

CITIZENS LEAGUE REPORT

No. 153

**Minneapolis Board of Education  
Special School District Act**

**March 1963**

Citizens League  
545 Mobil Oil Building  
Minneapolis 2, Minnesota

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APPROVED  
BOARD OF DIRECTORS  
BY \_\_\_\_\_ MAR 6 1963

TO: Board of Directors

FROM: Government Organization Committee and Taxation and Finance Committee

SUBJECT: Findings and recommendations concerning proposed changes in the Minneapolis Special School District Act

PREPARED BY: Joint Subcommittee on Minneapolis School Legislation, Earl Colborn, Jr.,  
Chairman

#### SCOPE OF REPORT

This report consists of a review and evaluation of the Minneapolis Board of Education's proposed changes in the Minneapolis Special School District Act and a report of our findings and recommendations concerning these proposed changes. We have limited our study to a review of these proposals and have not attempted to conduct a comprehensive study of the Minneapolis Special School District Act, nor have we attempted to ascertain the need for changes in this act, other than those which have been proposed by the Board of Education, except as other parts of the School District Law may be affected by the Board of Education's proposals.

In the conduct of our study we have attempted to evaluate the Board of Education's proposals on the basis of what we consider to be sound principles of government organization. We have not attempted to make judgments concerning the political feasibility of particular proposals. Nor have we attempted to tailor the proposals so as to make them more readily acceptable to the State Legislature.

The Joint Subcommittee on Minneapolis School Legislation was organized by Mrs. Stanley G. Peterson, Chairman of the League's Government Organization Committee, and Willis F. Shaw, Chairman of the League's Taxation and Finance Committee, in response to a request by the League's Board of Directors that both of these committees make a study of the Board of Education's proposals. The Joint Subcommittee consisted of the following members: Earl F. Colborn, Jr., of the Government Organization Committee, chairman; Mrs. Will Jones, Greer Lockhart, Alan MacLean and Tom Vasaly of the Government Organization Committee; and Robert B. Anderson, Willis F. Shaw, Allan Sherr and Fred Thomas of the Taxation and Finance Committee.

The subcommittee report was submitted to the League's Government Organization and Taxation and Finance Committees for the independent approval of each, prior to its submission to the Board of Directors.

#### SUMMARY OF MAJOR FINDINGS AND RECOMMENDATIONS

1. The experiences of operating under the Minneapolis Special School District Act for the past four years have revealed the need for a number of changes in this Act. With the exception of two minor amendments, we concur with the changes which have been proposed by the Minneapolis Board of Education and recommend that these changes be enacted into law by the 1963 session of the Minnesota Legislature.

2. More specifically, we strongly urge the 1963 Minnesota Legislature to change the Minneapolis Special School District Law so as to permit those voting on the question to authorize a Minneapolis school bond issue. This is the single most

important change being requested by the Board of Education, and it should be granted regardless of the fate of the Board's other proposals. The future of the Minneapolis school system may well depend upon this revision, since without this change it will be extremely difficult to obtain passage of school bonds within the city of Minneapolis. While we endorse the Board of Education's request that a simple majority of those voting on the question should be sufficient to approve school bonds, we would not have any objections to a change in this proposal which might raise the required majority to some larger figure, such as 53%. (See pages 7 & 8.)

3. We support the Board of Education's request for a change in the Minneapolis Special School District Act which would permit the District to submit a proposed bond issue to the voters at a special election if no regular election occurs within six months after the date of the Board's resolution submitting the proposed bond issue to the voters. (See pages 8 & 9.)

4. We also support the Board of Education's request for a change in the Minneapolis Special School District Act which would eliminate the possibility of a petition-initiated referendum on the continuation of a millage increase two years after a new and higher mill rate was first put into effect. (See pages 9 & 10.)

5. We do not agree with the proposed change which would give the Board of Education full discretion on whether or not to contract for certain services from the City of Minneapolis. As a substitute for this change, we recommend that the School District be given the right to retain its own attorney and its own treasurer. (The City Council and the Board of Education have already agreed that the District should retain its own legal counsel and treasurer.) However, we recommend retention of the provision which requires the School District to contract for the services of the City Purchasing Department, Comptroller, City Planning Commission and other services supplied by the City unless both the Board of Education and the City Council each adopts a resolution declaring a particular function would be most efficiently and effectively handled separately. (See pages 10 & 11.)

6. We are opposed to the proposed change which would require those signing a petition requesting a referendum on a Board of Education proposal to increase the maximum mill levy to state that they are opposed to the increase in the mill rate. (See page 11.)

