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§ 3/29/76

APPROVED
MAR 29 1976

THE WHITE HOUSE
WASHINGTON
March 29, 1976

ACTION
Last Day: March 30

Posted
3/30

To Archive
3/30

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON
SUBJECT: For the Relief of Southeastern University of the District of Columbia

Attached for your consideration is S. 611, sponsored by Senator Randolph, which insures the continued eligibility of Southeastern University for Federal aid to higher education by deleting a reference in its charter to its prior association with the YMCA: clarifies its non-profit tax exempt status and authorizes an annual audit of the University.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign S. 611 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 24 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 611 - Southeastern University
Sponsor - Sen. Randolph (D) West Virginia

Last Day for Action

March 30, 1976 - Tuesday

Purpose

To insure the continued eligibility of Southeastern University for Federal aid to higher education, to clarify its non-profit tax exempt status, and to authorize an annual audit of the University.

Agency Recommendations

Office of Management and Budget	Approval
District of Columbia	No objection
Department of the Treasury	No objection (Informally)
Department of Justice	Defers

Discussion

Southeastern University in the District of Columbia operated from its organization in 1879 until 1966 under the sponsorship of the D.C. Young Men's Christian Association (YMCA). In 1966 it was necessary to amend the University's charter to eliminate the YMCA's managerial control so that the University would be eligible for assistance under Federal aid to higher education programs. Southeastern University could not qualify for Federal aid as long as the YMCA had control of the University and access to its funds. The charter was appropriately amended by P.L. 89-639.

The enrolled bill would:

- insure the continued eligibility of Southeastern University for Federal aid to higher education by deleting a remaining reference to its prior association with the YMCA;
- insure its continued operation as a non-profit, tax-exempt educational institution under the Internal Revenue Code by requiring that, in the event of dissolution of the University, the net proceeds of all assets will be paid to a similar non-profit, tax-exempt educational institution; and
- conform to a law regarding Federal non-profit corporations by requiring that an annual audit must be conducted and a report of the audit be filed each year with the Congress.

James M. Frey
Assistant Director
for Legislative Reference

Enclosures





THE DISTRICT OF COLUMBIA

WASHINGTON, D. C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

MAR 23 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Frey:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

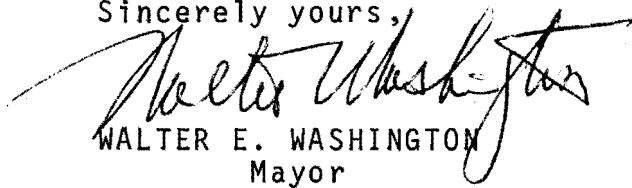
S. 611 - For the relief of Southeastern
University of the District of Columbia.

The purpose of the enrolled bill is to reaffirm and make clear the independence and nonprofit status of Southeastern University so that it will remain eligible for grants and benefits under various Federal acts relating to education. S. 611 amends the charter of the institution to provide that if the University is dissolved its assets will be distributed for tax exempt purposes, and to subject the financial accounts of the University to the auditing and reporting requirements of the Act of August 30, 1964, in like manner as are the accounts of private corporations established by Act of Congress. The first amendment to the charter is made to conform with requirements of the Internal Revenue Code that tax exempt organizations provide in their articles of incorporation that assets be permanently dedicated to tax exempt purposes.

The enactment of the enrolled bill would not appear to affect any activities of the District Government, or result in any loss of revenue or additional costs to the District of Columbia.

The District Government has no objection to the approval of S. 611.

Sincerely yours,



WALTER E. WASHINGTON
Mayor

Department of Justice
Washington, D.C. 20530

March 22, 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20515

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill S. 611, "For the relief of Southeastern University of the District of Columbia."

S. 611, inter alia establishes Southeastern University of the District of Columbia; a board of trustees for its management; the number, term, salary and eligibility requirements of the trustees; the powers and duties of the board; and a provision for distribution of the assets of the corporation upon dissolution in accordance with section 501(c)(3) of the Internal Revenue Code of 1954.

The purpose of the bill is to insure continued eligibility of Southeastern University for benefits providing aid to higher education and to provide for its continued operation as a non-profit, tax-exempt educational institution in accordance with the appropriate provisions of the Internal Revenue Code.

The Department of Justice defers to the Internal Revenue Service and other interested agencies with regard to Executive approval of this measure.

