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# The New Mexico Board of Educational Finance: A Study of the Coordination of State-Supported Higher Education

Edward M. Goldberg

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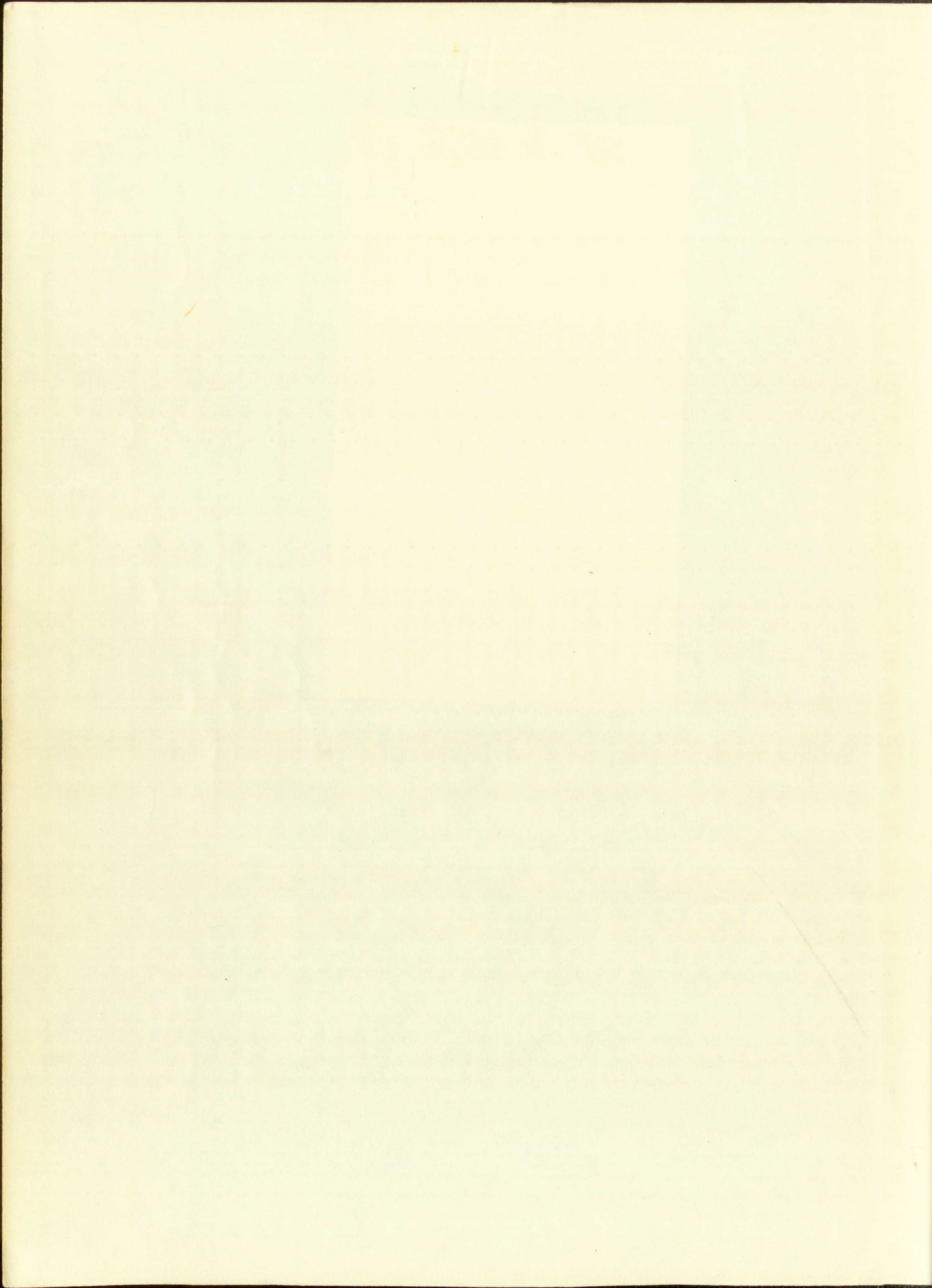


