



3 0307 00080 9122

17 - 0700

STATE LIBRARY

SOUVENIR EDITION

# MINNESOTA



## PERMANENT SCHOOL FUND

REACHED THE

ONE HUNDRED

MILLION DOLLAR MARK

MAY 11, 1944

**A HERITAGE** Which Legislators are  
Sworn to Protect: "The proceeds of such  
lands \*\*shall remain a perpetual school fund  
to the state." (Art. 8, Sec. 2, State Constitution)

Published by  
**JULIUS A. SCHMAHL**  
STATE TREASURER  
1944



# MINNESOTA



## PERMANENT SCHOOL FUND

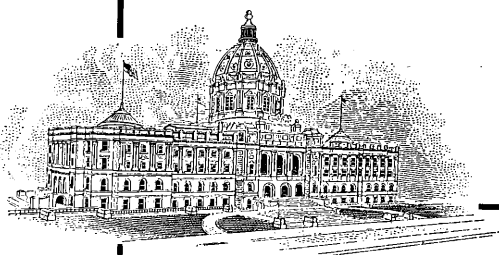
REACHED THE

**ONE HUNDRED  
MILLION DOLLAR MARK**

MAY 11, 1944

*A HERITAGE Which Legislators are  
Sworn to Protect: "The proceeds of such  
lands \*\* shall remain a perpetual school fund  
to the state." (Art. 8, Sec. 2, State Constitution)*

*Published by*  
**JULIUS A. SCHMAHL**  
STATE TREASURER  
1944



## The "W H Y" of This

To the Members of the State Board of Investment:

It was a little more than 87 years ago that the framers of the Minnesota constitution voted to hold sacred the proceeds from the sale of lands given to the new State for school, university, swamp development and internal improvement purposes. The framers decided that the moneys derived from the sale of these federal gifts should be placed in permanent funds, the interest alone to be used for purposes for which the principals were granted.

The constitutional framers, led by Alexander Ramsey, freely predicted the rapid growth of the school and university funds as the result of the land sales (iron deposits had not yet been discovered), but not one of them, not even Ramsey, predicted that within 87 years the permanent school fund would reach the \$100,000,000 mark, reached on May 11, 1944.

With new discoveries of iron in the northeastern portion of the State, and the undeveloped taconite strata lying underneath the iron beds, the permanent school and university funds will continue to increase. To the people of the State, its future legislators, its boys and girls going to schools and universities to-day—the fathers and mothers of the future—and down thru many generations—this souvenir is dedicated and issued with the thought that men and women of the future will be as good guardians of the funds as have been the men and women of the past.

In preparing this document, I have reproduced in chronological order, from photographs, the territorial and state governors, down to and including the present governor. Hon. J. A. A. Burnquist, attorney general, has materially assisted me in verifying legislative acts.

May 11, 1944

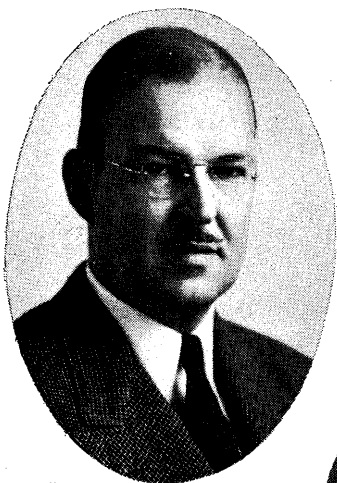
JULIUS A. SCHMAHL,  
State Treasurer



MAJOR STAFFORD KING  
State Auditor

# MINNESOTA STATE BOARD OF INVESTMENT

1944



\*JOHN L. MEADER  
Deputy State Auditor



JULIUS A. SCHMAHL  
State Treasurer



EDWARD J. THYE  
Governor



J. A. A. BURNQUIST  
Attorney General



WILLIAM H. LAMSON  
Secretary



GEO. W. LAWSON  
Regent, University

\*Performing duties of State Auditor Stafford King who is in U. S. military service on leave of absence.

## State Trust Funds 1862 to 1944 Inclusive

Year	Permanent School	Permanent University	Internal Improvement Land	Swamp Land	Totals
1862	\$ 12,433.40	.....	.....	.....	\$ 12,433.40
1863	126,111.90	.....	.....	.....	126,111.90
1870	831,605.26	\$ 28,875.61	.....	.....	860,480.87
1880	1,813,829.32	190,650.45	\$ 235,531.71	.....	2,240,011.48
1890	4,473,180.90	472,616.43	321,536.29	\$ 5,097.86	5,272,431.48
1900	6,826,430.43	857,151.14	68,133.23	91,275.77	7,842,990.57
1910	15,048,665.42	1,165,414.03	143,667.53	810,759.62	17,168,506.60
1920	25,744,689.64	1,765,019.51	209,008.61	4,179,725.28	31,898,443.04
1930	54,852,425.94	4,655,964.83	241,129.32	8,662,668.67	68,412,188.76
1940	78,759,715.43	9,842,323.30	269,183.12	10,636,024.93	99,507,246.78
1943 (June 30)	96,483,587.70	14,981,977.16	291,348.68	12,175,014.95	123,931,928.49
1944 (May 11)	100,000,034.56	15,915,343.23	302,843.65	12,894,043.75	129,112,265.19

