? Who will be selected (or imposed) to serve on the advisory board? Can we even imagine economists like Paul Krugman, Robert Reich or Philip Mirowski being invited to speak in the Schnatter free-enterprise lecture series?

How about a grant proposal analyzing the policy distortions stemming from the corporate-political crushing of the American labor movement and its implications for economic renewal of the working class? How likely is this institute to hire an ecological economist or labor economist working outside of the neo-liberal economic consensus? Or can we imagine funding for a study titled, “whither the middle class in the face of the economic and political power of the one percenters?”

Hope for challenging or modifying the terms of this grant resides in a mobilized faculty using its governance processes to require assurance that “no strings attached” means literally that.

The advisory board should be drawn from faculty researchers from across the colleges. The scope and approaches of grant funding should be open to economic and public policies that include studies of the worker cooperative and other innovative economic arrangements. Humanists and social scientists should be eligible for support for broadly policy-relevant issues and projects.

This gift is being offered as a form of “filthy lucre” in the biblical sense: wealth intended to teach wrongly for the sake of private profit. The Senate Council and University Senate should convert it into something of larger benefit and public gain. They must structure its organization, oversight and distribution of rewards to create a truer marketplace of ideas and policy recommendations for the wider faculty and students, the university, and the citizens of Kentucky.

Ernie Yanarella is professor of political science and former Senate Council chair and faculty trustee at the University of Kentucky.

Background Information

John H. Schnatter Institute for the Study of Free Enterprise

Preliminaries

The study of free enterprise encompasses the examination of individual markets and economies that have varying degrees of private ownership, competition, and consumer choice, as well as different degrees of government involvement and regulation of economic activity.

As such, it applies to virtually every field of the economics profession, including labor economics, public economics, industrial organization, economic development, macro- and monetary economics, health economics, environmental economics, and international economics.

Researchers in this vein put a strong emphasis gaining deep understandings of how markets actually work, how well our models characterize them, and their effect on things such as prices, outputs, employment, wages, and human welfare. This line of research often considers how government activity may interact with markets, either to support their functions or to counteract them, and how this affects various outcomes.

Though there are other lines of emphases in economists' work, this approach is followed by a substantial share of academic economists. This, of course, includes those at UK but there are many across the profession. Some of the more distinguished and noteworthy include:

Robert Barro (Harvard; <http://scholar.harvard.edu/barro/home>)

John Cochrane (Chicago; <https://www.chicagobooth.edu/faculty/directory/c/john-h-cochrane>)

William Easterly (NYU; <http://econ.as.nyu.edu/object/WilliamEasterly.html>)

Edward Glaeser (Harvard; <http://scholar.harvard.edu/glaeser/home>)

Edward Lazear (Stanford; <http://www.gsb.stanford.edu/faculty-research/faculty/edward-lazear>)

Deidre McCloskey (University of Illinois-Chicago; <http://www.deirdremccloskey.com/>)

Sam Peltzman (Chicago; <https://www.chicagobooth.edu/faculty/emeriti/Sam-Peltzman>)

Joel Mokyr (Northwestern; <http://sites.northwestern.edu/jmokyr/>)

Thomas Saving (Texas A&M; <http://econweb.tamu.edu/saving/home.htm>)

John Taylor (Stanford, <https://economics.stanford.edu/people/john-b-taylor>)

The Research Mission

Research output that utilizes this approach is reviewed and evaluated by the standard process of peer review followed by the economics profession. Faculty in the UK economics department are expected to publish in reputable, well-regarded, and peer-reviewed journals. As stated in the Department of Economics *Evidence of Meeting Promotion and Tenure Criteria*, “the Department of Economics views that the most important way to demonstrate the scholarship necessary for promotion is through publication of high-quality and original research in academic outlets that are peer-reviewed and have high professional standing.” Economics is a broad and deep profession with many journals. There are at least 1500 journals in economics, but many are not noteworthy. There are, however, still over 80 journals that are well known and have an impact factor greater than 10. The article linked here conducts a bibliometric analysis of 69 leading economics journals which faculty members in the Department of Economics would typically target: <https://research.stlouisfed.org/publications/review/09/05/Engemann.pdf>.

The elite “general interest” journals include the *Journal of Political Economy*, *American Economic Review*, *Quarterly Journal of Economics*, *Econometrica*, *Review of Economics and Statistics*, and *Review of Economic Studies*. Other well-regarded general interest journals are: *Economic Inquiry*, *Southern Economic Journal*, *Economic Journal*, *Economica*, and.; There are also number of excellent field journals, including *Journal of Labor Economics*, *Journal of Public Economics*, *Journal of Monetary Economics*, *Journal of Money, Credit, and Banking*, *Journal of Health Economics*, *Journal of Development Economics*, *Industrial and Labor Relations Review*, *Journal of Urban Economics*, *Journal of Environmental Economics and Management*, *American Economic Journal* (various fields), and many others.