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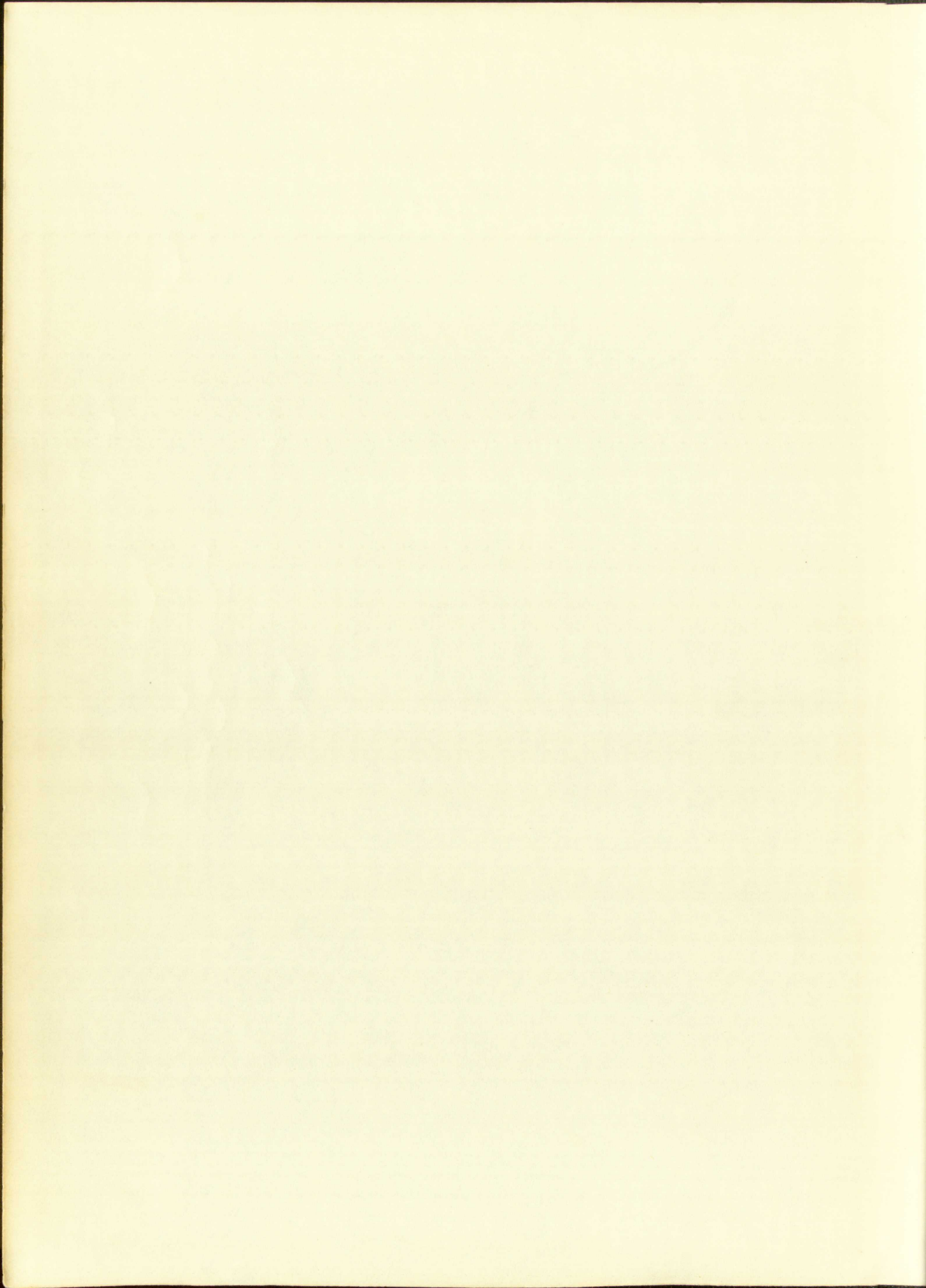






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THE NEW MEXICO BOARD OF EDUCATIONAL FINANCE:

A STUDY OF THE COORDINATION OF  
STATE-SUPPORTED HIGHER EDUCATION

By

Edward M. Goldberg

A Thesis

Submitted in Partial Fulfillment of the  
Requirements for the Degree of  
Master of Arts in Government

The University of New Mexico

1956

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This thesis, directed and approved by the candidate's committee, has been accepted by the Graduate Committee of the University of New Mexico in partial fulfillment of the requirements for the degree of

MASTER OF ARTS

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Thesis committee

Allan R. Richards

CHAIRMAN

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*Charles F. Smith*

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## PREFACE

The Board of Educational Finance of the State of New Mexico is a unique agency. No other state has a central coordinating board for its institutions of higher education quite like it. Established in 1951, the BEF can be considered as an experiment in the control of state-supported institutions of higher learning. It has, in its short history, attracted considerable attention and interest beyond the borders of New Mexico.

In January of 1953, John Dale Russell, Chancellor and Executive Secretary of the Board of Educational Finance, wrote in Higher Education that "several years of operation under the new system will be necessary before its value can be judged adequately." Since nearly five years have elapsed since the creation of the board, it is now a propos tentatively to evaluate the new system.

This study is not intended to be all-inclusive. It is not designed to prove or disprove any preconceived ideas with regard to the BEF. Rather, this study, after briefly tracing the history of the control of higher education in the United States, will attempt to describe the organization, powers, duties, and operations of the Board of Educational Finance. Finally, the concluding section will seek to

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evaluate the board on the basis of the data presented in the earlier sections.

Two principal sources provided the data for this study. First, pertinent books, reports, articles, documents, and files were used. Second, interviews were a key source of information where no written material exists and where the written material was not wholly revealing. Where possible, the source of the data presented in this study has been indicated in footnotes. However, in some cases, interviewees have indicated that they prefer not to be quoted. In such instances, their wishes have been respected and the source of the data is unrecorded.

The terminology used by the BEF in several instances differs materially from that used by political scientists and public administrators. Since this thesis is intended as a study in government, the terminology of political science and public administration will be used in preference to other terms. Thus, when the term "executive budget" is used in this study, it refers to the board's term "legislative budget." And when this study refers to "integration" it is intended to correspond to the BEF's term "centralization." This distinction applies, of course, to variations of these terms.