**T**HE story of the "State Lands and School Funds of Minnesota" is of unusual interest, as it is intimately related to the history and development of the state. It is the story of the establishment and protection of a great endowment fund for the benefit of education.



RAMSEY  
1st Territorial and 2nd  
State Governor

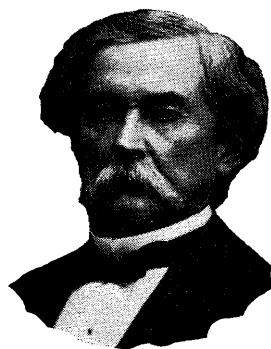
It was the policy of the Federal government to assist new territories and states by grants of lands to aid in the maintenance of common schools, universities, public buildings, charitable institutions and for other purposes. The management and disposal of these lands was left with the various states. Congress has never considered the public lands as a source of revenue for the Federal government, but rather as an asset of the people as a whole, to be used for the purpose of encouraging the settlement

and development of the country.

Most of the states admitted to the Union before Minnesota, followed the policy of the Federal government and sold their school and other public lands on a liberal basis and used the money derived from them for the immediate needs of the state with no thought for the future. Minnesota was the first state to conceive the plan of conserving these resources for the benefit of future generations.

The Minnesota plan attracted the attention of other states and has been emulated by states that have been admitted in later years. Minnesota's land grants consisted not only of agricultural lands, but on some of these lands were great pine forests and some were found to contain rich deposits of iron ore. The money derived from the sale of lands, the sale of timber and royalties from iron ore mined on state lands, was and is placed in trust funds and only the interest from these funds has been used for the purposes for which they were dedicated.

Neighboring states, as well situated as Minnesota, with the same varied resources, received about the same, or even larger grants of land. The Minnesota school fund, however, will have received more money from one section of school land upon which there is an iron mine, than the states of Michigan, Wisconsin and Iowa combined have received; or ever will receive, from all the lands granted them by Congress.



GORMAN  
Second Territorial  
Governor

## Foundation of the School Fund

Outstanding among the group of men who laid the foundation and shaped the destiny of Minnesota was Alexander Ramsey. He



MEDARY  
Last Territorial Governor  
1857-58

was sent to Minnesota by President Taylor to be its territorial governor. He wove into the basic political structure of Minnesota the same elements of strength that Washington and men of his group gave to the Republic—wisdom and true patriotism.

Governor Ramsey reached the territory in May, 1849. He so impressed himself upon the people of the territory that when Minnesota became a state, he was elected its second governor, succeeding Governor Sibley. On Jan. 9, 1861, he delivered his first message to the legislature, in which he predicted that within fifty years the three million acres of school land already given by Congress to the state would, when sold, yield an annual revenue which would raise our educational system above the level of that of any other state in the Union. Of the remaining lands granted by Congress to the state, including swamp lands, he stated they might realize seven million dollars, the income from which would endow the university and normal schools, pay off the public debt and aid in establishing a system of broad public charities.

Ramsey spoke with almost prophetic foresight. His dream, if such it may be called, of a great school fund, has become a reality. Eighty-six years have passed and our school fund alone amounts to \$100,000,000, and we still have approximately a million acres of school land alone unsold. The lands in the other funds have produced more than \$27,000,000, and there are still a million and a half acres unsold. The school fund is a great help to the taxpayer and is a guarantee of free common schools. The lands of the other funds have been largely devoted to the purposes indicated in his first message.

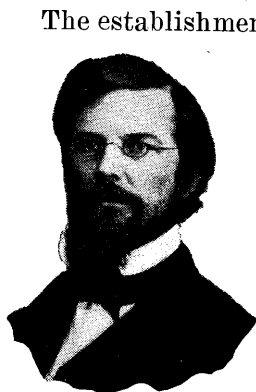
The act of Congress authorizing a territorial government for Minnesota was approved March 3, 1849. Among other things it provided that when the lands in the territory should be surveyed, sections 16 and 36 in each township be reserved for the purposes of schools in the territory or state which would follow. Prior to that time Congress had granted



SIBLEY  
1st State Governor  
1858-60



only one section (16) in each township to a new territory or state. Minnesota was the first to receive the double allowance for schools.