In the promotion and tenure process or in the merit review process, the Department of Economics rewards faculty members for publishing their research in the elite general journals, other highly-regarded general journals, or excellent field journals similar in quality and impact to the examples listed above. Schnatter Institute affiliates will be held to the same evaluation standards as other faculty members in the Department of Economics and the Gatton College.

Schnatter Institute affiliates each have long careers in research following the above noted approach, with success over the years in publishing in outstanding journals. Below is a very short sampling of their published research which illustrates this, though by no means does justice to their bodies of work. (Note: some of these papers are co-authored.)

John Garen, BB&T Professor of Economics and Director, Schnatter Institute

“Assessing the Literature on School Reform from an Entrepreneurship Perspective,” *Journal of Entrepreneurship and Public Policy*, forthcoming.

“Do More Open Economies Have Bigger Governments? Another Look,” *Journal of Development Economics*, 77(2), August 2005 pp.533-551 (with K. Trask).

“Executive Compensation and Principal-Agent Theory,” *Journal of Political Economy*, 102, December 1994, pp. 1175-1199.

Aaron Yelowitz, Associate Professor of Economics and Associate Director, Schnatter Institute

“Health Insurance Generosity and Conditional Coverage: Evidence from Medicaid Managed Care in Kentucky,” *Southern Economic Journal*, October 2015, 82(2):535-555,

“Public Policy and Health Care Choices of the Elderly: Evidence from the Medicare Buy-In Program,” *Journal of Public Economics*, November 2000, 78(3): 301-324.

“Public Health Insurance and Private Savings,” *Journal of Political Economy*, December 1999, 107(6): 1249-1274.

Frank Scott, Gatton Endowed Professor of Economics

“The Market for Real Estate Brokerage Services in Low and High-Income Neighborhoods: A 6 City Study,” *Cityscape: A Journal of Policy Development and Research* 15: 1, March 2013

“Is There Job Lock?” *Southern Economic Journal* 70, April 2004, 953-976.

“Do Health Insurance and Pension Costs Reduce the Job Opportunities of Older Workers?,” *Industrial and Labor Relations Review*, 48, July 1995, pp. 775-791..

“The Income Tax and Nonwage Compensation,” *The Review of Economics and Statistics* 64, May 1982, 211-219.

James Fackler, Professor of Economics

"Inflation Forecast Targeting: An Alternative Approach to Estimating the Inflation-Output Variability Tradeoff," *Southern Economic Journal*, October 2011.

"Propagation of the Depression: Theories and Evidence," in *The Economics of the Great Depression*, Mark V. Wheeler, editor. (Kalamazoo: W. E. Upjohn Institute for Employment Research, 1998).

"Federal Credit, Private Credit, and Economic Activity," *Journal of Money, Credit and Banking*, November 1990, 444-464.

"Inflationary Expectations, Economic Activity, Taxes, and Interest Rates: Comment," *American Economic Review* 72, September, 1982, 858-859.

Projects Supported by the Institute

Further research and publication supported by the Schnatter Institute will be forthcoming. During summer 2016, the Institute supported a number of faculty research projects. Below is a sampling. These reflect the variety of topics relevant to the mission of the Institute.

"The Impact of Tax Policy on Corporate Foreign Cash Holdings," Kristin Hankins, Department of Finance and Quantitative Methods.

"Understanding the Effect of the Affordable Care Act in Kentucky," Aaron Yelowitz, Department of Economics.

"The Strategy-Altering Effect of Sarbanes-Oxley on Strategic Marketing Emphasis and Marketing Efficiency," Leonce Barger, Department of Finance and Quantitative Methods

"Transaction Complexity and the Use of Market Prices in Accounting Standards," David Ziebart, Von Allmen School of Accountancy.

"Price Level Targeting in the Great Depression: A Counterfactual Analysis," James Fackler, Department of Economics.

"Hedge Fund Boards and the Market for Independent Directors," Will Gerken, Department of Finance and Quantitative Methods

"Single Bidders and Tacit Collusion in Highway Procurement Auctions," Frank Scott, Department of Economics.

"Modern Politics and the Passions," David Bradshaw, Department of Philosophy.

Senate Academic Organization and Structure Committee (SAOSC) Report on name change for the Department of Anatomy and Neurobiology in the College of Medicine to the Department of Neuroscience in the College of Medicine

The Senate Academic Organization and Structure Committee (SAOSC) considered the proposal to change the name of the Department of Anatomy and Neurobiology in the College of Medicine to the Department of Neuroscience in the College of Medicine. This department has a strong research program in neuroscience and is hiring faculty and training students in this area. This department is also responsible for teaching anatomy to medical students and will continue to serve this responsibility. The reason for the name change is to better reflect the activities in the department.