7. We recognize the need for clarification of the provisions of the Minneapolis Special School District Act which require a review of school bond proposals by the City Planning Commission. While we generally support the Board of Education's proposed changes in these provisions, we recommend that they be amended so as to:

- Clearly require that a school bond election not be held until at least 60 days after the Planning Commission has reported its findings with respect to the proposed bond issue.
- Require a unanimous vote by all members of the Board of Education to authorize a change in a bond program project previously approved by the voters, if the proposed change is disapproved by the Planning Commission.
- Clearly require that a description of all projects to be financed by a bond issue (land acquisition and rehabilitation, as well as new buildings and additions) be submitted to the Planning Commission for review prior to an election.

We believe that, with the addition of the three changes recommended herein, the procedures which have been suggested by the Board of Education will provide ample opportunity for Planning Commission review of the Board's bond proposals, and we recommend their enactment into law. (See pages 12 & 13.)

8. We recommend that the law should be changed to require a public hearing on a proposed millage increase not less than 60 days nor more than 90 days after the adoption of a resolution proposing such an increase. This would extend the Board's proposal that the current 20 day minimum time interval be increased to 30 days.

9. The other changes being requested by the Board of Education are either clarifications of ambiguous provisions in the existing statutes or procedural revisions. While most of these are relatively minor changes, some of them are badly needed clarifications and we recommend their enactment. (See pages 13-15.)

#### RECENT DEVELOPMENTS

In 1959, the Minnesota State Legislature passed the Minneapolis Special School District Act which gave the Minneapolis School District independence (including fiscal independence) from the Minneapolis City Council. Prior to that time, School District budgets and bond issues had to be approved by the City Council. While the Independent School District Act permits the Board of Education to issue bonds without the approval of the City Council, it does require the Board to submit its bond issues to the voters at a city general election or a state primary or general election and to obtain approval by a majority of those voting at the election. Except, in any calendar year the Board of Education may issue and sell bonds in an amount not to exceed one-half of 1% of the assessed value of the taxable property in Minneapolis without the approval of the voters.

In late spring, 1962, the Board of Education signified its intent to submit a \$17 million bond issue to the voters at the fall election. However, in response to recommendations from the Citizens League, the League of Women Voters and other groups, the Board later withdrew its proposal for the \$17 million bond issue and retained a group of consultants to prepare a long-range building program. As an interim measure, the Board of Education did submit a \$5 million bond issue to the voters at the 1962 primary election in an attempt to meet the School District's most urgent building needs. Although a substantial majority of those voting on the question favored the \$5 million bond issue, the bonds failed to win the approval of a majority of those voting at the election and, therefore, the bond issue was defeated. This defeat reinforced the Board's contention that the Independent School District Act should be amended so as to permit the voters actually voting on the question to decide the fate of bond issues, and soon after the election the Board began making plans to seek such a change.

After having operated under the Independent School District Act for several years, the need for a number of other changes had also become apparent to the Board and the school administration. Consequently, late in 1962 the Board of Education organized a committee of selected citizens to aid the Board in the development of a proposal to change the Minneapolis School District Act. The proposals which were developed by the Board through meetings with this group of citizens were drafted into the form of legislation by the Board's attorneys, and the proposed bill was formally approved by the Board of Education at its meeting on January 29. These proposals, which have already been submitted to the Hennepin County Legislative Delegation, would change the Minneapolis Special School District Act in the following respects:

CHANGES IN THE MINNEAPOLIS SPECIAL  
SCHOOL DISTRICT ACT AS PROPOSED BY THE  
MINNEAPOLIS BOARD OF EDUCATION

Present Law

Proposed Change

1. Board of Education may, by 2/3 majority vote of all its members and without any election by the voters of the district, issue and sell in each calendar year bonds in an amount not to exceed  $\frac{1}{2}$  of 1% of the assessed value of the taxable property in the district. No bonds in excess of this limitation shall be issued and sold in any calendar year unless authorized by a majority vote of those voting at the election.
  2. School bond proposals must be submitted to the voters at a general city election or at a state primary or general election.
  3. If the Board of Education increases the School District's maximum mill levy, and if the new higher mill rate is not submitted to a referendum, either by the filing of a valid petition or by action of the Board of Education, the new mill rate shall be in effect only for a two-year period. Within 60 days of the expiration of the two-year period, the voters may petition for the submission of the question of the continuation of the new limitation. Failure to so petition would make the higher mill rate permanent.
  4. The Minneapolis School District shall not incur a net debt in excess of 10% of the assessed value of all taxable property in Minneapolis. The act contains no definition of how the total net debt is to be computed.
1. The Board's authorization to issue and sell in any calendar year bonds in an amount not to exceed  $\frac{1}{2}$  of 1% of the assessed value of the taxable property in Minneapolis without any election by the voters would remain unchanged. However, a simple majority of those voting on the question would be sufficient to authorize the issuance and sale of bonds in excess of that limitation.
  2. Bonds may be submitted for voter approval at a city primary or general election or at a state primary or general election, or at a special election if no such city or state election occurs within six months after the date of the Board of Education's resolution submitting the question of the bond issue.
  3. If no valid petition is filed within the initial 60 days following passage of the Board of Education's resolution authorizing an increase in the maximum mill levy, the proposed new higher mill rate would become permanent. This change would eliminate the provision which gives the voters an opportunity to petition for a referendum on the continuation of a millage increase two years after such an increase is first put into effect.
  4. The 10% debt limit would be retained, but net debt is defined, for the purpose of this limitation, as the amount of bonds minus the amount of all money and the face value of all securities then held as a sinking fund for the payment of such bonds. Under this definition, short term certificates of indebtedness would not be counted as part of the school district's net debt.

Present Law

Proposed Change

5. The present act contains a mandatory referral provision which requires the Board of Education to refer its plans for capital improvements for which bonds are to be issued to the Minneapolis Planning Commission. The language in this provision is somewhat ambiguous and it is unclear whether the mandatory referral pertains only to those bonds which the Board of Education is empowered to issue and sell without the consent of the voters at an election (up to  $\frac{1}{2}$  of 1% of the assessed value of the taxable property within the city of Minneapolis in any calendar year) or if it also applies to those bonds which require voter approval. While the language is ambiguous, it has been construed to require that any proposed bond issue be referred to the Planning Commission prior to submitting the issue to the voters at an election.
6. Unless the Board of Education and the Council each adopts a resolution declaring that a particular function would be most efficiently and effectively handled separately, the Board of Education shall contract on a pro rata cost basis with the City for such facilities and services as are provided by the Purchasing Department, Comptroller, Treasurer, Legal Department, City Planning Commission and other services supplied by the City. The exception is that the Board of Education may contract for other legal services when the interests of the school district and the City are in conflict in any legal manner.
7. While the present law concerning school elections is somewhat ambiguous, it has been construed to mean that school elections are called by the Minneapolis City Council and that the Council is also responsible for supervising counting and canvassing of votes.
8. Under the present act, the Board of Education is required to hold a pub-
5. Under the procedures which would be established by the proposed change, the Board of Education would be required to submit a generalized plan of any capital improvement proposal which is to be financed by a bond issue to the Planning Commission prior to an election. If the proposal is disapproved by the Planning Commission, a vote of  $\frac{2}{3}$  of the members of the Board of Education would be required to submit the bond issue to the voters. These procedures would also require the Board to submit more detailed plans of its proposed construction projects to the Planning Commission before spending any of the proceeds of the bond issue. Again, if the Planning Commission should disapprove of a proposed project, a  $\frac{2}{3}$  vote of the members of the Board of Education would be required to proceed with the construction of the project.
6. Total discretion on whether or not to contract for services with the City is left to the Board of Education.
7. The Board of Education would both call the election and supervise the counting and canvassing of votes.
8. The minimum time between the adoption of a resolution to raise the maximum