SWIFT  
July 10, 1863-1864

The establishment of a public school system, as well as the handling of the school lands, received careful thought and attention on the part of our early officials. They proceeded slowly and cautiously. As early as February, 1851, the territorial legislature passed an act creating the University of Minnesota, and adopted a memorial to Congress asking for a grant of 100,000 acres as an endowment for its support. Congress, the same year, made a grant of 44,000 acres for that purpose.

The constitutional convention, which met in 1857, seriously considered the method of handling school lands and school funds. There was a strong group favoring the policy of each county selling the lands within the county and having complete control of the funds derived from such sales. It was urged that as the funds would some day be very large, it would be dangerous to trust so much wealth to the control of a state official or board. The debate was spirited and the experience of neighboring states frequently referred to.

Thomas Wilson of Winona and Thomas J. Gailbraith of Shakopee led the group advocating one permanent central fund, the income from which should be divided equally among all the school children of the state. In this way every child would receive the same consideration regardless of where he lived. It was finally decided that the school lands should be sold at public sale, the principal to be *forever preserved inviolate* and undiminished as a perpetual school fund of the state, and the income from such fund should be distributed to the school districts in proportion to the number of pupils between the ages of five and twenty-one years. The legislature was given authority over the investment of the funds. This plan was carried in the convention 29 to 5.

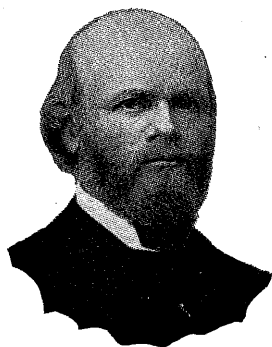


MILLER  
1864-66

### Grants of Land by Congress

Up to the time of the actual establishment of the state government, several grants of land had been made by Congress for the various uses of the state. In the act approved Sept. 4, 1841, a grant of 500,000 acres of land was made to the several states then in existence, and further

grants of a like acreage to each new state thereafter admitted to the Union. The act further provided that the land so granted should not be disposed of at a price less than \$1.25 per acre, and



MARSHALL  
1866-70

that the net proceeds from the sale of said land should be faithfully applied to internal improvements, namely, "roads, railways, bridges, canals and improved water courses and draining of swamps, and such roads, railways, canals, bridges and water courses, when drained, or improved, to be free for the transportation of United States mail, munitions of war, passage of troops, without payment of any toll whatever".

The act of Congress authorizing the Minnesota state government, approved Feb. 26, 1857, carried with it several specific grants to the state. First, sections 16 and 36 in each township, or 1,280 acres, were for the use of schools; second, 72 sections for a university, to be selected by the Governor (additional to the grant made in 1851); third, 10 sections, or 6,400 acres, to be selected by the Governor, for public buildings; fourth, all salt springs within the state, not exceeding 12 in number (salt springs were said to exist here then), with six sections of land adjoining, or contiguous as may be, to be selected by the Governor, to be used or disposed of as the legislature should direct. On March 12, 1860, Congress passed an act granting to Minnesota all the swamp and overflowed lands within its borders, which had not been previously reserved or conveyed.

### Ramsey's Second Message

In his second message to the state legislature, delivered in January, 1861, Governor Ramsey minutely discussed the need of a careful management of our school lands, and again reminded the legislature of its responsibilities to future generations. He said: *"Looking, then, at the ultimate fund to be derived from the school lands as a permanent resource of education for all time to come, it is for you to decide what this magnificent endowment is to be worth as an instrument of social development to the unborn millions of the future. The estimate now placed upon it will be the witness to posterity of the loftiness or the meanness of the views which actuate us. This estimate will be expressed first of*



AUSTIN  
1870-74

all in the minimum price which you shall affix to the lands. The question of a minimum, you will perceive, is in fact the cardinal point to be established."



DAVIS  
1874-76

The question of a minimum price created a division of sentiment, one side advocating the government price of \$1.25 an acre to encourage settlement; others contended that the state should adopt a much higher price—\$10 or \$12 per acre—in the interest of a larger school fund. The outcome of the discussion was fortunate. The first result was that the legislature of 1861 created a board, consisting of the governor, attorney general and superintendent of public instruction, to have the general care and supervision of all state lands. The minimum price was the

amount fixed by the regular board of appraisers, which in no case should be less than \$7 per acre, and 25 per cent of the purchase price was to be paid on the day of the sale, the remainder to run 20 years at six per cent. On the lands that were valuable chiefly for timber, 75 per cent of the purchase price was to be paid in cash or secured in a satisfactory manner. The same act provided that the funds arising from such sales should from time to time be invested in United States bonds or bonds of Minnesota.