In compiling the data for this study and in writing it, I have become indebted to many persons. James I. Doi, Budget Analyst and Assistant to the Chancellor, Board of Educational

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Finance, has given freely of his time, knowledge, and information. He patiently explained procedures to an uninformed graduate student. And yet at no time did Doi attempt to "editorialize" or shape the thinking and conclusions of his listener. Jack E. Holmes, Director, Legislative Council Service, suggested the topic and has been extremely helpful in arranging appointments for interviews with and introductions to many key state officials. Holmes, in following the development of this study, has made many valuable suggestions. It should be noted, however, that I alone am responsible for any factual errors and all conclusions that appear in the pages that follow.

This study was prepared under the direction of Professor Allan R. Richards, Department of Government, University of New Mexico. Professor Richards' meticulous analyses of the drafts of this thesis, his suggestions, and his assistance during its preparation have been of inestimable value. The other two members of the thesis committee, Professors Frederick C. Irion and Charles B. Judah, have offered me valuable suggestions and assistance all through the research and preparation stages of the manuscript.

Mrs. Joan Eyre typed the final draft of the thesis. Miss Dorothy Powell and Mrs. Anna Parish assisted in the preparation of various sections of the manuscript.

Albuquerque, New Mexico

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May, 1956



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## CHAPTER I

### CONTROL OF HIGHER EDUCATION

The quest for economy in government is not new. It has been a dominant thought in the minds of executives and legislators for centuries. In the United States, the desire for economy can be traced to our earliest leaders. Thomas Jefferson, for example, in his First Inaugural Address spoke of "a wise and frugal" government. To "get the most for each tax dollar" has long been a primary objective of both governmental officials and the general public. To achieve this goal, studies and surveys of all levels of government have frequently been made. Higher education, like all other governmental functions, has been constantly scrutinized through the years.

Today, higher education in the United States is being examined more closely than in any previous time in history. In the ten years since World War II, more than half of the states have conducted studies of higher learning.<sup>1</sup> In

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<sup>1</sup>Council of State Governments, Higher Education in the Forty-Eight States (Chicago: Council of State Governments, 1952), p. 1. Examples of such state studies are: Commission on Higher Education, State Supported Higher Education in North Carolina (Raleigh: 1955), mimeographed; Legislative Reference Bureau, A Survey of State-Supported Higher

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addition, many books, articles, and monographs have been written about the subject. The prospect of greatly increased enrollments in our nation's institutions of higher learning and, consequently, of increased governmental expenditures for them has been largely responsible for the increased attention to higher education. The American Academy of Political and Social Science, for example, devoted an entire issue of its journal to higher education.<sup>2</sup> The title of this issue, "Higher Education Under Stress," is indicative of the general reaction to the problems of higher learning today.

New Mexico's institutions of higher learning, like those of her sister states, have had their share of examination through the years. As in other states, the means of achieving economy and efficiency in the New Mexico colleges and universities has usually centered on problems of coordination, control, and finances.

### History

"The history of American higher education is a story

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<sup>3</sup> Annals of the American Academy of Political and Social Science, CCXI (September, 1935), "Higher Education Under Stress," by Francis J. Brown and Thorstein Bunde Eliasson (eds.).



of tremendous growth and expansion."<sup>3</sup> During the colonial period only nine institutions of higher learning were founded. In 1950, the 1,868 institutions of higher education in the United States enrolled 2.4 million students and expended 2.6 billion dollars.<sup>4</sup> Thus, higher education has grown appreciably since 1636 when the Massachusetts Colonial Assembly appropriated 400 pounds in order to establish America's first college, today known as Harvard University.

The growth of the institutions of higher learning has been accompanied by many problems, one of which has been the method of control of the management, policies, and finances of the institutions.

The early colleges were established primarily to train ministers and to provide a classical education for the sons of wealthy landowners and merchants. They were mostly sectarian. "Legally the early colleges were regarded as separate and distinct entities. In view of the dominant role played by Puritan and Congregationalist thought, it is doubtful whether the designation 'public college' would have had any real meaning in early colonial

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<sup>3</sup>Council of State Governments, op. cit., p. 13.

<sup>4</sup>Ibid.

times." However, in recognition of the financial support that these institutions received from the government, some governing boards of various institutions included several governmental officials.

In response to the increased demand for higher education, a number of public colleges were established in subsequent years. At each new college was founded, a new board of control was created. The result was an uncoordinated and uncoordinated system of higher education among state-supported colleges and universities. In many cases, this uncoordinated system brought with it "wastefulness, waste as well as duplicative." Consequently, many plans for unified control and coordination of the activities of state-supported institutions of higher education have been proposed through the years. The idea is not new.

The beginning of integrated administration of higher education can be found in provisions made by New York in 1784, by Georgia in 1785, by Michigan in 1817, and by Wisconsin in 1849. In most instances, however, these early provisions failed of fruition. Time brought about diverse methods of control, duplication of functions and

ibid., p. 14.

David Spence Hill, Control of Tax-Supported Higher Education in the United States (New York: Carnegie Foundation for the Advancement of Teaching, 1934), p. 5.