During our discussions, committee members noted that faculty in other departments do conduct research in neuroscience. In addition, there is a BS degree in Neuroscience offered in the College of Arts and Sciences. However, the committee members did not believe that the proposed name change would disadvantage other scientists working in the area, nor should it be confusing to students majoring in this area. The advantages of changing the name were compelling and the committee voted unanimously (9-0) to recommend endorsement of the name change.

Motion: We recommend endorsing the name change for the Department of Anatomy and Neurobiology in the College of Medicine to the Department of Neuroscience in the College of Medicine.

Respectfully submitted on behalf of the SAOSC committee: Ernie Bailey, Chair of SAOSC

*Committee members: Al Cross, Todd Porter, Lisa Vaillancourt, Melinda Wilson, Michael Kilgore, Devananthan Sudharshan, David Atwood, Susan Effgen and Ernie Bailey

Notes added since this report:

Sheila Brothers noted the application did not include a letter from the Dean of A&S and took the initiative to request one. The letter supports the name change and accompanies the application.

The faculty in the Department of Anatomy and Neurobiology, the College of Medicine Faculty Council voted unanimously for the change. The faculty of the College of Medicine voted 128 in favor and 16 opposed to the name change.

COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT

The Senate’s Academic Organization and Structure Committee (SAOSC) is tasked by the University Senate with the review of proposals to change academic organization or structure. The information needed by the SAOSC for the review of such proposals is set forth in *Senate Rules 3.4.2.A.5*¹.

The SAOSC has developed a set of guidelines (from the *Senate Rules*) that are intended to ease the task of proposal submission (available at <http://www.uky.edu/Faculty/Senate/forms.htm>). As proposal omissions usually cause a delay in the review process, the individual(s) responsible for the proposal is (are) urged to familiarize themselves with these guidelines before submitting their proposals for review. In particular, the individual responsible for the proposal must fill out Sections I, II and III of this form, as well as include statements and documentation that provide a full accounting of the items a - i, below.

- a. Disposition of faculty, staff and resources (financial and physical);
- b. Willingness of the donating units to release faculty lines for transfer to a different educational unit;
- c. Consultation with the faculty of the unit to which the faculty lines are proposed to be transferred;
- d. Consultation with the faculty of educational unit that will be significantly reduced;
- e. Summary of votes and viewpoints (including dissents) of unit faculty and department/college committees;
- f. Ballots, votes expressing support for or against the proposal by unit faculty and staff and committees;
- g. Letters of support or opposition from appropriate faculty and/or administrators; and
- h. Letters of support from outside the University.

Section I – General Information about Proposal

One- to two-sentence description of change:	I would like to request approval to change the name of the department of Anatomy and Neurobiology to Department of Neuroscience.			
Contact person name:	Bret Smith, PhD	Phone:	859.323.4840	Email: bnsmit4@uky.edu
Administrative position (dean, chair, director, etc.):	Interim Chair, Dept of Anatomy and Neurobiology			

Section II – Educational Unit(s) Potentially Impacted by Proposal

Check all that apply and name the specific unit(s).		
<input checked="" type="checkbox"/>	Department of:	Anatomy and Neurobiology
<input type="checkbox"/>	School of:	
<input checked="" type="checkbox"/>	College of:	Medicine
<input type="checkbox"/>	Graduate Center for:	
<input type="checkbox"/>	Interdisciplinary Instructional Program:	
<input type="checkbox"/>	Multidisciplinary Research Center/Institute:	

Section III – Type of Proposal

Check all that apply.

¹ Items a-i are derived from *Senate Rules 3.4.2.A.5*. The Senate Rules in their entirety are available at http://www.uky.edu/Faculty/Senate/rules_regulations/index.htm.)

COVER PAGE FOR CHANGES TO ACADEMIC ORGANIZATION OR STRUCTURE OF AN EDUCATIONAL UNIT

<i>A. Changes</i>	
<input checked="" type="checkbox"/>	Change to the name of an educational unit.
<input type="checkbox"/>	Change to the type of educational unit (e.g., from department to school).
<i>B. Other types of proposals</i>	
<input type="checkbox"/>	Creation of a new educational unit.
<input type="checkbox"/>	Consolidation of multiple educational units.
<input type="checkbox"/>	Transfer of an academic program to a different educational unit.
<input type="checkbox"/>	Transfer of an educational unit to a different reporting unit.
<input type="checkbox"/>	Significant reduction of an educational unit.
<input type="checkbox"/>	Discontinuation, suspension or closure of an educational unit.
<input type="checkbox"/>	Other (Give a one- or two-sentence description below; a complete description will be in the proposal).