Sincerely,



Michael M. Uhlmann
Assistant Attorney General





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 3-30-76

TO: Bob Linder

FROM: Jim Frey

Attached is the Treasury views letter on S. 611. Please have it included in the enrolled bill file. Thanks.



THE DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

ASSISTANT SECRETARY

MAR 26 1976

Dear Sir:

This is in response to your request for the views of the Treasury Department on the enrolled bill, S. 611, an Act for the relief of Southeastern University of the District of Columbia.

From 1879 until 1966, the Southeastern University was operated under the aegis of the Young Men's Christian Association of Washington, D.C. In 1966, legislation was enacted to amend the corporate charter of Southeastern University to eliminate the managerial control of the Young Men's Christian Association so that the University would be eligible for the benefits of several acts of Congress providing for aid to higher education.

The present legislation provides a further amendment to the University's charter to make clear that upon a dissolution of the corporation, any assets of the corporation left over after payment of liabilities will be utilized for the charitable purposes of the corporation or distributed to educational organizations that qualify for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1954. This is intended to maintain the charitable tax-exempt status of the University.

The Treasury Department has no objection to this legislation. Because it simply maintains the existing tax-exempt status of the University, it would have no revenue effect.

Sincerely yours,

Charles M. Walker

Director, Office of Management and Budget
Attention: Assistant Director for
Legislative Reference, Legislative
Reference Division
Washington, D.C. 20503

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAR 24 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 611 - Southeastern University
Sponsor - Sen. Randolph (D) West Virginia

Last Day for Action

March 30, 1976 - Tuesday

Purpose

To insure the continued eligibility of Southeastern University for Federal aid to higher education, to clarify its non-profit tax exempt status, and to authorize an annual audit of the University.

Agency Recommendations

Office of Management and Budget

Approval

District of Columbia

No objection

Department of the Treasury

No objection (Informally)

Department of Justice

Defers

Discussion

Southeastern University in the District of Columbia operated from its organization in 1879 until 1966 under the sponsorship of the D.C. Young Men's Christian Association (YMCA). In 1966 it was necessary to amend the University's charter to eliminate the YMCA's managerial control so that the University would be eligible for assistance under Federal aid to higher education programs. Southeastern University could not qualify for Federal aid as long as the YMCA had control of the University and access to its funds. The charter was appropriately amended by P.L. 89-639.

THE WHITE HOUSE

WASHINGTON

March 26, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M.L.*
SUBJECT: S. 611 - Southeastern University

The Office of Legislative Affairs concurs with the agencies that the subject bill be signed.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25

Time: 1100am

FOR ACTION: David Lissy *DL*
Dick Parsons *DP*
Margo Boyle *MB*
Max Friedersdorf *MF*
Ken Lazarus *KL*

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmultz

FROM THE STAFF SECRETARY

DUE: Date: March 26

Time: 500pm

SUBJECT:

S. 611 - Southeastern Universtiy

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25

Time: 1100am

FOR ACTION: David Lissy
Dick Parsons
Margo Boyle
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 26

Time: 500pm

SUBJECT:

S. 611 - Southeastern Universtiy

ACTION REQUESTED:

_____ For Necessary Action

_____ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

For Your Comments

_____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

3/25
No comment.
[Signature]

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25

Time: 1100am

FOR ACTION: David Lissy
 Dick Parsons
 Margo Boyle
 Max Friedersdorf
 Ken Lazarus ✓

cc (for information): Jack Marsh
 Jim Cavanaugh
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 26

Time: 500pm

SUBJECT:

S. 611 - Southeastern Universtiy

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken^Lazarus 3/29/76PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Conson
 For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25

Time: 1100am

FOR ACTION: David Lissy
Dick Parsons
Margo Boyle
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 26

Time: 500pm

SUBJECT:

S. 611 - Southeastern Universtiy

ACTION REQUESTED:

_____ For Necessary Action

_____ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

For Your Comments

_____ Draft Remarks

REMARKS:

Approval *RLS*

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 25

Time: 1100am

FOR ACTION: David Lissy
Dick Parsons
Margo Boyle ✓
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: March 26

Time: 500pm

SUBJECT:

S. 611 - Southeastern Universtiy

ACTION REQUESTED:

___ For Necessary Action

___ For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

For Your Comments

___ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

OK

TMB

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

For the relief of Southeastern University of the District of Columbia.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the certificate of incorporation and certificate of amendment thereto for the incorporation of the Southeastern University of the District of Columbia under subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia (1929 D.C. Code, title 5, ch. 8) be and the same are hereby, approved and confirmed, except as herein specifically altered and amended.