Present Law

Proposed Change

- lic hearing on a proposal to increase the maximum school mill levy on a date which is not less than 20 days nor more than 60 days after the date of the adoption of a resolution by the Board to raise the maximum mill levy.
9. After holding a public hearing on a proposed millage increase, the Board of Education must wait at least 10 days before establishing the new and higher mill rate.
10. If within 60 days after the new higher mill rate is established, a petition is filed, signed by qualified voters equal in number to not less than 5% of those voting at the last previous regular school district election, or 5,000, whichever is lesser, the proposed higher mill rate must be submitted to the voters.
11. The petition signers request that the proposed new and higher mill rate be submitted to the people for their approval or rejection.
12. If a valid petition is filed, the question is submitted at the next general city election or state primary or general election, or, if such an election shall not occur within the 6-month period succeeding the resolution of submission by the Board, or the filing of the voters' petition, the Board may call a special election.
13. If a valid petition is filed, and the proposed higher mill rate is submitted to the voters, a favorable vote of a majority of those voting at the election, or 53% of those voting on the question, whichever is less, is required to sustain the proposed higher mill rate.
14. The school district has all the powers, privileges, duties, and obligations of independent school districts as provided by the state laws existing at the time of the adoption of the act, with the exceptions listed in the special act.
- mill levy and a public hearing on the resolution would be increased to 30 days.
9. The 10-day waiting period is eliminated and the Board may act immediately, but must act within 30 days.
10. The term "qualified" voter, which in some cases has been construed to mean a constitutionally qualified voter and not necessarily a registered voter, has been changed to "registered" voter.
11. The petition signers must state that they are opposed to the new mill rate.
12. The Board of Education may call a special election if a regular election shall not occur within 6 months and not less than 2 months after the resolution of submission by the Board.
13. The requirement is confined to a 53% majority of those voting on the question.
14. The words "existing at the time of the adoption of this act" are eliminated.

DISCUSSION OF MAJOR FINDINGS AND RECOMMENDATIONS

The Minneapolis Special Independent School District Act of 1959, which gave the Minneapolis School District independence from the City Council was based upon the work of a broad citizens' committee, but the law which came out of the Legislature was changed in some respects from the law which had been recommended by the citizens committee. Since 1959 the School District has been operating under that law, and it has become apparent that some of the provisions should be changed.

The most urgently needed change is the one which would permit those voting on the question to pass a bond issue. The second most important change is the one which would permit the School District to submit bond issues to the voters at a special election if there is no regular election within six months of the Board of Education's proposals. It is apparent that the Board of Education has minimized its other requests in order to maximize the possibility of obtaining these two requests. The result is that the Board's proposals are what we consider to be a well-developed group of requests formulated on the basis of their experience with the existing law.

The Board of Education is to be commended for having resisted the temptation to include a number of more controversial proposals on the premise that they could be used as "trading bait" in obtaining those changes which are vitally needed. We believe that the changes which the Board is requesting, with a few minor exceptions, are needed and should be enacted into law by the 1963 session of the Minnesota State Legislature.

Bond Election Majorities

Under the present statute, the Minneapolis Board of Education, by a two-thirds majority vote of all its members and without any election of the voters of the district, may issue and sell in each calendar year bonds in an amount not to exceed one-half of one per cent of the assessed value of taxable property in the city of Minneapolis. The issuance of any bonds in excess of this limitation must be authorized by a majority of those voting at a general city election or by a majority of those voting at a state primary or general election.

In contrast to this, most of the other school districts in the state may issue bonds upon obtaining the approval of a majority of those voting on the question. However, unlike Minneapolis, which may issue some bonds without a vote, none of these districts are authorized to issue any bonds without a referendum.

Again, in contrast to the Minneapolis School District, the City of Minneapolis may issue bonds without a referendum in any amount not exceeding the City's debt limit. The issuance of city bonds requires the approval of two-thirds of the members of the City Council, whose members are all full-time salaried officials in contrast to the Board of Education which is a part-time unpaid board, and also the approval of the Board of Estimate and Taxation by a five-sixths majority. In this procedure, the Board of Estimate and Taxation can act as a check on the actions of the City Council, while in the case of school bonds the check on the actions of the Board of Education is provided by the referendum.

The majority which is required for the approval of an increase in the maximum Minneapolis school mill levy under the present law is also different from the majority required for the approval of a school bond issue. In the case of a millage increase, a majority of 53% of those voting on the question or a simple majority of those voting at the election, whichever is the lesser, is required to approve a millage increase which has been submitted to a referendum either by petition of the voters



or by the Board of Education. This, in effect, means that under the existing law it is easier to obtain approval of a millage increase than it is to obtain the approval of a bond issue, since experience has shown that it is almost always much easier to obtain the approval of 53% of those voting on the question than it is to obtain the approval of a simple majority of those voting at the election.

The above indicates that there is very little consistency in the provisions pertaining to voter approval of bond issues or millage increases. The Minneapolis Board of Education contends that the Minneapolis School District should be allowed to use the same procedures as other school districts use in obtaining authorization for bonds. While our committee prefers to evaluate this proposal on the basis of its own merits, rather than on the basis of its consistency with the laws pertaining to other school districts, we have reached substantially the same conclusion as the Board of Education.