Section IV is for internal use/guidance.

Section IV – Guidance for SAOSC, Senate Council and University Senate

SAOSC Review of Type A Proposals (Changes to Type of, or to Name of, an Educational Unit)

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).

SAOSC Review of Type B Proposals (All Other Changes)

- ✓ SAOSC review of proposal.
- ✓ SAOSC recommendation for an additional or joint review by other Senate committee(s) (e.g. Senate's Academic Programs Committee).
- ✓ SAOSC review of proposals for creation, consolidation, transfer, closure, discontinuation, or significant reduction and educational unit, or transfer of an academic program to a different educational unit (attach documentation).
- ✓ Program review in past three years (attach documentation).
- ✓ Request to Provost for new program review (attach documentation).
- ✓ Open hearing (attach documentation).
 - SAOSC information must be shared with unit 10 days prior to hearing.
 - Open hearing procedures disseminated.

Voting by SAOSC, Senate Council and University Senate

- ✓ Endorse (or do not endorse) the academic organization, reporting, infrastructure, etc.
 - This vote is taken by the SAOSC, SC and Senate for every SAOSC proposal.
- ✓ Approve (or do not approve) the academic status or content of academic program.
 - This vote is taken by the SAOSC, SC and Senate only when the review involves an MDRC.

What is the impetus for the proposed change?

The College of Medicine has proposed to change the name of the Department of Anatomy and Neurobiology to the Department of Neuroscience. This change will provide an opportunity to emphasize the Department's key strengths in neuroscience that align with the University's educational and health care missions. Given a national priority to develop neuroscience, as well as the Department's current research and teaching emphasis in this area, a clear definition of the research focus and vision in the Department, exemplified by its name as the Department of Neuroscience, would prime it for further growth.

As mentioned above, the current research focus of the Department is mainly on neuroscience, with over seven million dollars a year in grant and contract support for biomedical research on the brain, spinal cord and peripheral nervous system. Four of the faculty are directors of research centers with strong programmatic efforts in neuroscience. This name change will position the Department for further success and recognition in these areas of research, while also maintaining the strong anatomy and neuroscience educational efforts of the Department through focused recruitment and innovative curriculum.

What are the benefits and weaknesses of the proposed unit, with specific emphasis on the academic merits for the proposed change?

The Department is currently largely focused on Medical and Graduate education, and has partnered with other units to develop a strong undergraduate educational program in Neuroscience. By aligning the Department with the educational focus on neuroscience nationally, the Department's research and educational profile will be enhanced dramatically, increasing the ability of the University to recruit top quality graduate and professional trainees. The name change will also allow direct association and comparison with peer units nationally, improving the profile of the Department, the College, and the University as a whole. There are no perceived weaknesses of the name change, as the educational and research strengths of the Department will not change. Teaching efforts in anatomical sciences will continue to be strong, as they have for programmatically similar departments elsewhere. The overwhelming dominance of neuroscience as the research and educational focus in the Department will, however, be better reflected in the new name.

Describe the organization of the current structure and how the proposed structure will be different and better. Current and proposed organizational charts are often helpful in illustrating reporting lines.

The organization of the Department will not be impacted by this name change. However, we have selected an internal College of Medicine faculty member as interim chair of the Department effective July 20, 2016. Once the name change is finalized, we will move forward with a full national search for a neuroscience leader to fill the role of Department Chair. We will include all stakeholders as search committee members including representation from the College of Arts and Sciences and appropriate centers.

How does this change fit with the department, college, and/or university objectives and priorities?

An undergraduate Neuroscience major was approved in Fall 2015 and is housed in the College of Arts & Sciences, with joint leadership from Department of Anatomy and Neurobiology as well as Psychology and Biology. Neuroscience training is now required to compete successfully for entrance into most professional disciplines, including Medicine. To date, 205 undergraduates have declared this major, and this number is projected to be around 400 within three years, making it one of the most desired majors on campus. As noted above, we will include Arts and Sciences leadership on the chair search committee.

How does this change better position the proposers relative to state and national peers, as well as University Benchmark Institutions? How does the change help UK meet the goals of its strategic plan?

Most national peers and benchmark institutions have neuroscience programs and departments are named accordingly. National rankings for NIH research dollars are categorized by the topic of the research, meaning that appropriately named departments are ranked realistically, whereas departments with names that do not reflect their research emphasis are often mis-categorized and are therefore not recognized, which is currently the case for the Department. The name change will resolve this issue. Neuroscience will be featured prominently in the College of Medicine Strategic Plan, which will align with that of the University, and the neuroscience efforts of the College and University will be more easily quantifiable nationally.