SEC. 2. That the name of the corporation shall be Southeastern University.

SEC. 3. The management of the said corporation shall be vested in a board of trustees consisting of not less than nine nor more than thirty in number as determined from time to time by said board of trustees, one-third of whom, at all times, shall be graduates of said university, of the qualifications prescribed by said board of trustees, nominated by the alumni of said university in the manner prescribed by said board of trustees, and all of whom shall be elected by said board of trustees. Each trustee shall be elected for a term of office of three years from the date of expiration of the term for which his predecessor was elected; except that (1) in expanding or reducing the number of trustees under this Act, the board of trustees shall have the authority to fix or adjust the terms of office of such additional or remaining trustees, as the case may be, so that the term of office of not more than one-third of the trustees shall expire annually; and (2) a trustee elected to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be elected only for the unexpired term of such predecessor.

SEC. 4. That the said board of trustees is authorized to (a) make, alter, and repeal bylaws for the management of the said corporation and rules and regulations for the government of the university and the schools, faculty, and students thereof; (b) elect as officers of the said corporation and fix the salaries of a president, a treasurer, and a secretary, and such other officers as it may find necessary, for the respective terms and with the respective powers and duties as fixed by the bylaws of the said corporation; (c) appoint, from among their number, as officers of the said board of trustees and fix the salaries of a chairman, a vice chairman, and a secretary, and such other officers as it may find necessary, for the respective terms and with the respective powers and duties as fixed by the laws of the said corporation; (d) remove any trustee when, in its judgment, he shall be found incapable, by age or otherwise, of performing or discharging, or shall neglect or refuse to perform or discharge, the duties of his office; (e) determine and establish from time to time additional schools in all departments of sciences, liberal arts, and the professions, and the courses of instruction therein; (f) determine and establish, from time

to time, additional professorships; (g) appoint, from time to time, such deans, professors, tutors, and instructors as it may deem necessary, and fix their respective terms, duties, and salaries; and (h) grant and confer degrees, but only upon the recommendation of the appropriate school.

SEC. 5. That the said corporation may have and use a common seal and alter and change the same at pleasure, and shall have power, in its corporate name, (a) to sue and be sued; (b) to plead and be impleaded; and (c) to acquire real, personal, and mixed property by grant, gift, purchase, bargain and sale, conveyance, will, devise, bequest, or otherwise to hold, use, and maintain the same solely for the purposes of education and to demise, let, mortgage, or otherwise lien, grant, sell, exchange, convey, transfer, place out at interest, or otherwise dispose of the same for its use in such manner as shall seem most beneficial thereto; subject to conforming to the express conditions of the donor of any gift, devise, or bequest with regard thereto accepted by it: *Provided*, That it shall not hold more land at any one time than necessary for the purpose of education, unless it shall have received the same by gift, grant, or devise, in which case it shall sell and dispose of so much of the same as may not be necessary for said purposes within fifteen years from the date of acquisition, otherwise the same shall revert to the donor or his heirs.

SEC. 6. The income of said corporation from all sources whatsoever shall be held in the name of the corporation and supplied to the maintenance, endowment, promotion, and advancement of the said university, subject to conforming to the express conditions of the donor of any gift, devise, or bequest accepted by said corporation, with regard to the income therefrom.

SEC. 7. That no person shall ever be required to profess any particular religious denomination, sentiment, or opinion as a condition to becoming and continuing a member of the faculty or a student, with the full benefits, privileges, and advantages thereof.

SEC. 8. That no institution of learning hereafter incorporated in the District of Columbia shall use in or as its title, in whole or in part, the words "Southeastern University".

SEC. 9. Upon dissolution of the corporation, the board of trustees shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for educational purposes as shall at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law, as the board of trustees shall determine.

S. 611—3

SEC. 10. That nothing in this Act contained shall be construed as preventing the Congress from amending, annulling, or repealing the same or any part thereof.