In 1862 this law was changed, making the auditor ex-officio commissioner of the land office, and fixing the minimum price at \$5 per acre; also providing that 15 per cent of the purchase price should be paid at the time of the sale on agricultural lands, and on timber lands 75 per cent, and the remainder to run 20 years at an interest rate of seven per cent.

In 1863 the legislature again changed the law, particularly as to timber lands, authorizing the commissioner of the state land office to sell pine timber at public sale by the thousand feet (after the timber had been duly appraised), payment to be made upon a survey or scale, by the surveyor general of logs and lumber, of the amount of timber cut in the district where the timber was situated. Land classified as "pine land" was not to be offered for sale until the timber had been sold. With the exception of a reduction in the rate of interest from seven to five per cent, and later to four per cent, and the extension of time of payments on the remainder to 40 years, and increasing the kinds of securities in



PILLSBURY  
1876-82

which school funds might be invested, the law of 1863 is substantially the same as the one under which we are operating at the present time.



HUBBARD  
1882-87

In 1885 the legislature expressly provided that no timber on state lands should be sold under any conditions, unless such sale was necessary to protect the state from loss. Such liability of loss or damage could be by fire, windfalls or from any other cause which, in the opinion of the governor, treasurer and commissioner of the land office, would be deemed sufficient. This provision has continued. During these years the state has sold its pine timber only when the land examiners reported that it was in danger of waste or destruction. Another very im-

portant law was passed by the legislature of 1901, reserving to the state all minerals on lands owned, or that might thereafter accrue to the state.

### The Iron Discovery

During the early seventies iron ore was discovered in the vicinity of Vermillion Lake, and in 1875 a grant of swamp land was made to a railroad company to aid in developing the iron mines, the company later becoming the Duluth and Iron Range Railroad Company, which has been a prominent factor in the development of the iron ore industry in Minnesota. In the eighties there were rumors of iron ore discoveries southwest of Vermillion Lake, on what has since been known as the Mesaba Range. Up to that time there had been no thought of withholding the state lands from sale on account of the iron ore, or other minerals. After the timber had been regularly sold, the lands were then subject to sale for agricultural purposes at the minimum price of \$5 per acre. The timber on a large acreage of the land in that region had been sold and the land was subject to sale, and no doubt many were anxious to purchase these lands. This is apparent from a report made to the legislature by Capt. William W. Braden, auditor from 1882 to 1891. In this report, covering the two years ending July 31, 1888, he stated under the head of "Mineral Lands":



McGILL  
1887-89

*"I have refused to sell lands in the 'iron range' of St. Louis,*

*Lake and Cook counties, believing that the law authorizing sales, especially in the above named counties, should first be amended so as to reserve to the state all the mineral rights. Without doubt,*



MERRIAM  
1889-93

*valuable deposits of iron ore will be found on state lands. Such lands should not, in my judgment, be sold by the acre. Suitable laws should be passed allowing them to be leased for a long term of years, the lessee paying to the state a stated price per ton for the ore mined, as a royalty."*

Had Auditor Braden yielded to the pressure of those who wanted him to sell the lands outright, which he could lawfully have done, we would not today be talking of a \$200,000,000 school fund. *Through his refusal to sell, the state retained the fee title*

*in those valuable tracts of cut-over lands, which have since produced millions of tons of iron ore.* Mr. Braden arbitrarily, and without express authority of law, reserved the mineral on certain state lands which he sold in the vicinity of Grand Rapids in 1890. That was in a country far removed from any known iron discoveries. Since that time iron has been discovered even to the westward of Grand Rapids. In the legislature of 1889 a bill drawn by Mr. Braden was enacted into law, permitting the leasing of state lands for iron mining purposes.

The law of 1863 relating to "pine timber lands" provided that when the timber was cut, the title was to remain in the state until such time as the land should be wanted for agricultural purposes. Thus it happened that when iron was discovered, the state found itself the owner in fee of about 40,000 acres of lands with valuable ore deposits. If the state had offered its lands with standing timber for sale, the chances are that nearly all would have been sold, perhaps for a high price per acre, *in which event the iron deposits would have fallen to the several buyers.* The most valuable iron mines on the range were obtained from the government, under the Federal land laws, without any regard to the fabulous wealth that lay beneath the surface.



NELSON  
1893-95

### Investment of Money Received

Under the constitution, the legislature was given full authority to prescribe the method of handling the funds and to specify the

kinds of securities. It has always been a matter of great concern to find safe investments for these moneys. Permanency and security for the funds, rather than high rates of interest, have been



CLOUGH  
Jan. 31, 1895-99

the things sought for. The first law on the subject limited the investments to bonds of the United States and of Minnesota.