The current provision requiring approval of proposed bond issues by a majority of those voting at the election in effect allows the disinterested, undecided or forgetful voter, who neglects to vote on the proposal, to determine the fate of the proposed bond issue. This was well illustrated in September, 1962, when over 65% of those voting on the proposed \$5 million bond issue voted "yes," but the bond issue received the approval of only 44% of those voting at the election. Therefore, the bond issue was lost because 28,246 of the City's 86,149 voters failed to vote on the question. We consider these decisions too important to be determined in this manner.

Therefore, we strongly support the Board of Education's proposal to change the Minneapolis School District law so as to permit those voting on the question to authorize the issuance of school bonds. Certainly, this is the most important of the Board of Education's proposals, since the future of the Minneapolis School District could well depend on whether or not this change is made.

While we endorse the Board of Education's request that a simple majority of those voting on the question should be sufficient to approve school bonds, we would not have any objections to a change in this proposal which might raise the required majority to some larger figure, such as 53%. Requiring the approval of 53% of those voting on the question to authorize school bonds would have the advantage of making this majority consistent with the majority which is required to approve an increase in the Minneapolis maximum school mill levy, and would thereby tend to diminish the confusion of election rules which confront the voter. (We recognize that these two majorities could also be made the same by reducing the majority required for a mill levy increase to 50% of those voting on the question.)

#### Special Elections for Bond Proposals

The Board of Education's second most important proposal is to change the statute so as to permit the Board to submit bond proposals to the voters at a special election if no city or state primary or general election occurs within six months of the Board's adoption of the resolution proposing a bond issue.

The need for this change is best illustrated by the current situation. In response to substantial community criticism, the Board of Education in the summer of 1962 withdrew its proposal for a \$17 million bond issue and retained Dr. Donald Leu of Michigan State University as a consultant to prepare a long-range Minneapolis school construction program which could be used as a basis for the presentation of future bond issues. This study is now well under way, but is not scheduled to be completed until late summer, 1963. If the law is not changed so as to permit the

Board of Education to submit a proposed bond issue at a special election, the Board will be faced with the choice of submitting a bond proposal based upon a partially completed study at the June municipal election or waiting until the consultants' study has been completed and postponing an election on a bond proposal based upon the completed study until the state primary election in September, 1964. In view of the defeat of the Board of Education's \$5 million bond proposal at the election in September, 1962, it is very possible that the Board would submit another bond proposal at the June election to meet what the Board considers to be the School District's urgent and critical building needs.

If this is done, the voter will then be faced with a choice between voting for a program which has been developed on the basis of an incomplete study and which has been proposed without adequate time for community discussion and participation or of rejecting the bond proposal and in effect saying that the School District can wait until 1964 before starting the projects which would be financed by such a bond issue.

On the other hand, if the change were made, the Board of Education could postpone the submission of a bond proposal until the fall of 1963, after the consultants have made their report and the community has had an opportunity to review the recommendations. Also, if the change were made, the voter could, we believe, reject a bond proposal on the premise that the Board of Education would have an opportunity to change the proposal so as to make it more acceptable to the community without having to wait fifteen months before submitting the changed proposal.

If this change is made, it would mean that the Board of Education could submit a bond proposal at a special election which has been called in response to a Board resolution passed at any time during the nine-month period between early June of odd-numbered years and early March of even-numbered years. This would mean that a special election on a proposed bond issue could be held only in the interval of time between about early September of odd-numbered years and early March of even-numbered years. Under this provision, it would not be possible to hold a special school bond election in the approximately  $5\frac{1}{2}$ -month interval between the state general election in November of even-numbered years the city municipal primary election in late April of odd-numbered years.

While the committee is unanimous in its support of this proposal, we do have some concern over possible abuses of the right to submit bond issues at a special election. The committee did discuss the possibility of changing this proposal so as to require a greater majority for the approval of school bonds at a special election than that which would be required at a regular election. (For example, possibly requiring a majority of 53% of those voting at a special election and a majority of only 50% of those voting on the question at a regular election.) The committee decided not to recommend this change, because it was felt that a requirement for a different majority at some elections than at others would complicate further an already complicated set of election laws.

It was the opinion of the committee that the Minneapolis Special School District Act should be changed so as to permit the Minneapolis Board of Education to submit bond issues to the voters at a special election, if there is no general election within six months of the date of the passage of a Board resolution proposing the bond issue.