SEC. 11. The provisions of sections 2 and 3 of the Act of August 30, 1964 (Public Law 88-504; sections 2 and 3, 78 Stat. 636; 36 U.S.C. 1102, 1103) entitled "An Act to provide for audit of accounts of private corporations established under Federal law" shall apply with respect to the corporation.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

SOUTHEASTERN UNIVERSITY

JUNE 18 (legislative day, JUNE 6), 1975.—Ordered to be printed

Mr. HRUSKA, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany S. 611]

The Committee on the Judiciary, to which was referred the bill (S. 611) for the relief of Southeastern University of the District of Columbia, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of the bill is to insure the continued eligibility of Southeastern University for important benefits of Acts providing aid to higher education and, in addition, make possible the continued operation of the University as a nonprofit, tax-exempt educational institution under the applicable provisions of the Internal Revenue Code.

STATEMENT

The Southeastern University Charter from the organization of the University in 1879 until 1966 provided for the operation of the University under the sponsorship of the Young Men's Christian Association of Washington, D.C. In 1966 it was necessary to amend the Charter to eliminate the managerial control of the Young Men's Christian Association so that the University would be eligible for the benefits of the several Acts of Congress providing for aid to higher education. The University could not qualify for these important benefits as long as the Young Men's Christian Association had control of the University and had access to its funds. Since 1966, the University has annually received the benefits provided by the Congress in Acts for aid to higher education.

The bill, S. 611, will insure the continued eligibility of Southeastern University for these important benefits and, in addition, will make

possible the continued operation of the University as a nonprofit, tax-exempt educational institution under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954. To accomplish this, the Charter must specifically provide that in the event of dissolution of the University, the net proceeds of all the assets will be paid by the Board of Trustees to a like organization or organizations, organized and operated exclusively for educational purposes as provided in section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future U.S. Internal Revenue law, as the Board of Trustees shall determine. This bill will strengthen the Southeastern University Charter and will aid in the continued growth of the University.

The committee is of the opinion that the bill has a meritorious purpose and accordingly recommends favorable consideration of S. 611 without amendment.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in roman) :

PUBLIC—No. 319—75TH CONGRESS

CHAPTER 700—1ST SESSION

H.R. 3406

AS AMENDED

PUBLIC LAW 89-639

89TH CONGRESS, H.R. 16608

OCTOBER 10, 1966

AN ACT For the relief of the Southeastern University [of the Young Men's Christian Association] of the District of Columbia

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the certificate of incorporation and certificate of amendment thereto for the incorporation of the Southeastern University of the Young Men's Christian Association of the District of Columbia under subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia (1929 D.C. Code, title 5, ch. 8) be, and the same are hereby, approved and confirmed, except as herein specifically altered and amended.

SEC. 2. That the name of the corporation shall be ["Southeastern University."]

SEC. 3. The management of the said corporation shall be vested in a board of trustees consisting of not less than nine nor more than thirty in number as determined from time to time by said board of

trustees, one-third of whom, at all times, shall be graduates of said university, of the qualifications prescribed by said board of trustees, nominated by the alumni of said university in the manner prescribed by said board of trustees, and all of whom shall be elected by said board of trustees. Each trustee shall be elected for a term of office of three years from the date of expiration of the term for which his predecessor was elected; except that (1) in expanding or reducing the number of trustees under this Act, the board of trustees shall have the authority to fix or adjust the terms of offices of such additional or remaining trustees, as the case may be, so that the terms of office of not more than one-third of the trustees shall expire annually; and (2) a trustee elected to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be elected only for the unexpired term of such predecessor.

SEC. 4. That the said board of trustees is authorized to (a) make, alter, and repeal bylaws for the management of the said corporation and rules and regulations for the government of the university and the ["schools,"] faculty, and students thereof; (b) elect as officers of the said corporation and fix the salaries of a president, a treasurer, and a secretary, and such other duties as fixed by the bylaws of the said corporation; (c) appoint, from among their number, as officers of the said board of trustees and fix the salaries of a chairman, a vice chairman, and a secretary, and such other officers as it may find necessary, for the respective terms and with the respective powers and duties as fixed by the laws of the said corporation; (d) remove any trustees when, in its judgment, he shall be found incapable, by age or otherwise, of performing or discharging, or shall neglect or refuse to perform or discharge, the duties of his office; (e) determine and establish from time to time additional ["schools"] in all departments of sciences, liberal arts, and the professions, and the courses of instruction therein; (f) determine and establish, from time to time, additional professorships; (g) appoint, from time to time, such deans, professors, tutors, and instructors as it may deem necessary, and fix their respective terms, duties, and salaries; and (h) grant and confer degrees, but only upon the recommendation of the appropriate ["school."]