Who are the key personnel associated with the proposed unit? Provide qualifications of these personnel in a brief form. A complete curriculum vitae for each person is not needed, although pertinent information in tabular format is helpful.

The department currently consists of 26 full-time faculty and 9 staff. Faculty and staff assignments in the unit will not be impacted by the name change. See attached list for faculty credentials.

Discuss leadership and selection process for appointing a chair, a director, or interim leader and search process, etc.

After an internal search and vetting process, an interim department chair was selected by the Faculty, effective July 20, 2016. The interim chair has over 30 years of neuroscience research, service, and administrative experience and understands well the research and educational goals of the Department. Pending the department name change, a full national search will be enacted to find a strong neuroscience leader to focus and develop the neuroscience research efforts of the department, while maintaining the strong anatomy and neuroscience education efforts. A search committee will be named by the Dean of the College of Medicine and the position will be advertised nationwide. Candidates will be interviewed by the Department Faculty, who will recommend preferred candidate(s) to the Dean for appointment.

What is the function of the faculty/staff associated with the proposed change and how is that relationship defined? Discuss DOE, adjunct, full-time, voting rights, etc.

The current faculty and staff will not be impacted by the proposed name change. However, the topic of the name change was brought before several audiences as outlined below.

- 6/15/2016 – Presented for discussion at College of Medicine General Faculty meeting and was well received.
- 6/20/2016 - Presented at Anatomy & Neurobiology department meeting for discussion prior to official vote and was well received.
- 6/21/2016 – Presented at College of Medicine Faculty Council meeting for discussion and was well received.
- 6/24/2016 – Presented at College of Medicine Clinical Chairs meeting for discussion and was well received.
- 6/28/2016 – Presented at College of Medicine Neurology department meeting for discussion and was well received.
- 6/28/2016 – Submitted for vote via email to all faculty in Anatomy & Neurobiology
 - Received full and complete support of the name change: 24 of 26 Faculty responded, all in the affirmative.
- 6/29/2016 – Presented at College of Medicine Basic Science Chairs & Center Directors meeting for discussion and was well received.
- 7/5/2016 – Presented at College of Medicine Council of Chairs meeting for discussion and was well received.
- 7/5/2016 – Presented to College of Medicine Curriculum Committee for discussion and vote.
 - All 6 committee members present voted in favor of the name change.
- 7/29/2016 – Presented to Faculty Council by Dr. Michael Kilgore (Chair) for official vote. Vote was unanimous with 9 representatives in attendance in favor of the name change. The other 3 affirmed support to the Faculty Council Chair by email.
- 8/31/2016 – Presented for a formal vote at College of Medicine General Faculty meeting
 - Poll closed on 9/28/19: In Favor - 128; Opposed - 16

Department of Anatomy and Neurobiology Faculty

Name	Title
Warren J. Alilain, PhD	Associate Professor
Anders H. Andersen, PhD	Associate Professor, Research
Adam Bachstetter, PhD	Assistant Professor
Guoying Bing, MD/PhD	Professor
Luke H. Bradley, PhD	Associate Professor
Wayne A. Cass, PhD	Professor; Director of Graduate Studies
Marilyn J. Duncan, PhD	Professor
Samuel R. Franklin, PhD	Associate Professor, Special Title
Don M. Gash, PhD	Professor
James W. Geddes, Ph.D.	Professor; Associate Dean for Research; Director, Spinal Cord & Brain Injury Research Center
Greg A. Gerhardt, Ph.D.	Professor
Marilyn L. Getchell, PhD	Professor Emeritus
Brian T. Gold, PhD	Associate Professor
Richard C. Grondin, PhD	Associate Professor
Edward D. Hall, Ph.D.	Professor; William R. Markesbery, M.D. Chair in Neurotrauma Research
April Richardson Hatcher, PhD	Associate Professor, Special Title
Brian R. MacPherson, PhD	Professor, Special Title
Joshua Morganti, PhD	Assistant Professor, Research
Kristen Platt, PhD	Lecturer
David Powell, PhD	Assistant Professor, Research
Jill M. Roberts, PhD	Assistant Professor, Research
Stephen W. Scheff, PhD	Professor
Indrapal N. Singh Ph.D.	Associate Professor, Research
Bret N. Smith, Ph.D.	University Research Professor; Interim Chair, Dept of Anatomy & Neurobiology; Director, Epilepsy Center
Patrick G. Sullivan, Ph.D.	Professor; Endowed Chair, Spinal Cord & Brain Injury Research Center
Linda J. Van Eldik, PhD	Professor; Director Sanders-Brown Center on Aging/Alzheimer's Disease Research Center
Zhiming Zhang, MD/PhD	Associate Professor