#### Elections on the Continuation of a Millage Increase

Under the existing law, if a new and higher mill rate is not submitted to the people, either by the filing of a valid petition or by the action of the Board of

Education, the new mill rate is in effect only for a two-year period, and within 60 days of the expiration of the two-year period the voters may petition for the submission of the question of the continuation of the new limitation. Our committee considers this to be an unnecessary provision, since the voters are already adequately protected from an arbitrary millage increase or a millage increase which the voters do not believe to be necessary by the right to petition for a referendum on a proposed millage increase at the time the millage increase is first proposed by the Board of Education.

Also, we fear that unless this change is made the voter may well be faced with complete confusion, if at some future election he is confronted with a ballot which asks him to approve or disapprove the continuation of a mill rate enacted two years previously and also requests him to approve a proposal for a new millage increase. Since the wording of the two questions would be identical, except for the total amount of the maximum tax levy, we fear that under such circumstances even the most intelligent voter would become confused as to which issue he was voting on, and that the results of such an election would not necessarily reflect the true feeling of the community.

Therefore, our committee supports the Board of Education's request for a change in the Minneapolis School District Act to eliminate the provision which permits a petition-initiated referendum on the continuation of the millage increase two years after the mill rate was first put into effect.

#### Contracts for City Services

Under the existing law, the Board of Education must contract on a pro rata cost basis with the City for such facilities and services as are provided by the Purchasing Department, Comptroller, Treasurer, Legal Department, City Planning Commission and other services supplied by the City, unless both the Board of Education and the City Council each adopts a resolution declaring that a particular function would be most efficiently and effectively handled separately. (Except that the Board of Education may contract for other legal services when the interests of the School District and the City are in conflict in any legal matter.)

The Board of Education and the City Council have agreed that the Board should retain its own legal counsel and treasurer. The Board contends that, if the other amendments are adopted while leaving the existing language of this provision in the amended act, it would then be necessary again to obtain the consent of the City Council if the Board of Education is to continue to retain an independent attorney and treasurer. However, it would be possible to change this provision in such a way as to guarantee the Board of Education the right of retaining its own legal counsel and treasurer but still requiring the concurrence of the City Council before the Board could dispense with the other services which the City is now supplying to the School District.

We believe that the change which has been proposed by the Board of Education would be a poor move, since it could all too easily lead to duplication of services which could be provided more economically and efficiently through the present arrangement. We believe that the current system which permits the City Council to act as a check on the Board of Education to be in the best interest of the public and wholly consistent with our system of governmental checks and balances.

Therefore, we object to this proposed change. As a substitute, we recommend that the existing provision be changed so as to give the Board of Education total

discretion on whether or not to retain its own legal counsel and treasurer, but that the remaining portions of the existing provision be retained.

#### Statements on Millage Petitions

Under the present law, voters may request a referendum on an increase in the Minneapolis maximum school tax levy by signing a petition which states that the signers "request the proposed new limitation be submitted, for their approval or rejection." The Board of Education has proposed that this provision be changed so as to require the petitioners to state on the petitions that the signers "oppose the limitation increase."

Our committee is opposed to this change, because we believe that voters should be allowed to request a referendum on such an increase without being required to state their position on the increase. The voter should have the right to express his opinion in the anonymity of the polling booth without being forced to make a public declaration of it. This is particularly true in issues which can become as emotional as education often does, and where petition signers who have stated their opposition to an increase may well be subjected to undesirable pressures as a reward for their interest.

#### Definition of Net Debt

Our committee supports the Board of Education's proposal to include a definition of the term "net debt" in the Minneapolis Special School District Act. This revision would not change the debt limit of the School District, which would remain at 10% of the assessed value of all taxable property within the city of Minneapolis, but it would define net debt for the purpose of this limitation as "the amount of bonds less the amount of all money and the face value of all securities then held as a sinking fund for the payment of such bonds, and shall not include school aid and tax anticipation certificates of indebtedness."

We believe that this change is needed to clarify the definition of this term, and we consider the exclusion of the short-term debt from the computation of net debt to be justified, since the law already provides adequate protection against an excessive use of certificates of indebtedness. The law provides that the School District may issue certificates of indebtedness in anticipation of general taxes in an amount not to exceed 50% of the taxes which are due and payable in the calendar year in which the money is borrowed, and that these tax anticipation certificates shall mature no later than the anticipated date of receipt of the school taxes for the year. The School District is also authorized to issue certificates of indebtedness in anticipation of the receipt of state aid to schools in an amount not to exceed 75% of such aid which is receivable by the District in the calendar year in which the money is borrowed, provided the certificates shall mature no later than the anticipated receipt of the state aid as estimated by the State Commissioner of Education.