Also see Charles D. Byrne, Co-ordinated Control of Higher Education in Oregon (Stanford: Stanford University Press, 1940), p. 5.



activities, and competition among tax-supported institutions of higher learning.<sup>8</sup>

In 1954, twenty-nine states had separate governing boards for each of their institutions of higher learning. In these states there was no central agency responsible for the coordination of higher education.<sup>9</sup> And yet, some degree of coordination is deemed desirable by almost all the experts who study and write about the problems of university control and management.

Early surveys of higher education in particular states invariably recommended some degree of coordination. Byrne cites surveys in Kansas (1923), Texas (1925), Missouri (1929), California (1932), North Carolina (1932), and Georgia (1933), all of which recommended some system of coordinated control of higher learning.<sup>10</sup>

More recently, several separate state surveys have also recommended some type of coordination. A recent study

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<sup>8</sup>Charles D. Byrne, Ibid.

<sup>9</sup>Oklahoma State Regents for Higher Education, Seventh Biennial Report (Oklahoma City: June, 1954), p. 105. The states without a central coordinating board indicated in this report are: Alabama, Arkansas, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

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asserted that "North Carolina is not getting the results in higher education which might be expected in view of the amount of money being spent."<sup>11</sup> The report recommended "that there be created a State Board of Higher Education for North Carolina" and "that the Board serve as a coordinating agency for State-supported institutions of higher education."<sup>12</sup> In Kentucky, a similar report concluded that "from the standpoint of the organization of the State for higher education, the most urgent need is an arrangement for improved coordination of the six State supported institutions. Recommendation is made in this Report for the creation of a State Board of Higher Education, with responsibility for coordinating the budgets of the State supported institutions and for assisting the development of a pattern of institutional programs designed to serve the needs of the State comprehensively, economically, and efficiently."<sup>13</sup>

Apparently, there is a definite trend toward coordination. John T. Caldwell, President of the University of

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<sup>11</sup>Commission on Higher Education, op. cit., p. 15.

<sup>12</sup>Ibid., p. 16.

<sup>13</sup>Legislative Research Commission, op. cit., p. 3. A survey in Florida reached similar conclusions. See Council for the Study of Higher Education in Florida, Initial Report (Tallahassee: 1955), pp. 14-16.

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Arkansas, asserts that administrators in colleges and universities in states that have a central board favor coordination.<sup>14</sup> Criticism of the idea of a central coordinating board, he claims, most often exists in states where there is no coordination but it is "threatened." These educators insist that they can get along without such a board and that coordination can be achieved voluntarily. However, voluntary coordination has seldom proved to be successful over any appreciable period of time.<sup>15</sup>

Nineteen states have created some sort of a system of integrated control of higher educational institutions. Several other states recently have had surveys of their systems of higher education, all recommending coordination. It would appear that central boards are here to stay in states where they exist and that other states may possibly create such coordinating boards.<sup>16</sup>

#### Methods of Coordination

Basically, two methods are currently used to effect coordination of state-supported institutions of higher

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<sup>14</sup>"Organizing State-Supported Higher Education," State Government, XXVI (November, 1953), 257. In a tour of several states having such boards, Caldwell found only "one Western dean" who opposed the idea of coordination.

<sup>15</sup>Ibid. Voluntary coordination was attempted in New Mexico but failed. See New Mexico Board of Educational Finance, Official Minutes, Meeting of September 20, 1951, pp. 1-2.

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education. The first, and more common of these, is the "wholly integrated" plan, of which the Oregon system is typical. A 1929 Oregon law abolished the governing boards of the University of Oregon, Oregon State College, and the three normal schools. The act also abolished the State Board of Higher Curricula. In place of the abolished boards, a single State Board of Higher Education, with all the powers and duties formerly held by the abolished agencies, was created.<sup>17</sup> The State Board of Higher Education, whose professional staff is headed by a Chancellor, is directly responsible for all of Oregon's colleges and universities. All of the institutional presidents report, through the Chancellor, to this board and the board has final jurisdiction in all matters. No local governing boards exist, and the State Board of Higher Education, through its Chancellor and its staff, directly operates all of the state's institutions of higher learning.<sup>18</sup>

The main feature of the second method used to effect coordination is disintegration.\* This plan is a relatively recent technique for controlling higher education. One of the main reasons for its development is the deep-rooted

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<sup>18</sup>Oregon State System of Higher Education, passim; Charles D. Byrne, passim.

education. The first, and more common of these, is the "wholly integrated" plan, of which the Oregon system is typical. A 1929 Oregon law abolished the governing boards of the University of Oregon, Oregon State College, and the three normal schools. The act also abolished the State Board of Higher Education. In place of the abolished boards, a single State Board of Higher Education, with all the powers and duties formerly held by the abolished agencies, was created.<sup>17</sup> The State Board of Higher Education, whose professional staff is headed by a Chancellor, is directly responsible for all of Oregon's colleges and universities. All of the institutional presidents report, through the Chancellor, to this board and the board has final jurisdiction in all matters. No local governing boards exist, and the State Board of Higher Education, through its Chancellor and its staff, directly operates all of the state's institutions of higher learning.<sup>18</sup>

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tradition of institutional autonomy which could be totally destroyed by an all-powerful central board. This plan is much more likely to avoid such destruction although any system of coordination is apt to impinge upon local institutional autonomy. This method used to effect coordination may be illustrated by three agencies, the Oklahoma State Regents for Higher Education, the Board of Trustees of the State University of New York, and the New Mexico Board of Educational Finance.