The first board established by law in the State of Minnesota for the investment and disposition of funds arising from the sale of school lands was established by Laws 1861, Chapter 14. This provided that the governor, attorney general and superintendent of public instruction should constitute a State Board of Commissioners of School Lands. This law was repealed the next year. The following year the Board of Commissioners, composed of the governor, treasurer and auditor, was again created for the purpose of investing funds derived from the sale of school lands. In 1873 the membership of the board was increased to five and included the governor, treasurer, auditor, president of the Board of Regents of the University of Minnesota, and the chief justice.

In 1886 a constitutional amendment was adopted providing for the loaning of school funds to the counties and school districts of the state by a board consisting of the governor, auditor and treasurer "constituted as an Investment Board." This in no way affected the participation of the president of the Board of Regents of the University of Minnesota and the chief justice in the matter of making other investments. It merely excluded them from participating in the action of the board in the making of loans to counties and school districts.

In 1896 the constitution was again amended so as to provide for the investment of school funds and the making of loans upon the approval of the Board of Commissioners designated by law to regulate the investment of the permanent school and permanent university funds of the state. Under this amendment the constitutional requirement of the previous amendment that only the governor, treasurer and auditor should constitute the Board of Investment for the purpose of making loans to counties and school districts, was eliminated, and the right to determine the composition of the membership of the State Board



LIND  
1899-1901

of Investment for all purposes was restored to the legislature. In pursuance to this amendment the legislature reaffirmed the governor, auditor and treasurer, the president of the Board of Regents



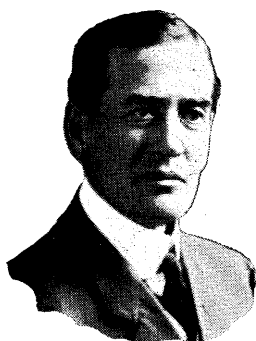
VAN SANT  
1901-05

and the chief justice as the members of the State Board of Investment. However, for the purpose of making loans to counties and school districts, the legislature restricted the membership of the board to the governor, auditor and treasurer.

Under the revision of the statutes in 1905 the membership of the State Board of Investment was reduced to three, its composition being the governor, auditor and treasurer, but at the next session of the legislature a statute was enacted restoring the membership of the State Board of Investment to five, so as to again include the president of the Board of Regents of the University and the chief justice, but limiting the authority to make loans to counties and other governmental subdivisions to the governor, treasurer and auditor. However, a few days thereafter, the legislature changed its mind and enacted a new law which again excluded the chief justice and the president of the Board of Regents from membership in the board. In 1913 the membership of the board was again increased to five by adding thereto the attorney general and the president of the Board of Regents of the University, and in 1931 the law was amended so that instead of the president of the Board of Regents being alone permitted to represent the University, its representative could be any one appointed by the Board of Regents from among its members.

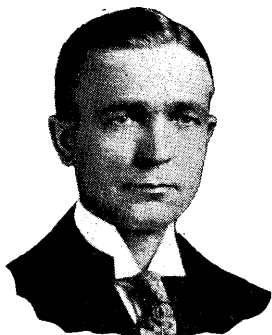
Later the bonds of several of the states of the Union were conditionally added to the list of permissible investments. Some time thereafter the bonds of all the states of the Union were recognized.

The 1886 amendment to the constitution authorized the investment of these funds in school district bonds within the state at 5 per cent interest, limiting the amount that could be loaned to 3 per cent of the assessed valuation of the real property. This last method has been amended from time to time until now, by constitutional amendment adopted by the voters of the state at the general election of 1942, loans can be made from the permanent school fund, the permanent university fund and the permanent swamp



JOHNSON  
1905-Sept. 21, 1909

land fund on first mortgage loans secured upon improved and cultivated farm lands of this state, and to all municipalities of the state, such as counties, townships, cities, villages, and school districts, at a rate of interest to be fixed by the board of investment but not less than 2 per cent, while the maximum amount that can be loaned has been increased to 15 per cent of the assessed property valuation.



EBERHART  
Sept. 21, 1909-1915

Under this system the auditor makes a levy upon all the taxable property within the municipal corporation, for both the principal and interest as the bonds become due, and the amount is paid to the county treasurer by the property owners with their general taxes. At the proper time the auditor makes drafts on the county treasurers for the principal and interest due, which is paid in to the state treasury in the same manner as all other demands of the state.