Brothers, Sheila C

From: McCormick, Katherine
Sent: Saturday, October 01, 2016 11:15 AM
To: Brothers, Sheila C
Subject: FW: re: COM's request to change Department name to Neuroscience

From: Kornbluh, Mark
Sent: Friday, September 30, 2016 9:01 PM
To: McCormick, Katherine
Cc: DiPaola, Robert S Bosch, Anna
Subject: re: COM's request to change Department name to Neuroscience

Dear Katherine,

The College of Arts and Sciences has no objection to the change of a departmental name within the College of Medicine to the Neuroscience Department. We have agreed the intercollegiate undergraduate neuroscience major remains housed in the College of Arts and Sciences within the Department of Biology and that the two colleges will continue to work together in the area of neuroscience.

Please let me know if you have any additional questions.

Yours,

Mark Kornbluh
Dean, College of Arts and Sciences

Senate Rules and Elections Committee

May 13, 2016

Present: Wood (Chair), Jones (Secretary), Bird-Pollan, Brown, Brion, Grossman, Mazur, McGillis,

Absent: Tagavi (explained, teaching conflict); Niespodziany

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3. Experiential Learning Activities

The Senate Council had previously tasked the SREC with examining some draft definitions of various types of experiential learning that had been prepared by a University committee and initially vetted by the Senate Admissions and Academic Standards Committee. Senate Council Vice Chair and Chair-elect Katherine McCormick asked if the SREC could please draft for the Senate Council what a Senate Rule might look like that codifies those definitions. The SREC prepared the following draft codification for review and action by the Senate Council/Senate.

A. 395 Independent Work or Independent Study. If a department offers more than one such course, numbers lower than 395 shall be used.

~~**B. 396 Reserved for the University Experiential Education course.**~~

~~**C. 399 Departmental field based experiential education courses.** May be repeated to a total of 30 hours. To provide the opportunity for students with the approval of a faculty member and the department chairman or his/her designee to earn credit for work-study experience. The student must work with a faculty member to describe the nature of the experience, the work to be performed, accompanying learning experiences, appropriate course credit for the work, and criteria by which the student's work may be evaluated. This information must be written and filed in the departmental office and the Office for Experiential Education prior to the student's registration for the course. *Bulletin* descriptions of these courses shall include an explicit statement of the need for filling out a learning contract.~~

B. Community Engagement and Other Experiential Learning Courses

For the purposes of experiential learning activities created and delivered from a unit faculty (SR 3.3.3.A), the following apply. Any experiential learning activity that is required for a certificate, degree or academic honor recorded on the transcript must be tracked by a Senate numbered course for zero or more credit hours.

B1. Community Engagement describes the collaboration between institutions of higher education and their larger communities (local, regional/state, national, global) for the mutually beneficial exchange of knowledge and resources in a context of partnership and reciprocity.

B1.1 Community-Based Learning Experiences are for-credit courses in which students apply, and thereby achieve greater mastery of, theoretical knowledge in real-world settings under the supervision of a faculty member.

B1.2 Service-learning is an integrative experience through which learners engage in thoughtfully organized actions in response to community identified assets and needs. Experiences are designed to be reciprocal exchanges of knowledge and resources accomplished through service and reflection. Learning outcomes promote academic and civic engagement and are focused on an equal balance between holistic learner development and community well-being. Service-learning can be credit bearing or non-credit bearing.

B1.3 Outreach is a focus on the application and provision of institutional resources for community use. Outreach can be formal or informal educational approaches to deliver university (research-based) information to the people and communities.

B1.4 Civic Engagement is working to make a difference in the civic life (both political and non-political processes) of our communities and developing the combination of knowledge, skills, values and motivation to make that difference.

B2. 396 Reserved for the University Experiential Education course.

B3. 399 Departmental field based experiential education courses. May be repeated to a total of 30 hours. To provide the opportunity for students with the approval of a faculty member and the department chairman--or his/her designee--to earn credit for work-study experience. The student must work with a faculty member to describe the nature of the experience, the work to be performed, accompanying learning experiences, appropriate course credit for the work, and criteria by which the student's work may be evaluated. This information must be written and filed in the departmental office and the Office for Experiential Education prior to the student's registration for the course. *Bulletin* descriptions of these courses shall include an explicit statement of the need for filling out a learning contract.