The Oklahoma State Regents for Higher Education were created by constitutional amendment in 1941 as a statewide coordinating agency. It possesses broad authority over all state institutions of higher learning, but it does not directly operate any of the institutions.<sup>19</sup> Appropriations are made by the Legislature directly to the State Board, which, in turn, distributes the funds among the institutions. In this manner, the State Regents can determine for what the funds shall be spent. The operating powers, which are the day to day decisions that must be made in any agency, are vested in separate boards of regents and the institutional administrative officials. The Oklahoma board has a professional staff headed by a Chancellor.<sup>20</sup>

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<sup>19</sup>Council of State Governments, op. cit., p. 10.

<sup>20</sup>Oklahoma State Regents for Higher Education, op. cit., pp. 4-5.

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The State University of New York, created by statute in 1948, consists of thirty-seven units, most of which predate the University itself.<sup>21</sup> "Over-all direction of the University is the responsibility of the Trustees. . . . Functioning under their supervision is the central administrative staff, headed by the president."<sup>22</sup> The four units located at Cornell University and the unit located at Alfred University are "contract colleges," administered for the State University by these two private institutions. Two of the units are administered directly by the State University.<sup>23</sup> The remaining constituent units have their own local governing boards and administrative officials who direct the daily operations of the units within the framework of general university policy.<sup>24</sup> As in Oklahoma, the over-all policy is determined by the State Board, but the actual operational decisions, such as individual salaries for faculty, the hiring and dismissal of staff, and the admission of students, are made by the local boards and administrative officers.

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<sup>21</sup>New York Times, February 19, 1956, p. E11.

<sup>22</sup>State University of New York, Where New York Is—There is State University (Albany: n.d.), p. 5.

<sup>23</sup>Ibid., p. 39.

<sup>24</sup>Ibid., p. 6.

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## CHAPTER II

### HIGHER EDUCATION IN NEW MEXICO

The government of New Mexico is a huge and complex structure. In 1952, the New Mexico "Little Hoover Commission" reported that the administrative organization of the State of New Mexico contained 134 independent or semi-independent officers and agencies.<sup>1</sup> Of these, eight are immediately concerned with higher education: the seven educational institutions and the Board of Educational Finance. These eight organizations did not just "grow" like Topsy. They are an integral part of New Mexico's higher educational history.

#### History of New Mexico's Institutions of Higher Learning

Prior to 1889, the Territory of New Mexico had no publicly supported institutions of higher education. Indeed, the only institution of higher learning in the territory was a small two-year school in Santa Fe, Saint Michael's. This Catholic institution had been founded in 1859.

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<sup>1</sup>New Mexico State Reorganization Committee, Report (Santa Fe: 1952), pp. 18, 20.

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<sup>1</sup>New Mexico State Reorganization Committee, Report (Santa Fe: 1932), pp. 12, 20.



the Territorial Legislature passed the Rodey Act.<sup>2</sup> This law established the University of New Mexico at Albuquerque, the Agricultural College (New Mexico College of Agriculture and Mechanic Arts) at Las Cruces, and the School of Mines (New Mexico Institute of Mining and Technology) at Socorro. The sponsor of the act, B. S. Rodey, had favored the creation of a single Territorial University at Albuquerque which would have included an agricultural college and a school of mines. However, "pressure from the other sections of the territory made it impossible for him to persuade the legislature to create a single institution."<sup>3</sup> This pattern of local pressure has affected the development of higher education in New Mexico unto the present day. It has been a major factor adversely affecting the attempts to achieve integration and coordination of the state's institutions of higher learning.

In 1893, normal schools were established at Las Vegas (New Mexico Highlands University) and Silver City (New Mexico Western College). In that same year, the Goss Military Institute of Roswell was taken over by the territory and its name changed to the New Mexico Military Institute. The last of the institutions of higher learning to be

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<sup>2</sup>Laws of New Mexico (1889), c. 138.

<sup>3</sup>Thomas C. Donnelly, The Government of New Mexico (Rev. ed.; Albuquerque: University of New Mexico Press, 1953), p. 191.

The Territorial Legislature passed the Hovey Act.<sup>2</sup> This law established the University of New Mexico at Albuquerque, the Agricultural College (New Mexico College of Agriculture and Mechanical Arts) at Las Cruces, and the School of Mines (New Mexico Institute of Mining and Technology) at Socorro. The sponsors of the act, S. Hovey, had favored the creation of a single Territorial University at Albuquerque which would have included an agricultural college and a school of mines. However, pressure from the other sections of the territory made it impossible for him to persuade the legislature to create a single institution.<sup>3</sup> This pattern of local pressure has affected the development of higher education in New Mexico unto the present day. It has been a major factor adversely affecting the attempts to achieve integration and co-ordination of the state's institutions of higher learning.