SEC. 5. That the said corporation may have and use a common seal and alter and change the same at pleasure, and shall have power, in its corporate name (a) to sue and be sued; (b) to plead and be impleaded; and (c) to acquire real, personal, and mixed property by [gift,] grant, gift, purchase, bargain and sale, conveyance, will, devise, bequest, or otherwise, to hold, use, and maintain the same solely for the purposes of education, and to demise, let, mortgage, or otherwise lien, grant, sell, exchange, convey, transfer, place out at interest, or otherwise dispose of the same for its use in such manner as shall seem most beneficial thereto; subject to conforming to the express conditions of the donor of any gift, devise, or bequest with regard thereto accepted by it; provided it shall not hold more land at any one time than necessary for the purposes of education, unless it shall have received the same by gift, grant, or devise, in which case it shall sell and dispose of so much of the same as may not be necessary for said purposes within fifteen years from the date of acquisition, otherwise the same shall revert to the donor or his heirs.

SEC. 6. The income of the said corporation from all sources whatsoever shall be held in the name of the corporation and applied to the maintenance, endowment, promotion, and advancement of the said university, subject to conforming to the express conditions of the donor of any gift, devise, or bequest accepted by said corporation, with regard to the income therefrom.

SEC. 7. That no person shall ever be required to profess any particular religious denomination, sentiment, or opinion as a condition to becoming and continuing a member of the faculty or a student, with the full benefits, privileges, and advantages thereof.

SEC. 8. That no institution of learning hereafter incorporated in the District of Columbia shall use in or as its title, in whole or in part, the words "Southeastern University."

SEC. 9. *Upon dissolution of the corporation, the board of trustees shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for educational purposes as shall at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law, as the board of trustees shall determine.*

SEC. 10. That nothing in this Act contained shall be construed as preventing the Congress from amending, annulling, or repealing the same or any part thereof.

○

SOUTHEASTERN UNIVERSITY OF THE DISTRICT OF
COLUMBIA

OCTOBER 9, 1975.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. PATTISON of New York, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany S. 611]

The Committee on the Judiciary, to whom was referred the bill
(S. 611) for the relief of Southeastern University of the District of
Columbia, having considered the same, report favorably thereon with
amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 5: After line 19, insert:

SEC. 11. The provisions of sections 2 and 3 of the Act of
August 30, 1964 (Public Law 88-504; §§ 2 and 3, 73 Stat.
636; 36 U.S.C. 1102, 1103) entitled 'An Act to provide for
audit of accounts of private corporations established under
Federal law' shall apply with respect to the corporation.

PURPOSE

The purpose of the bill, as amended, is to insure the continued eligi-
bility of Southeastern University for important benefits of Acts pro-
viding aid to higher education and, in addition, make possible the
continued operation of the University as a nonprofit, tax-exempt edu-
cational institution under the applicable provisions of the Internal
Revenue Code. The amended bill would also require that the corpora-
tion would be subject to an annual audit and report to Congress as
required in Public Law 88-504.

STATEMENT

The Southeastern University Charter from the organization of the
University in 1879 until 1966 provided for the operation of the Uni-
versity under the sponsorship of the Young Men's Christian Associa-

tion of Washington, D.C. In 1966 it was necessary to amend the Charter to eliminate the managerial control of the Young Men's Christian Association so that the University would be eligible for the benefits of the several Acts of Congress providing for aid to higher education. The University could not qualify for these important benefits as long as the Young Men's Christian Association had control of the University and had access to its funds. Since 1966, the University has annually received the benefits provided by the Congress in Acts for aid to higher education.

The bill S. 611 will insure the continued eligibility of Southeastern University for these important benefits and, in addition, will make possible the continued operation of the University as a nonprofit, tax-exempt educational institution under the provisions of section 501(c) (3) of the Internal Revenue Code of 1954. To accomplish this, the Charter must specifically provide that in the event of dissolution of the University, the net proceeds of all the assets will be paid by the Board of Trustees to a like organization or organizations, organized and operated exclusively for educational purposes as provided in section 501(c) (3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future U.S. Internal Revenue law, as the Board of Trustees shall determine. The bill would accomplish this by providing for the disposition of assets on dissolution in a new section 9. The new section added by this bill would provide:

SEC. 9. Upon dissolution of the corporation, the board of trustees shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for educational purposes as shall at the time qualify as an exempt organization or organizations under section 501(c) (3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law, as the board of trustees shall determine.