From the inception of these authorized investments, not one dollar has been lost to the permanent funds mentioned, although, as a result of the enactment of Chapter 164, Laws of 1917, authority was given to the state auditor to use \$100,000 of swamp land funds for the experimental improvement of certain 40-acre tracts of swamp land, in the belief that the improvements would result in increased sales of these lands. Of the \$100,000 authorized to be taken from the permanent swamp land fund for this purpose, \$90,000 was expended. On Jan. 31, 1935, \$10,000 was returned to the permanent fund; and the auditor's records show that there is a credit balance of \$961.76 which can be transferred to the permanent fund at any time and would leave a shortage of \$89,038.24. If the constitutional requirements are adhered to, the legislature should make provision for the restoration to the swamp land fund of the amount taken for this experimental purpose.

The distribution of interest received on permanent school funds is made in March and October of each year on the order of the commissioner of education, and in 1943 the apportionment amounted to about \$8 for each pupil in our public schools. If the constitution (the fundamental law of the state) is adhered to, the principal, now amounting to \$100,000,000, can never be reduced, but on the contrary,



HAMMOND  
1915 to Dec. 30, 1915



will continue to grow, perhaps eventually reaching the \$200,000,-000 mark, or even higher.

### Congressional Grants



BURNQUIST  
Dec. 30, 1915 to 1921

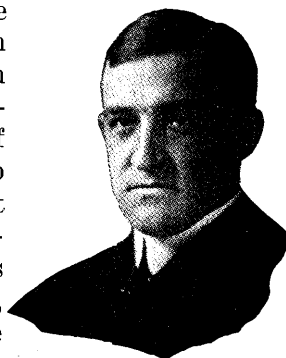
The acreage granted to and accepted by the state up to the present time under the several acts of Congress is as follows:

School lands .....	2,955,902.80	acres
Internal improvement lands	499,286.50	"
Public building lands....	6,395.12	"
Agricultural college lands	94,439.28	"
State university lands....	91,524.99	"
Salt spring lands .....	44,917.69	"
Swamp lands .....	4,461,157.14	"
<hr/>		
Total .....	8,153,623.52	"

### Salt Spring Lands

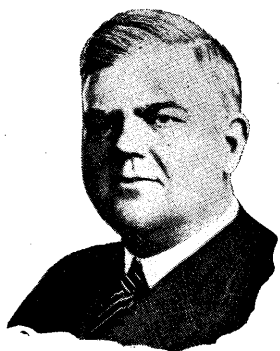
The legislature of 1872 provided for a geological and natural history survey of the state, to be made under the direction of the regents of the university. The legislature of 1873 transferred all "state salt lands" donated by Congress to aid in the development of brines of the state to the custody and control of the regents, to be sold as the regents directed and the funds to be disbursed for the geological and natural history survey of the state. The same act required a full statement of the sales of these lands, the use of the funds and the balance of money on hand as well as the remaining acreage.

On July 1, 1907, A. B. Hinckley, public accountant, reported to the regents that there remained 4,625.64 acres of land still unsold and also that 1,149.40 acres were due the university from the Federal government on account of a deficit in the original grant. In 1916 the university received a total of 1,129.97 acres of land to make up the deficit. Of this, 4.96 acres were sold for right of way to the Great Northern railroad, leaving at that time 5,750.65 acres of salt spring lands unsold. Mr. Hinckley reported total cash sales as of July 1, 1907, amounting to \$308,624.99, of which \$304,341.09 was turned over to the State Treasurer, \$3,836.54 having been disbursed for expenses and commissions, and \$447.36 unaccounted for. Since 1907 the university has received \$4,035.17 on unpaid contracts, and this money was credited to the geological survey fund.



PREUS  
1921-1925

Various tracts of these unsold acres of salt spring lands around Lake Vermillion and other lakes are under lease for summer home sites, the leasing being done by the recreation division of the conservation department for the university.



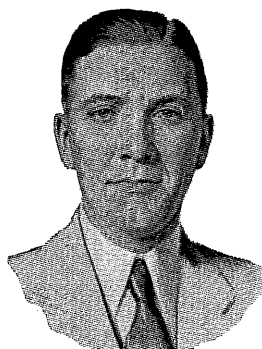
CHRISTIANSON  
1925-31

The cost of the Winchell geological report was paid out of an appropriation made by the legislature of 1885, under which appropriation act the governor, secretary of state and state geologist were made a commission for printing and publishing this geological and natural history survey. The act further provided for the distribution of the 5000 volumes authorized to be printed. The appropriation for the expense was authorized to be met out of the general revenue fund of the state. The report was made by counties on the geological and natural conditions of each and covers a period of from 1882 to 1907.

With the exception of the salt spring lands and a portion of the first grant to the university, all the lands, granted to Minnesota were handled and managed by the auditor's department until 1931, when the administration of these lands was transferred to the department of conservation.