3.1.0 COURSE NUMBERING SYSTEM

The number system reflects the level of course material and associated rigor. With the exception of upper graduate level and professional courses, any pre-requisite restrictions limiting the level of a student accepted into a course shall be specified in a course pre-requisites. Courses shall be numbered as follows:

001-099	No credit, non-degree and/or developmental courses; [US: 9/10/2001]
100-199	Open to freshmen <u>level course</u> ; undergraduate credit only;
200-299	Prerequisite sophomore <u>classification level course</u> ; or consent of instructor ; undergraduate credit only;
300-399	Prerequisite junior <u>classification level course</u> ; undergraduate credit only;
400-499	Prerequisite advanced junior <u>classification and senior level course</u> ; undergraduate credit <u>only</u> ;
400G-499G	<u>Senior and first year graduate level course, g</u> Graduate credit for non-majors <u>only</u> ;
500-599	Prerequisite junior classification <u>first year graduate level course</u> ; undergraduate and graduate credit;
600-799	<u>Upper graduate level course, O</u> open only to graduate students;
800-999	<u>Professional Programs course</u> ; Open only to students in professional colleges and to students in other colleges offering professional degrees as defined by the Council on Postsecondary Education. [US: 2/13/2012]

3.1.1 Exceptions

Exceptions to the requirements for admission to courses may be made as follows:

~~A. — Freshmen and sophomores may be admitted to courses numbered between 300 and 499, upon approval of the instructor and the dean of the student's college. Such approval shall be limited to students who have demonstrated superior ability or preparation.~~

~~B. —~~ Seniors with superior ability or preparation may be admitted to courses numbered between 600 and 799, upon approval of the instructor, the dean of the student's college and the dean of the Graduate School.

~~C. — Courses elected on a Pass-Fail basis (see Section 5.1.4 for specifics).~~

Academic Ombud's Report to the Senate

Thank you Professor McCormick, Senators and guests.

It is my pleasure to present the Academic Ombud Report for the 2015 – 2016 academic year. Before submitting this summary of the activities of the Ombud's Office, I wish to thank Laura Ansel for her excellent work in the Ombud's Office and for the statistical report, which will be included in the senate minutes for your future reference.

This annual report provides four categories of information that summarize the work performed by the Office of the Academic Ombud during the year. The first category presents the total number of matters handled by the Office during the year. Within this category, we have distinguished between "Cases" and "Questions or Referrals." This latter category includes a wide variety of minor matters that take less than one hour to resolve. Virtually all of the matters in this latter group are handled by Ms. Ansel. We calculated that there were 1,666 such minor matters during the past academic year. This number reflects a 50% increase above last year's number. We believe that part of this increase is a consequence of better records of such contacts. The number of cases that took more than one hour and typically involved work by both the Ombud and Ms. Ansel for the 2015-16 academic year was 481.

This number, 481, includes all appeals that were considered by the Ombud prior to being adjudicated by the University Appeals Board. Those appeals are specifically identified in the other two categories of information provided in this report: the number of academic offense cases, including appeals, and the number of submitted grade appeals. (A student may consult with the Ombud's Office about bringing a grade appeal and decide not to bring an appeal. This report accounts for such matters as one of the "Questions or Referrals" or as one of the "Cases," depending on how much time is spent on the matter.)

The first part of the report also provides information about the types of non-academic offense cases considered by the Office. Two types of information are provided about such cases: the subject of the case and the source of the case.

The second category of information relates to cases in which a University department determined that a student committed an academic offense. During the 2015-16 academic year, academic departments determined that an academic offense was committed in 92 cases. This number is smaller than the number of academic offense cases for the past three years (120, 132, and 191). Five of the academic offense cases for 2015-16 were second offenses, and the remaining 87 cases were first offenses. Of the 87 first offenses, eleven students were charged with a major offense resulting in a penalty of E, XE, dismissal, or expulsion. The report provides aggregated, anonymous information about the students who were determined to have committed academic offenses and the Colleges that determined that the academic offenses had occurred.

Of the 92 academic offense cases, 78 students did not contact the Ombud's Office. The remaining fourteen students contacted the Ombud's Office, and five students decided to appeal the charge to the University Appeals Board. Two of the five cases appealed by students involved cheating and three involved plagiarism. Of the two students who appealed the charge of cheating, one appeal was upheld and one was denied. Of the three students who appealed the charge of plagiarism, one appeal was upheld and the other two were denied.

The third category is comprised of information about claims of academic rights violations submitted by students. Before being considered by the University Appeals Board, these claims are first reviewed by the Ombud who decides whether the appeal has merit or lacks merit. If the Ombud decides that an appeal lacks merit, the student may appeal that no-merit decision to the University Appeals Board. There were a total of twenty grade appeals during the 2015-16 year. The Ombud determined that eight had merit and twelve lacked merit. Of the eight determined by the Ombud to have merit, all were upheld by the University Appeals Board. Of the twelve appeals determined by the Ombud to lack merit, five students did not appeal the no-merit decision. Students appealed seven no-merit decisions. All seven of these decisions were upheld by the University Appeals Board. There were two other appeals concerning the violation of academic rights. One student appealed the decision of the Senate Retroactive Withdrawal Committee and the appeal was upheld by the University Appeals Board. The other student appealed dismissal from the University and the appeal was upheld by the University Appeals Board.