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established by the state was Eastern New Mexico University. The Portales institution began to function in 1934.<sup>4</sup>

Aside from the seven state-supported institutions of higher education, New Mexico has only two other colleges: the College of Saint Joseph in Albuquerque, which was established in 1940, and Saint Michael's College in Santa Fe which did not become a four-year institution until 1947. Both Saint Joseph and Saint Michael's are Catholic sponsored colleges. They are small institutions and together account for only seven or eight per cent of the total college population in New Mexico. This is to be contrasted with the national average in which 49.1 per cent of the college population is enrolled in private institutions.<sup>5</sup> Thus, higher education in New Mexico is very much a governmental function.

#### Legislative History of the BEF      ✱

As each of the New Mexico institutions of higher learning was established, a new board of regents came into being. No coordination existed among the colleges and universities of the state. Each institution developed as best it could and rivalry, particularly for appropriations, has been keen.

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<sup>4</sup>Ibid.

<sup>5</sup>Council of State Governments, Higher Education in the Forty-Eight States (Chicago: Council of State Governments, 1952), pp. 30-31.



established by the state was the College of Saint Joseph.

The College of Saint Joseph was founded in 1863.

At the time of its founding, the college was a small institution.

Higher education in New Mexico was then in its infancy.

The College of Saint Joseph was the first institution of higher learning in the state.

It was established in 1863, and its first classes were held in 1864.

It was the only institution of higher learning in the state at that time.

Both Saint Joseph and Saint Francis were the only institutions of higher learning in the state.

Colleges. There were no other institutions of higher learning in the state.

For only seven or eight years after the founding of the college.

tion in New Mexico. It was the first institution of higher learning in the state.

national average in 1863. It was the first institution of higher learning in the state.

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higher education in New Mexico. It was the first institution of higher learning in the state.

function. It was the first institution of higher learning in the state.

As each of the New Mexico institutions of higher learning was established, a new era of education was begun.

being. No longer was there a monopoly of education in the state.

universities of the state. It was the first institution of higher learning in the state.

best it could and was a very important step in the development of the state.

has been kept.

1863.

1863.

1863.

1863.

1863.

1863.

1863.



The early attacks on the uncoordinated multi-college system in New Mexico centered around the very existence of such a number of institutions. These attacks persisted into the early nineteen-fifties. The proponents of consolidation asserted that a state with the relatively small population of New Mexico<sup>6</sup> could very easily get along with less than seven institutions of higher education. To prove their point they cited the examples of Wyoming, which has only one institution, and of Arizona, which supports only two colleges and a university. In addition, the proponents of consolidation argued that the multi-college system was expensive, wasteful, uneconomical, inefficient, and educationally unsound.

On the other hand, many staunch supporters have upheld the multi-college arrangement in New Mexico. They have advanced many arguments against consolidation by pointing out the large area of the state and the service rendered by each college to the youth and adults of its community, the benefits of a small college to the undergraduate student, the economic relationships between the colleges and the communities in which they are located, and the lack of private institutions in the state.

The proponents of consolidation, led at one time by

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<sup>6</sup>The population of the state was only 681,187 according to the 1950 census. This ranked New Mexico thirty-ninth among the states of the Union.

the Taxpayers' Association of New Mexico, have been quite vocal through the years. Occasionally, the proposals for consolidation have found their way into the State Legislature.

1919 - 1921

Two of the most notable early consolidation proposals occurred in 1919 and 1921. In 1919, the Legislature proposed a constitutional amendment which would have created a "Board of Control." This proposal provided that the Board of Control would manage all of the state educational institutions enumerated in the constitution. In addition, the proposed board would also have controlled all state educational, charitable, and penal or reformatory institutions, other than the public schools.

The Taxpayers' Association claimed credit for getting the proposed amendment by the Legislature.<sup>8</sup> If the Association merits this credit, it was evidently more influential with the legislators than with the voters of the state. In a special election held on September 16, 1919, the proposed amendment was rejected by the people by the

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<sup>7</sup>Laws of New Mexico (1919), Joint Resolution Number 13.

<sup>8</sup>Rupert F. Aspinwall, "Wasted—A State System of Higher Education," New Mexico Tax Bulletin, X (September-October, 1921), 99.



overwhelming vote of 10,702 opposed to 957 in favor.<sup>9</sup> The measure failed to carry a single county.

In 1920, the New Mexico Special Revenue Commission invited Dr. William C. Bagley, Professor of Education at Teachers' College, Columbia University and one of the foremost authorities in the field of higher education in his time, to make a study of New Mexico's educational institutions. Bagley spent eight days in New Mexico inspecting the institutions and then returned to New York to write his report. In this report he urged that state support of the Spanish-American Normal School at El Rito and of the New Mexico Military Institute be discontinued.<sup>10</sup> In making this recommendation, Bagley asserted that "the relatively small number of students of collegiate grade in the several institutions is proof conclusive that the state should not attempt to support five separate degree-granting institutions."<sup>11</sup>

Bagley recommended three possible courses of action. The first was the consolidation of all the institutions at Albuquerque under the general designation of the University

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<sup>9</sup>New Mexico Blue Book (1921-1922), (Santa Fe: Issued by the Secretary of State, 1922), p. 152.

<sup>10</sup>William C. Bagley, Report on the New Mexico State Educational Institutions (Santa Fe: February, 1921), pp. 37, 39.

<sup>11</sup>Ibid., pp. 37f.

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<sup>11</sup>William G. Bagley, Report on the New Mexico State Educational Institutions (Santa Fe: February, 1981), pp. 37, 38.

