

**REPORT OF HEARINGS ON H. RES.  
587, PART I, FRIDAY, APRIL 22, 1910,  
PP. 3-21; REPORT OF HEARINGS ON  
H. RES. 587, PART II, SATURDAY,  
APRIL 23, 1910, PP. 23- 55**

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# VARIOUS

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U.S. Cong.

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HOUSE COMMITTEE ON THE DISTRICT OF COLUMBIA  
SIXTY-FIRST CONGRESS, SECOND SESSION

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REPORT OF  
HEARINGS ON H. RES. 587

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CALLING UPON THE ATTORNEY-GENERAL TO INVESTI-  
GATE THE FINANCIAL AND EDUCATIONAL AFFAIRS  
OF THE GEORGE WASHINGTON UNIVERSITY

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PART I

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FRIDAY, APRIL 22, 1910

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STATEMENTS OF  
DR. W. F. R. PHILLIPS  
AND  
MR. HARRY T. DOMER

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Printed for use of the Committee

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Dec. 10, 1910.

INVESTIGATION OF FINANCIAL AND EDUCATIONAL AFFAIRS OF  
GEORGE WASHINGTON UNIVERSITY.

COMMITTEE ON THE DISTRICT OF COLUMBIA,  
Friday, April 22, 1910.

The committee was called to order at 10.40 a. m., Hon. William H. Wiley presiding.

The following is resolution under consideration:

Whereas the bill H. R. 24316 designates the George Washington University as an institution to administer the appropriations of the Morrill Acts as extended by said bill to the District of Columbia, and

Whereas statements have been made in the hearings on H. R. 12343 and in the public press regarding the use of the funds of the institution, the original Boutell bill, and in consideration of the provision made in section ten of the original charter of George Washington University, adopted February ninth, eighteen hundred and twenty-one, which after providing that the trustees of the university shall keep accurate records of its proceedings and financial management, further provides that "the said book or journal shall at all times be open to the inspection or examination of the Attorney-General of the United States; and when required by either House of Congress it shall be the duty of said trustees to furnish information respecting their own conduct, the state of the institution, and of its finances, which shall or may be so required:" Therefore be it

*Resolved*, That the House of Representatives hereby requests the Attorney-General of the United States to conduct a careful investigation of the financial and educational affairs of the said George Washington University, and to furnish the House with detailed report covering a period of at least the last ten years as to the receipts, investments, and expenditures of the university in each of its departments; said report to be especially explicit as to the departments of engineering, architecture, veterinary medicine, and pharmacy, on the following points: First, amount the university has invested in buildings in each of these departments, or number of rooms used for each department; second, detailed statement of items of equipment of each of these departments; third, actual class enrollment for the past three years in each subject taught in each of these departments; fourth, salaries paid the individual professors of each of these departments, and the charges made students for laboratory fees in these departments.

Mr. WILEY. I will make a general statement to the committee about this matter to this effect: The George Washington University has made application for the Morrill fund, which amounts, I understand, to from forty to fifty thousand dollars. It has been recommended by the Committee on Agriculture, and the matter is on the calendar. In their report, and in the various hearings that have been held, there is a decided discrepancy in the figures and in the methods of bookkeeping; they are certainly open to correction. The object of this investigation here this morning is to find out whether the university financially is in such a condition as will warrant us, as individual members of this Congress, in voting that they shall have the Morrill fund. In the charter of the university there is a provision that whenever either House of Congress shall so ask of the Attorney-General he may make an investigation of their financial status. This is a sort of grand jury action, so to speak, the object being to ascertain whether there is sufficient evidence

to warrant us in recommending this resolution to the House. I think that is a general statement of the case. Doctor Phillips has been asked to come, he is here, and I think he will give us some facts. If the committee so desires, I will start the investigation by having Doctor Phillips make a statement, and then he may answer any questions.

Doctor Phillips, perhaps you would prefer to make a statement in your own way, or would you rather have us ask you a series of questions?

#### STATEMENT OF DR. W. F. R. PHILLIPS, OF WASHINGTON, D. C.

Doctor PHILLIPS. Perhaps it would be better if I answered a series of questions in regard to this matter.

Mr. PEARRE. I think perhaps we had better let the Doctor make his statement, and then we may question him later.

Mr. WILEY. What we want, in the first place, is information regarding the endowment fund as applied to the university.

Mr. BORLAND. You might preface your statement, Doctor, by stating your connection with the university.

Doctor PHILLIPS. I have been connected with the university since my graduation, in 1890, up to the termination of the academic year of 1909. I was dean of the department of medicine for five years, superintendent of the university hospital for three years.