The final category of information is a summary of the total number of cases (academic offense appeals and grade appeals) that the Ombud transmitted to the University Appeals Board. This summary table repeats information presented earlier in the report.

Thank you for the opportunity to present this annual report and to serve as the Academic Ombud.



Michael P. Healy

Academic Ombud Services Statistical Report
Michael Healy 2015/16

All Matters

	2015/16	2014/15	
Number of Cases	481	370	
Number of Questions or Referrals	1666	1091	
	2147	1461	Total

Types of Cases	2015/16	2014/15	2013/14	2012/13	2011/12	
Non-Academic Offense Issues	389	250	365	346	352	
Academic Offense Determinations	92	120	132	191	177	
	481	370	497	537	529	Total

Description of Cases (not including Academic Offenses)		Classification of Source	
Attendance	26	Student	275
Exam/Class Requirements	27	Faculty	96
Grades	126	Staff	12
Instruction	31	Parent	2
Personal Problems	28	Other	4
Policies: Academic Offense Issues	26		389 Total
Policies: General	58		
Progress/Promotion	41		
Retroactive Withdrawals	4		
Speaker Requests	22		
	389 Total		

Description of Quick Questions & Referrals		Classification of Source	
Attendance	213	Student	1160
Exam/Class Requirements	113	Faculty	324
Grades	339	Staff	74
Instruction	85	Parent	92
Personal Problems	110	Other	16
Policies: Academic Offense Issues	111		1666 Total
Policies: General	314		
Progress/Promotion	354		
Retroactive Withdrawals	27		
	1666 Total		

Determinations and Appeals of Academic Offenses

Types of Academic Offense Determinations

Cheating	28	
Plagiarism	64	
	92	Total

Contact with the Ombud

No Contact with the Ombud	78	
Contacted the Ombud: No appeal	9	
Contacted the Ombud: Referred to UAB	5	
	92	Total

Classification of the Student	First w/ Minor Penalty	First w/ Major Penalty	Second	Total
Freshman	17	2	1	20
Sophomore	21	2	1	24
Junior	22	4	1	27
Senior	16	3	2	21
	76	11	5	92 Total

Origin of Offense Determination

College of Agriculture, Food and Environment	3	
College of Arts & Sciences	56	
Gatton College of Business & Economics	2	
College of Communication & Information	4	
College of Engineering	9	
College of Health Sciences	1	
College of Nursing	12	
College of Public Health	1	
College of Social Work	4	
	92	Total

Appeals of Determination of Academic Offense Referred to the University Appeals Board*

	Upheld	Denied	Total
Plagiarism: Appealed severity of sanction			
Plagiarism: Appealed determination	1	1	2
Plagiarism: Appealed severity of sanction and determination		1	1
Cheating: Appealed severity of sanction			
Cheating: Appealed determination	1	1	2
Cheating: Appealed severity of sanction and determination			
			5 Total

**Four additional cases withdrawn before heard by UAB.*

Allegation of Violation of Student Academic Rights

Grade Appeals Referred to the University Appeals Board

	Uncontested	Upheld	Denied	Total	
Appeals referred and determined to have merit	n/a	8	0	8	
Appeals referred and determined to lack merit	5	7	0	12	
				20	Total

Retroactive Withdrawal Appeals Referred to the University Appeals Board

	Upheld	Denied	Total	
Appeal referred and determined to have merit	1	0	1	
			1	Total

Appeal of Dismissal Referred to the University Appeals Board

	Upheld	Denied	Total	
Appeal referred and determined to have merit	1	0	1	
			1	Total

Summary of Cases Referred by the Ombud to the University Appeals Board

Total Number of Appeals

Academic Offense Appeals	5	(2 Upheld / 3 Denied)
Grade Appeals	20	(15 Upheld / 5 Uncontested)
Retroactive Withdrawal Appeals	1	(Upheld)
Other Appeals (Dismissal)	1	(Upheld)
	27	Total

Academic Offense Appeals Referred to the University Appeals Board

	Upheld	Denied	Total
Plagiarism: Appealed severity of sanction			
Plagiarism: Appealed determination	1	1	2
Plagiarism: Appealed severity of sanction and determination		1	1
Cheating: Appealed severity of sanction			
Cheating: Appealed determination	1	1	2
Cheating: Appealed severity of sanction and determination			
			5 Total

Grade Appeals Referred to the University Appeals Board

	Upheld	Denied	Uncontested	Total
Appeals referred and determined to have merit	8	0	n/a	8
Appeals referred and determined to lack merit	7	0	5	12
				20 Total