Because of these provisions, the School District's short term debt is fully covered by taxes and state aids which are payable to the School District. Since the limitations on such borrowing leave almost no likelihood that the taxes and state school aids will not be sufficient to retire this debt, we see little justification for the inclusion of the short-term debt in the computation of the District's net debt. As a point of interest, it might be pointed out that the debt limit for the suburban school districts is set at 50% of the assessed valuation of the taxable property within the district.

Planning Commission Review of Bond Proposals

While the present act contains a provision which appears to require the Board of Education to refer its plans for capital improvements for which bonds are to be issued to the Minneapolis Planning Commission for approval, the language in this section is extremely ambiguous. It is unclear whether the School District must submit all such proposals to the Planning Commission or whether it is only required to submit those proposals which are to be financed by bonds which do not require the approval of the voters. (The latter school of thought would hold that the Planning Commission acts as a check on the Board of Education in cases where voter approval of a bond issue is not required, while the voters themselves act as the check on the Board in those cases where the bonds require the authorization of the voters.)

However, in order to avoid the possibility of having a bond issue contested on the basis that it was not submitted to the Planning Commission, the Board of Education has construed the present provision to mean that all projects which are to be financed by bonds must be submitted to the Planning Commission for its approval.

The Board of Education has proposed a change in this section which would establish a procedure whereby the Board would be required to submit a general plan of the project to be financed by a proposed bond issue to the City Planning Commission prior to the election. If disapproved by the Planning Commission, a vote of two-thirds of the Board of Education would be required to call an election on the bond issue. In addition, the Board of Education would be required to submit a more detailed plan of proposed construction before it would be allowed to expend the proceeds of any bond issue. In the event the Planning Commission might disapprove a project, a two-thirds vote of the members of the Board of Education would again be required to expend the funds and proceed with the construction.

While we believe that a change in this section is urgently needed to clarify an undesirable ambiguity, we fear that the new language proposed by the Board of Education leaves some doubt as to whether or not the Board by a two-thirds majority could submit a bond proposal to the voters before the Planning Commission has reported its findings about the bond proposal. We recommend that this provision be rewritten so as to require a minimum interval of at least 60 days between the election and the date when the Planning Commission submits its findings in regard to the proposed bond program. Such a requirement is necessary to guarantee that the opinion of the Planning Commission will be available to the voters before the election. Clearly, if the Planning Commission's review of the proposal is to be meaningful, it must be available to the voters prior to the election.

We are also concerned about the proposed language in this section which apparently would allow a majority of the Board of Education, with the concurrence of the Planning Commission, to revise, eliminate or substitute another project for any project which had been part of the bond proposal as approved by the voters. A majority of two-thirds of the members of the Board of Education would be sufficient to override the Planning Commission's disapproval of such a revision, deletion or substitution. While we recognize that some flexibility is desirable to accommodate changing conditions, particularly in a bond program, to finance a long-range building program, we believe a further limitation is needed on the discretion of the Board of Education to make such changes. We recommend that this section be changed so as to require a unanimous vote by all the members of the Board of Education to authorize such a change, if the Planning Commission disapproves the revision, deletion or substitution proposed by the Board of Education.

The Board of Education's proposals would require the Board to submit "a statement of the location and general description, so far as then known, of any new school building or addition proposed to be constructed from the proceeds of such bonds," to the Planning Commission before holding an election on a proposed bond issue. We believe that other projects which might be financed by a bond issue, such as the acquisition of land or rehabilitation of existing structures, also should be reviewed by the Planning Commission. Therefore, we recommend that the language of this provision be broadened so as to clearly require that a description of all projects to be financed by a bond issue be submitted to the Planning Commission for review prior to an election.

As stated previously, we believe that a change in this section is needed to clarify an undesirable ambiguity. We are also of the opinion that, with the addition of the three modifications recommended above, the procedure which has been suggested by the Board of Education would provide ample opportunity for Planning Commission review of the Board's proposals. We support the proposed change as modified and urge the 1963 Minnesota Legislature to enact this change in the Minneapolis Special School District Act.

#### School Election Procedures

The existing law is somewhat ambiguous on the assignment of the responsibility for calling school elections and for counting and canvassing votes and it needs clarification. A question has already arisen concerning the responsibility for determining the validity of petitions calling for a referendum on a school millage increase in 1962. Further confusion could result in the future, particularly in the event a recount were necessary.