<sup>12</sup>Ibid., pp. 37.



of New Mexico.<sup>12</sup> The second proposal was to consolidate all the institutions except the normal schools in a single State University and to unite the three normal schools in a single teacher training institution.<sup>13</sup> The third course of action proposed by Professor Bagley was the creation of a single State University to be located in three places as follows: a Northern State College at Las Vegas, a Central State College at Albuquerque, and a Southern State College at Las Cruces.<sup>14</sup> Bagley recognized that his proposals could only be achieved by amending the constitution.<sup>15</sup>

The Chairman of the Special Revenue Commission, H. J. Hagerman, in the Forward to Professor Bagley's report,<sup>16</sup> wrote that in accordance with the recommendations made in the report, two senators had introduced a joint resolution that would have amended the constitutional provision providing for the control of the institutions by separate boards of regents. The key provision of the proposed amendment stated that "the Legislature may provide for the merger, consolidation, change of location, management and control of

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<sup>12</sup>Ibid., p. 45.

<sup>13</sup>Ibid., p. 48.

<sup>14</sup>Ibid., pp. 49f.

<sup>15</sup>Ibid., p. 39.

<sup>16</sup>Ibid., pp. 5-8.



at New Mexico, ...  
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single State ...  
follows: a ...  
State College ...  
at Las Cruces ...  
could only be ...  
The Chairman ...  
Hegeman, in ...  
wrote that ...  
the report, ...  
that would ...  
viable for ...  
boards of ...  
ment stated ...  
consolidation, ...

181b1d, p. 12  
181b1d, p. 13  
181b1d, p. 14  
181b1d, p. 15  
181b1d, p. 16  
181b1d, p. 17



State Institutions and State Educational Institutions."<sup>17</sup>  
The Senate approved the measure, but the House, apparently remembering the overwhelming defeat at the polls of the 1919 joint resolution, failed to pass it.<sup>18</sup>

1921 - 1941

A concentrated effort to achieve some type of coordination of New Mexico's higher educational institutions did not take place until the fifth decade of the twentieth century. During the twenty intervening years little effort was made along these lines. Occasionally, there would be some agitation for consolidation. In 1931, for example, Rupert F. Asplund, Director of the Taxpayers' Association of New Mexico, attributed the existence of six institutions of higher education to local lobbying, patronage, and pork barreling.<sup>19</sup> He "urged the concentration of all educational institutions into two — a State University and a State Normal School."<sup>20</sup> However, the Legislature took no action. In contrast, the Portales institution was created in 1933.

Through the years, the colleges grew. The management

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<sup>17</sup>Ibid., p. 7.

<sup>18</sup>Chief Clerk of the Senate, Resolutions, Joint Resolutions, Memorials (1921), SJR 7.

<sup>19</sup>Op. cit., p. 97.

<sup>20</sup>Ibid., p. 100.

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<sup>17</sup>Ibid., p. 8.

<sup>18</sup>Joint Resolution of the Senate, Resolutions, Joint Reso-  
lutions, Memorials (1931), 518-9.

<sup>19</sup>Op. cit., p. 87.

<sup>20</sup>Ibid., p. 100.



of the seven institutions was not coordinated. Duplication of offerings, proliferation of courses, and intense rivalry for financial support characterized inter-college relations. In 1941, the first step, which was to culminate in the creation of the Board of Educational Finance, was taken.

1941 - 1943

In the Fifteenth Legislature, Representative H. Vearle Payne introduced House Bill 249 entitled, "An Act Creating a State Commission on Higher Education, Prescribing Its Powers and Duties, and Making an Appropriation Therefore." The bill provided for a five member commission whose duty was to make a complete detailed survey of the state's higher educational institutions in order to ascertain whether they were engaging in any "conflicting overlapping, duplicating or unnecessary work, functions or activities." The commission was to report to the Governor with recommendations for the "elimination, reorganization, coordination or simplification" of such work.

Payne's bill was referred to the House Education Committee which reported it with a recommendation that it "be not passed." The Committee report was adopted by the House, killing the bill.<sup>21</sup>

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<sup>21</sup>Chief Clerk of the House, House Bill Record for the House (1941), p. 249.

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<sup>21</sup>Chief Clerk of the House, House Bill Record for the House (1941), p. 249.



During the 1943 session of the Legislature, no bills of this type were introduced in either House. But in 1945, efforts to create a central coordinating board were initiated by Representatives Lilburn C. Homan and Calla Eylar-Wolfe.

1945 - 1947

Recognizing that a constitutional amendment to consolidate the colleges and universities or to coordinate the institutions under one board of regents would be politically unwise and probably impassable, a bill was introduced that sought to establish a "State Educational Institutions Board."<sup>22</sup> The purposes of the board were:

- 1) "fairly and justly" to apportion state funds and appropriations for the state institutions of higher education;
- 2) to coordinate the programs of the institutions; and
- 3) to determine the advisability of adding to or taking away departments from the several colleges and universities.