### **Railroad Bonds and Internal Improvement Lands**

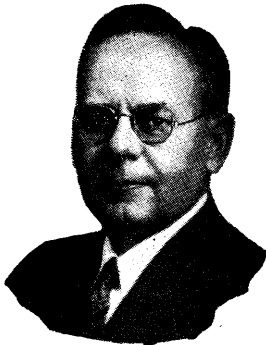
After the state was admitted in 1858, there was a movement in favor of railroads. The desired capital not being available, an amendment to the constitution was adopted, authorizing the issue of \$5,000,000 in railroad bonds to finance railroad construction. The railroad companies failed to keep their agreement to pay interest on these bonds. Then there developed a strong public sentiment in favor of repudiation. Bonds amounting to \$2,275,000 had been issued and were in the hands of innocent purchasers. The whole question became a political issue, but nothing definite was done until Governor Pillsbury called a special session of the legislature in 1881 for the purpose of finding ways of meeting the obligation.



OLSON  
1931 Aug. 24, 1936

A compromise was arrived at and adjustment bonds were issued. The legislature also passed an act to apply the money derived from the sale of internal improvement lands to the payment of the bonds.

In 1841, 500,000 acres of internal improvement lands had been granted and lay dormant until 1872, when by constitutional amendment a permanent fund was created. This grant consisted of some of the finest farm lands in the state.



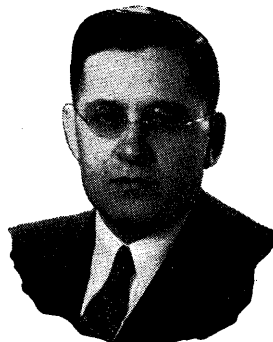
PETERSEN  
Aug. 24, 1936 to 1937

In 1891, when the bonds of 1881 were subject to call, a refunding act was passed to refund at a lower rate an amount of bonds which, with the proceeds of the internal improvement fund, would provide for the entire bond issue of 1881. The amount of the fund thus used for the purchase of the bonds of 1881 was \$2,533,000, and the bonds were duly destroyed. The last of the issue of 1891, which refunded the remainder, was paid in July of 1910. Thus, after a lapse of 52 years and the payment of millions of money, the people maintained the honor and credit of the state.

The ten sections of land granted by the enabling act for public buildings were selected in Kandiyohi county, and they remained undisturbed until the legislature of 1901 passed an act directing the auditor to sell the land and to credit the proceeds to the revenue fund for the purpose of completing the capitol building. The total amount realized from the 6,395 acres was \$125,482. The sales were made under the same conditions as other state lands.

### Agricultural College Lands

In 1862 Congress made a grant of land to each state as an endowment for the support of a college where the leading object should be to teach such branches of learning as were related to agriculture and mechanic arts. This grant consisted of a gift to the state of 30,000 acres, based on the congressional apportionment of 1860 for each representative in congress and likewise as to the two senators in each state. Under that grant Minnesota was entitled to 120,000 acres. The act provided that if double minimum lands were selected, that is, lands within the limits of a railroad grant, then the state should be charged double for each acre so selected. In 1867 the auditor selected 25,511 acres of such lands which counted double on the grant. Therefore the state actually received on this grant 94,439.28 acres only, but it was a complete satisfaction of the terms of the granting act. These selections were choice agricultural lands and were all sold many years ago.



BENSON  
1937-39

The legislature of 1865 passed an act to establish an agricultural college and experimental farm. It was located on section 16, township 115, range 28, near Glencoe, McLeod county. All the



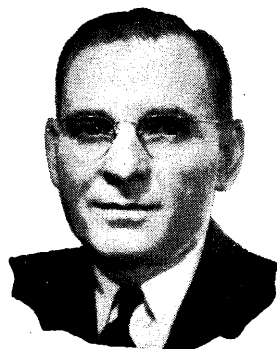
STASSEN  
1939 to April 27, 1943

swamp lands in McLeod county were donated to that college, and the interest from the proceeds of sales of the lands granted by Congress was applied and appropriated annually to the maintenance of the agricultural college. The 1865 legislature amended the former act by providing that the lands granted should be appraised and sold and the moneys handled in the same manner as school lands—that is, creating a permanent fund as an endowment for the agricultural college. The act further provided that if any part of the moneys invested should be lost through any cause, the loss should be replaced by the state, so that the fund should forever remain undiminished.

In 1868 the legislature passed a law to reorganize the university and to establish an agricultural college therein. This replaced the act establishing the agricultural college in McLeod county, and the lands granted as an endowment for a college of agriculture and mechanic arts were to be sold in the same manner as school and other state lands, the proceeds to be credited to the permanent university fund, the same as other lands granted for university purposes.