This language insures that upon any dissolution of the University, the net proceeds of all assets will be made available to a like non-profit, tax free educational institution. As is made evident in the analysis of the changes proposed in this bill as set out at the end of this report, the language of the bill is a restatement of the present law with the addition of a new section 9 with a renumbering of present Section 9 as Section 10. The other changes are technical in nature in that they provide for the elimination of quotation marks in several instances and the transposition of the word "gift" in section 5.

The committee recommends that the bill be amended by the addition of an additional section 11 providing that the corporation will be subject to the provisions of sections 2 and 3 of Public Law 88-504, the Act of August 30, 1964 (73 Stat. 636; 36 U.S.C. 1102; 1103) requiring an annual audit of the corporation and that the report of that audit be filed each year with the Congress. That public law originated as a bill before this committee and embodies the policy that federal non-profit corporations should be subject to these requirements.

The committee recommends that the amended bill be considered favorably.

CHANGES IN EXISTING LAW

In compliance with paragraph 2 of clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

PUBLIC—No. 319—75TH CONGRESS

CHAPTER 700—1ST SESSION

H.R. 3406

AS AMENDED

PUBLIC LAW 89-639

89TH CONGRESS, H.R. 16608

OCTOBER 10, 1966

AN ACT For the relief of the Southeastern University [of the Young Men's Christian Association] of the District of Columbia

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the certificate of incorporation and certificate of amendment thereto for the incorporation of the Southeastern University of the Young Men's Christian Association of the District of Columbia under subchapter 1 of chapter 18 of the Code of Laws of the District of Columbia (1929 D.C. Code, title 5, ch. 8) be, and the same are hereby, approved and confirmed, except as herein specifically altered and amended.

SEC. 2. That the name of the corporation shall be ["Southeastern University."]

SEC. 3. The management of the said corporation shall be vested in a board of trustees consisting of not less than nine nor more than thirty in number as determined from time to time by said board of trustees, one-third of whom, at all times, shall be graduates of said university, of the qualifications prescribed by said board of trustees, nominated by the alumni of said university in the manner prescribed by said board of trustees, and all of whom shall be elected by said board of trustees. Each trustee shall be elected for a term of office of three years from the date of expiration of the term for which his predecessor was elected; except that (1) in expanding or reducing the number of trustees under this Act, the board of trustees shall have the authority to fix or adjust the terms of offices of such additional or remaining trustees, as the case may be, so that the terms of office of not more than one-third of the trustees shall expire annually; and (2) a trustee elected to fill a vacancy occurring prior to the expiration

of the term for which his predecessor was appointed shall be elected only for the unexpired term of such predecessor.

SEC. 4. That the said board of trustees is authorized to (a) make, alter, and repeal bylaws for the management of the said corporation and rules and regulations for the government of the university and the ["schools,"] faculty, and students thereof; (b) elect as officers of the said corporation and fix the salaries of a president, a treasurer, and a secretary, and such other duties as fixed by the bylaws of the said corporation; (c) appoint, from among their number, as officers of the said board of trustees and fix the salaries of a chairman, a vice chairman, and a secretary, and such other officers as it may find necessary, for the respective terms and with the respective powers and duties as fixed by the laws of the said corporation; (d) remove any trustees when, in its judgment, he shall be found incapable, by age or otherwise, of performing or discharging, or shall neglect or refuse to perform or discharge, the duties of his office; (e) determine and establish from time to time additional ["schools,"] in all departments of sciences, liberal arts, and the professions, and the courses of instruction therein; (f) determine and establish, from time to time, additional professorships; (g) appoint, from time to time, such deans, professors, tutors, and instructors as it may deem necessary, and fix their respective terms, duties, and salaries; and (h) grant and confer degrees, but only upon the recommendation of the appropriate ["school."]

SEC. 5. That the said corporation may have and use a common seal and alter and change the same at pleasure, and shall have power, in its corporate name (a) to sue and be sued; (b) to plead and be impleaded; and (c) to acquire real, personal, and mixed property by [gift,] grant, gift, purchase, bargain and sale, conveyance, will, devise, bequest, or otherwise, to hold, use, and maintain the same solely for the purposes of education, and to demise, let, mortgage, or otherwise lien, grant, sell, exchange, convey, transfer, place out at interest, or otherwise dispose of the same for its use in such manner as shall seem most beneficial thereto; subject to conforming to the express conditions of the donor of any gift, devise, or bequest with regard thereto accepted by it; provided it shall not hold more land at any one time than necessary for the purposes of education, unless it shall have received the same by gift, grant, or devise, in which case it shall sell and dispose of so much of the same as may not be necessary for said purposes within fifteen years from the date of acquisition, otherwise the same shall revert to the donor or his heirs.