Even if this change were made, the Board of Education would be required to continue to use the services of the City Clerk in conducting the elections, unless the change (which we oppose) to give the Board of Education total discretion on whether or not to contract for services with the City is also made.

We believe that the Board should be given the responsibility of calling its own elections and of supervising the counting and canvassing of its votes, and we support this change.

#### Hearings on Millage Increases

Under the present statute, the Board of Education is required to hold a public hearing on a proposal to increase the maximum school tax levy on a date which is not less than 20 days nor more than 60 days after the date of the adoption of a resolution by the Board of Education to raise the maximum school mill levy. The Board has proposed to increase the interval between its resolution and the hearing to a minimum of 30 days.

We heartily endorse this change as a step in the right direction, since it provides the citizens more time and, therefore, a greater opportunity to study the proposal prior to the hearing. However, we believe the time should be increased even further and recommend that the hearing should be held not less than 60 days nor more than 90 days after the adoption of the resolution.

#### Adoption of New Mill Rate

The Board of Education has proposed a change which would allow the Board to adopt a resolution establishing a new and higher mill rate limitation at any time within 30 days after the public hearing on the millage increase. This change would elimi-

nate the current provision which requires that the Board wait at least 10 days after the hearing before establishing the new and higher mill rate.

While we believe that it would be preferable to retain a requirement that the Board postpone its official action concerning an increased mill rate for a period of days in order that the Board may have time to reflect upon the hearing before taking such action, we do not oppose this change.

#### Definition of a Qualified Voter

Under the present law, a new and higher mill rate would take effect 60 days after the date of the adoption of the resolution establishing the new mill rate, unless a petition signed by 5,000 qualified voters (or a number of voters not less than 5% of those voting at the last previous school district election, whichever is lesser) requesting that the proposed new mill rate be submitted to the voters for their approval is submitted to the Board of Education within the 60-day period. The Board of Education has proposed that the term "qualified voter," which has been construed to mean a constitutionally qualified voter and not necessarily a registered voter, be changed to "registered voter."

In the past, there has been a great deal of confusion concerning the definition of the term "qualified voter," and we believe that the change to "registered voter" would clarify this situation. In practical terms, it would be almost impossible for anyone to check whether or not a petition signer is indeed a constitutionally qualified voter, and therefore we support this proposed change.

#### Millage Increase Elections

Under the present act, if a valid petition is filed requesting a referendum on a proposal to increase the maximum school tax levy, the question is submitted at the next general city election or state primary or general election, or, if such an election shall not occur within six months after the resolution of submission by the Board or the filing of the voters' petition, the Board may call a special election. The Board of Education has proposed that this provision be changed so as to allow the Board of Education to call a special election if a city primary or general election or a state primary or general election shall not occur within six months and not less than two months after the resolution of submission by the Board.

We believe that this change is needed in order to assure an adequate time interval between the election and the decision to submit a millage increase to the voters for the election machinery to be established and for both sides of the issue to explain their position to the voters. Therefore, we support this change in the Minneapolis Special School District Act.

#### Majority for Millage Increases

Under the present act, if a new and higher maximum Minneapolis school tax levy rate is submitted to the voters for their approval, either a favorable vote of a majority of those voting at the election or a favorable vote by 53% of those voting on the question is sufficient to establish the new mill rate. The Board of Education has proposed to eliminate the possibility of establishing a new mill rate by a simple majority of those voting at the election and to change the language so as to require a favorable vote by 53% of those voting on the question.

This change would not materially affect the chances of obtaining voter approval for a millage increase, since it is almost always much easier to obtain the

approval of 53% of those voting on the question than it is to obtain the approval of a simple majority of those voting at the election. Since this change would simplify the election law and make it easier for the voter to understand his government, we support the Board of Education's request for this change.

Reference to Other Laws

The present act states that the School District shall have all the powers, privileges, duties and obligations of an independent school district as provided by the state laws existing at the time of the adoption of this act, with the exceptions listed in the special act. The Board of Education has proposed that the words "existing at the time of the adoption of this act" be eliminated.

If this change is not made, it will mean that in future years anyone who wishes to know which state laws pertain to the Minneapolis Special School District will have to go back to the laws as they existed at the time this act was passed and then check every subsequent amendment to those laws in order to ascertain whether or not the Minneapolis Special School District was covered by the amendment through a special reference. The change which has been proposed by the Board of Education would tie the Minneapolis Special School District Act to a living law. This change would make it much easier to understand which provisions in the other state laws pertain to the Minneapolis School District. Therefore, we support this change.