### Swamp Lands

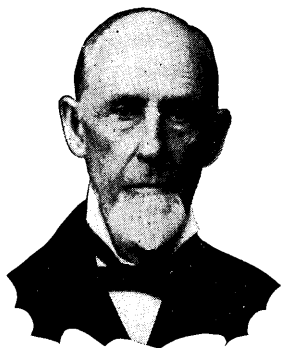
By a congressional act of 1860, Congress granted to the state all the swamp and overflowed lands unfit for cultivation, to enable the state to construct necessary levees and drains to reclaim the land. The actual character of the swamp lands at the time of making the grant was largely unknown, beyond the fact that they were generally low and flat, open meadows or bogs, and some covered with timber, as is usually found on such lands. The question of their disposition received considerable thought and attention. By some it was contended that the



THYE  
April 27, 1943 to —

proceeds from sales should be devoted to the purpose of draining and improving them, as the terms of the granting act implied. On the other hand it was urged that Congress had specified no method

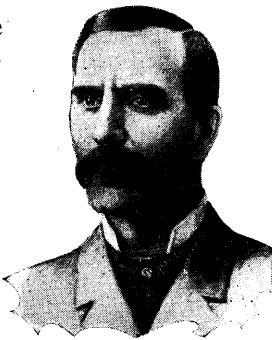
by which this should be done; and in other states which had received similar grants and had devoted all or a part to the reclamation of the land, the results had not proven satisfactory. The lands were considered of little value, which was shown by the very liberal grants made by the early legislators in aid of railroad construction.



WILSON  
Supported Ramsey

It is exceedingly fortunate that the lands were not all given away, because on three contiguous forty acre swamp tracts which the state had received, the trust funds were enriched by nearly \$10,000,000 from the iron ore contained therein. This is the well known Scranton mine near Hibbing. Instead of creating a fund from the sales of these lands and using the proceeds for the reclamation of them, our early legislators apparently preferred to give them to railroads or other corporations, so that they would in that way come into the possession of private parties who would have an interest in draining or making them fit for use and occupancy.

In 1881 the people adopted an amendment to the state constitution providing that all swamp lands owned by the state, or that would thereafter accrue to the state, should be in all respects treated and sold in the same manner as school lands; and that the principal derived from such sales should become a permanent fund, one-half of the proceeds therefrom to be apportioned to the common school fund and the remaining half to the educational and charitable institutions in the relative ratio of the cost of the support of said institutions. That amendment was in effect a repeal of a grant of 525,000 acres made by the legislature in 1865 to several state institutions. In 1907 the legislature made the provisions of the constitution effective by directing the disposition of the funds as was therein specified. As a result of that provision the state has saved approximately 2,000,000 acres of the swamp land grant, many of them exceedingly valuable. The total acreage of swamp lands that had been patented to the state up to Jan. 1, 1941, was 4,777,224 acres. From these lands 2,894,890 acres have been conveyed to railroads and other corporations under acts of the legislature. All railroad grants have been filled.



BRADEN  
Auditor

## Summary of the School System of Minnesota

Our schools of learning command the admiration of the country. Our university received a huge endowment, which gives positive assurance that higher and professional branches of education will be forever among the opportunities open to ambitious men and women. Minnesota's six state teachers' colleges are models of their kind. For the purpose of aiding the public schools, three funds are established. The endowment fund consists of the income from the permanent school fund which is distributed to school districts in proportion to the number of their scholars. The current school fund is established from the amount derived from a state one-mill tax and distributed on the same basis, except such part thereof as is distributed with the special aid fund. The special state aid fund is made up of legislative appropriations and distributed by the State Board of Education upon such reasonable conditions as may be fixed by that board.

The interest income from the permanent school fund exceeds \$3,000,000 annually. From the current school fund levy of a state one-mill tax there is derived approximately \$1,000,000 each year. The special annual state aid appropriated by the legislature amounts for the present fiscal year to more than \$9,000,000.

The total number of pupils attending public schools in 1942 was 498,084. The gross sum expended in 1942 for teachers' wages and for other expenses was \$53,674,181. There were 21,666 teachers and 8,665 school sites and houses, the cost of which was reported as \$180,723,156. Libraries are found in all schools, \$269,271 having been spent for library books in 1942.

The heritage received from the government has been sacredly preserved and consecrated to the noblest aspirations of a free people—education and charity. Free popular education is the unerring equalizer of human conditions. If we keep the faith this must be guaranteed to all coming generations. *To this end the wealth of these funds must be guarded by legislators and state officials with never ending vigilance. The old landmarks were firm, safe and sensible. From them there should be no deviation. In due time a magnificent perpetual institution for good—the school funds—will be completed. It will brighten the lives of all our future citizens, and will stand as an enduring monument to the public and private virtues of the founders of Minnesota.*