SEC. 6. The income of the said corporation from all sources whatsoever shall be held in the name of the corporation and applied to the maintenance, endowment, promotion, and advancement of the said university, subject to conforming to the express conditions of the donor of any gift, devise, or bequest accepted by said corporation, with regard to the income therefrom.

SEC. 7. That no person shall ever be required to profess any particular religious denomination, sentiment, or opinion as a condition to becoming and continuing a member of the faculty or a student, with the full benefits, privileges, and advantages thereof.

SEC. 8. That no institution of learning hereafter incorporated in the District of Columbia shall use in or as its title, in whole or in part, the words "Southeastern University."

SEC. 9. Upon dissolution of the corporation, the board of trustees shall, after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation exclusively for the purposes of the corporation in such manner, or to such organization or organizations organized and operated exclusively for educational purposes as shall at the time qualify as an exempt organization or organizations under section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law, as the board of trustees shall determine.

[SEC. 9.] SEC. 10. That nothing in this Act contained shall be construed as preventing the Congress from amending, annulling, or repealing the same or any part thereof.

SEC. 11. The provisions of sections 2 and 3 of the Act of August 30, 1964 (Public Law 88-504; §§ 2 and 3, 73 Stat. 636; 36 U.S.C. 1102, 1103 entitled "An Act to provide for audit of accounts of private corporations established under Federal law" shall apply with respect to the corporation.

[The following information was supplied by the University to the Committee in explanation of the purposes and need for the amendment provided for in the bill.]

SOUTHEASTERN UNIVERSITY,
OFFICE OF THE PRESIDENT,
Washington, D.C., September 29, 1975.

Representative WALTER FLOWERS,
Chairman, Subcommittee on Administrative Law and Government
Relations, Committee on the Judiciary, House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE FLOWERS: This is in response to your request for a statement in support of the Bill to amend the Federal Charter of Southeastern University. The Bill is identical to S-389 introduced in 1974 and passed by the Senate. The companion bill introduced in the House of Representatives last year by Congressman Don Edwards, H.R. 4894, failed of enactment.

The Southeastern University Charter from the organization of the University in 1879 until 1966 provided for the operation of the University under the sponsorship of the Young Mens' Christian Association of Washington, D.C. In 1966 it was necessary to amend the Charter to eliminate the managerial control of the Young Mens' Christian Association so that the University would be eligible for the benefits of the several Acts of Congress providing for aid to higher education. The University could not qualify for these important benefits so long as the Young Mens' Christian Association had control of the University and had access to its funds. The enactment of the 1966 amendment to the Charter of Southeastern University totally and completely severed all connection of the Young Mens' Christian Association with the University, and for that reason the Young Mens'

Christian Association would no longer have any interest in the proposed legislation.

The Bill that has been introduced will insure the continued eligibility of Southeastern University for these important benefits provided by the Congress in Acts for aid to higher education, and, in addition, will make possible the continued operation of the University as a non-profit, tax exempt educational institution under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1954. To accomplish this, the Charter must specifically provide that in the event of dissolution of the University, the net proceeds of all the assets will be paid by the Board of Trustees to a like organization or organizations, organized and operated exclusively for educational purposes as provided in Section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law, as the Board of Trustees shall determine. The Charter as it presently stands does not make it unmistakably clear that upon dissolution of the institution that the remaining assets over and above obligations would be made available to a like non-profit, tax free educational institution. It can not survive financially and pay income taxes on its income. The proposed legislation is essential to its continued existence.

The language of the proposed bill is satisfactory to the Internal Revenue Service and, in my judgement, will strengthen our Charter and aid in the continued growth of the University.

Sincerely yours,

RALPH S. RICHARD,
Chairman of the Board.
ROYAL E. JACKSON,
Vice Chairman of the Board.
BARKEV KIBARIAN, Ph. D.,
President.

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March 18, 1976

Dear Mr. Director:

The following bills were received at the White House on March 18th:

- ✓ S. 611
- ✓ S. 1545
- ✓ H.R. 9570

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C.