When I first entered the university as a student, I heard of the Corcoran endowment fund. I was told that there was such a fund. I heard of that fund until about two or three years ago, when we were told that there was no such fund; that it was not an endowment fund, but simply a fund given to make the college a university. In the treasurer's report for the fiscal year ending May 31, 1894, there is a detailed statement as to the Corcoran endowment fund, what it is, and where it is invested. In another treasurer's report for the year 1898 there is the same detailed statement of the Corcoran endowment fund, where it is invested, and how much it amounts to.

Mr. JOHNSON. Were there any treasurer's reports in the meantime between those two that you have referred to?

Doctor PHILLIPS. There were reports, but I do not happen to have them here. Treasurer's reports were printed and published annually every year up to 1899, to my knowledge. Since that time I have not seen the treasurer's reports of the university until I saw the treasurer's report of 1909, although I was in a position to have seen such reports had they been published. They may have been printed, but they were not published. In this report of 1909 the words "Corcoran endowment fund" disappear, and the words "Corcoran fund" appear. The word "endowment" is stricken out, and the words "Corcoran fund" are left. In the previous treasurer's report, and by general understanding, the Corcoran endowment fund represented a sum of \$200,000, which was raised from the proceeds of an estate given by Mr. Corcoran and from a subscription of \$100,000 by friends of the university. These two together constituted the Corcoran endowment fund. A statement to that effect is found in the historical catalogue of the university, of the alumni, published, I think, in 1891 or 1892.



Mr. WILEY. I have the statement here, the statement which the Doctor refers to, and I will read it [reads]:

In 1865 William W. Corcoran presented to the college a building for the medical school valued at \$30,000. In 1872 he offered an estate near the city on condition that \$100,000 additional should be raised for a permanent endowment. The required sum was obtained, and, with Mr. Corcoran's gifts, constitutes the present endowment. The estate was sold in 1885, and the university realized \$85,000 from it. In 1883 Mr. Corcoran gave \$30,000 toward the cost of the new university building, and in 1886 he added \$25,000 to the endowment fund.

Mr. BORLAND. Doctor, was that fund appropriated for the use of the medical department—

Doctor PHILLIPS. To the general fund for the university, as I understand it.

Mr. OLCOTT. Do these early reports that you have mentioned show that the money was kept invested and used as an endowment fund?

Doctor PHILLIPS. Yes; in these reports you will find it, and in other reports I have seen it. Furthermore, I will state that in the last report made by President Whitman, when he was president of the university, in 1899, I think, he specifically refers to the investment of that fund in what was then known as the Columbian Law Office Building, situated on Fifth street, and states that it was invested there for the purpose of getting better security and increasing the income from it.

Mr. OLCOTT. Will you put in the record what the recent report of 1909 shows in regard to the Corcoran fund?

Doctor PHILLIPS. It shows that it consists of the sum of \$16,000.

Mr. WILEY. What does that represent?

Doctor PHILLIPS. It is stated here as "Promissory note, secured by deed of trust on pt. lot 27, sq. 159."

Mr. WILEY. Do you happen to know what that lot is?

Doctor PHILLIPS. It is the premises 1710 N street northwest.

Mr. WILEY. Who is it owned by?

Doctor PHILLIPS. By President Needham and his wife.

Mr. WILEY. What do you consider the value of that property to be?

Doctor PHILLIPS. It is assessed on the books at less than \$8,000.

Mr. WILEY. Not much security for a note of \$16,000.

Mr. JOHNSON. Who is President Needham—president of what?

Doctor PHILLIPS. The present president of the George Washington University.

Mr. BORLAND. Does he occupy these premises as a residence?

Doctor PHILLIPS. He does.

Mr. JOHNSON. And that money is loaned to himself?

Doctor PHILLIPS. Yes, sir.

Mr. JOHNSON. What was the original fund?

Doctor PHILLIPS. In the neighborhood of \$200,000.

Mr. JOHNSON. And it has gotten down now to \$16,000 invested in a piece of real estate valued at less than \$8,000?

Doctor PHILLIPS. Yes; according to this last assessment.

Mr. OLCOTT. Of course, the assessed valuation does not represent the real value of the property.

Mr. JOHNSON. But it ought to.

Doctor PHILLIPS. I understand that it is about 66 per cent of the value.

Mr. JOHNSON. The assessment ought to show the real valuation, and the assessor ought to put two-thirds valuation on that for tax purposes.

Mr. WILEY. Do you know what that property cost?

Doctor PHILLIPS. I understand that it cost \$11,000. I have not the definite information, however. The deed of trust does not show what it cost.

The CHAIRMAN. When was it purchased at that price?

Doctor PHILLIPS. Purchased in 1906, I think.

Mr. JOHNSON. If the president of this institution has the right to loan to himself funds which belonged to the institution heretofore, would he not have the right to loan to himself such funds as may hereafter go to the institution?

Doctor PHILLIPS. That is something that I would rather not answer.

Mr. JOHNSON. I am asking you if, under the laws of the institution, he would not have that right?

Doctor PHILLIPS. I presume he would, sir.

Mr. BORLAND. I was going to ask the same question. Under the organization and practice of the university, who controls this fund?

Doctor PHILLIPS. The president and the board of trustees control it. That is as far as the charter of the university goes, according to my recollection.

Mr. PEARRE. How many trustees are there?

Doctor PHILLIPS. The charter, I think, authorizes them to have 45 trustees. The last count that I made of the trustees, when the ballots went around the alumni for the election of 3 members to fill vacancies on the board, which was the first time the alumni were ever asked to take part in the selection of trustees, there were 15 trustees, although there were quite a number of vacancies.

Mr. BORLAND. The actual number of trustees serving was 15?

Doctor PHILLIPS. Yes.

Mr. OLCOTT. May there not have been some legislation since the original charter reducing it?

Doctor PHILLIPS. No; the legislation has increased it instead of reducing it.

Mr. WILEY. There are 33 now.

Mr. JOHNSON. Doctor, what became of this amount between the \$200,000 and the \$16,000?

Doctor PHILLIPS. That is just exactly what all the alumni would like to know. We have asked repeatedly about it. We appointed a committee last June to find out the exact financial state of the university, and that committee was begged off, by friends, I presume, of the administration; that is, they were asked not to do anything at that time because it would hurt the chances of the university in getting the Morrill bill through. I am sorry that a member of the committee is not here to state that for himself.

Mr. JOHNSON. Has the present management of the institution the right to dispose of its real estate?

Doctor PHILLIPS. I understand so, under the charter.

Mr. JOHNSON. Do you know whether or not any of it has been disposed of?

Doctor PHILLIPS. Simply such as is reported in the treasurer's report, from which I read. Here is the statement [reads]:

How total deficit was met. Total deficit, \$73,640.06. Met by borrowed money, \$47,000. Transfer from Corcoran fund \$18,642.50; sales of real estate, \$8,122.63.

Mr. JOHNSON. Now, they are not really expending the fund on hand, but they are disposing of the real estate?

Doctor PHILLIPS. It seems so, sir. I have a little statement that came into my hands accidentally, showing how they met the deficit of the preceding year. Here is a statement handed to me in just this shape, which reads: "Statement of net receipts and expenditures, segregated and tabulated, from the printed report of the treasurer for 1907-1908," and in which it says that there was in that year a deficit of \$97,888.21, met as follows: Proceeds of sale of Cutler house, \$14,300; borrowed from building fund, \$15,000; borrowed from Corcoran fund, \$52,000; borrowed at banks, \$13,000.

Mr. PEARRE. You say that that statement came into your hands by accident?

Doctor PHILLIPS. Yes, sir.

Mr. PEARRE. What do you mean by that?

Doctor PHILLIPS. A gentleman who knew that I was interested in the affairs of the university brought this to me. He said: "This may be of interest to you."

Mr. PEARRE. Who was that gentleman?

Doctor PHILLIPS. Dr. W. O. Owen.

Mr. PEARRE. Has he any connection with the university?

Doctor PHILLIPS. He is at the present time my successor as professor of practical anatomy.

Mr. OLCOTT. When did you leave the university, Doctor?

Doctor PHILLIPS. In 1909.

Mr. PEARRE. Do you have confidence in the authorities of the university?

Doctor PHILLIPS. Well, the authorities of the university have never told me why they let me out. I was simply told that I was out of the university.

Mr. PEARRE. And that did not please you, of course?

Doctor PHILLIPS. I can not say that it didn't please me. I want to state here that I have been an alumnus of the university, a graduate of the university, working hard for it, and I want to see the university succeed. And I believed then, and I believe now, that the best way for it to succeed is to be open and aboveboard in everything.

Mr. JOHNSON. Doctor, are you well enough acquainted with the value of all the property, real and personal, owned by this institution to know whether or not there would be anything left after the payment of these debts?

Doctor PHILLIPS. From statements made to me, sir, and from my own knowledge of the value of the property, I would state that in my opinion if the university paid all of these debts at present it would have something in the neighborhood of less than \$400,000 left.

Mr. BORLAND. You spoke of this borrowed money. Do you know how that money is secured?

Doctor PHILLIPS. I do not, sir.

Mr. BORLAND. Do you know whether any portion of it is secured on the buildings of the university?

Doctor PHILLIPS. I do not, sir.

Mr. BORLAND. There is nothing to show how it is secured?

Doctor PHILLIPS. Nothing at all, so far as I know.

Mr. JOHNSON. You say that there was a deficit in one year of \$97,000?