The institutions strongly opposed the legislation and the bill had no active legislative or executive support. In addition, it was claimed by the opponents of the measure, that the bill encroached upon the powers of the constitutionally established boards of regents. As a

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<sup>22</sup> House Bill 179 (1942).



result, the House committee reported the bill with a recommendation that it "do not pass." The House adopted the Committee Report.<sup>23</sup> Thus, the first attempt in the nineteen-forties to create a permanent coordinating board for the New Mexico institutions of higher learning failed.

In 1947, the proponents of a central coordinating board switched tactics. House Bill 136<sup>24</sup> provided for the establishment of a board to conduct an educational survey in the State of New Mexico. This study, which was to be concerned with all public education, was to be conducted by a properly qualified organization. The bill provided for an appropriation of \$75,000 for the survey. Recognizing that there was a need for some sort of activity with regard to the educational programs and problems of the state, the Legislature passed the bill.<sup>25</sup>

The duly appointed board selected the Division of Surveys and Field Services of George Peabody College for Teachers of Nashville, Tennessee to conduct the study. The published report of the survey contained two important recommendations concerning the control of higher education in New Mexico.

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<sup>23</sup>Chief Clerk of the House, House Bill Record for the House (1945), p. 178.

<sup>24</sup>Introduced by Representatives Homan, Wolf, Simms, and Fernandez.

<sup>25</sup>Chief Clerk of the House, House Bill Record for the House (1947), p. 136. See Laws of New Mexico (1947), c. 178.







The first recommendation was that a state board of higher education be created with the following functions:

- 1) the determination of general policies regarding tuition fees, admission, duplication of course offerings, the creation of new divisions and departments, the elimination of departments which were no longer effective, and personnel policies on promotion, tenure, leaves, and retirement;
- 2) the development and transmission to the Governor and the Legislature of the budget requests for the institutions;
- and 3) together with the State Board of Education, to integrate the educational programs in the elementary and secondary schools with those in higher education. The second recommendation of the survey was that a constitutional amendment be submitted to the people providing for overlapping terms for members of boards of regents and the means by which they could be removed from office.<sup>26</sup>

1949

With the report of the survey to back them, the proponents of a central coordinating board tried again in 1949. As a result, the Nineteenth Legislature considered three measures dealing with the control of the institutions of higher learning in the state. Mr. Lilburn C. Homan and

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<sup>26</sup>New Mexico Educational Survey Board, Public Education in New Mexico (Nashville: Division of Surveys and Field Services, George Peabody College for Teachers, n.d.), pp. 285-287.

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<sup>28</sup>New Mexico Educational Survey Board, Public Education in New Mexico (Albuquerque: Division of Surveys and Field Services, George Peabody College for Teachers, n.d.), pp. 285-287.



Mrs. Calla Eylar-Wolfe<sup>27</sup> introduced the first of these measures, House Bill 189, the main provisions of which were almost exactly identical with those of House Bill 178 in 1945. However, this measure did contain more detailed provisions, based on the Peabody Survey, than did the earlier bill. The measure was referred to the House Education Committee which, on March first, reported it with a recommendation that it "do pass as amended." The influence of the survey report was making itself felt. The Committee report was adopted and six days later the bill was passed by a vote of 33-13 and sent to the Senate. The Senate, however, failed to take action and the bill died with the adjournment of the of the Legislature.<sup>28</sup>

The second measure dealing with the control of higher education was introduced in the Senate by John Morrow. Morrow's proposal was a constitutional amendment that would have established a nine member "New Mexico Educational Institutions Board."<sup>29</sup> The key provisions of this joint resolution were:

C. The members shall constitute a coordinating Board of Control for all higher educational

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<sup>27</sup>Together with Representatives Virginia Kittrell and I. M. Smally.

<sup>28</sup>Chief Clerk of the House, House Bill Record for the House (1949), p. 189. Also see Chief Clerk of the Senate, House Bill Record for the Senate (1949), p. 189.

<sup>29</sup>Senate Joint Resolution 5 (1949).





institutions and shall determine all general policies governing higher education within the State.

D. The Board shall develop and transmit to the Governor and the Legislature the budget requests for all higher educational institutions in the State.

F. The Board shall employ a fulltime executive secretary who shall be a professional educator and other personnel as its work may require.

This proposed constitutional amendment contained the first important recommendation of the Peabody Survey with regard to control of higher education. Section C, it should be noted, would not have eliminated the individual boards of regents and replaced them with one central agency. But this joint resolution would have given more general power to the central board than any of the bills introduced by Mr. Homan and his colleagues.

The proposed amendment passed the Senate by a vote of 20-1 and was referred to the House.<sup>30</sup> The House assigned the joint resolution to its Education Committee on March ninth. The next day the Committee report, which contained a "do pass" recommendation, was adopted. However, the House failed to take final action and the joint resolution died with the adjournment of the Legislature.<sup>31</sup>

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<sup>30</sup>Chief Clerk of the Senate, Resolutions, Joint Resolutions, Memorials (1949), p. 29.

<sup>31</sup>Chief Clerk of the House, Resolutions, Joint Resolutions, Memorials (1949), p. 113.



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It is obvious that both houses of the Legislature in 1949 favored the creation of a central coordinating board for New Mexico's higher educational institutions. In accordance with the recommendations of the Peabody Survey, each house passed a measure which was designed to create such a board. However, House Bill 189 died without action in the Senate and the same fate was met by Senate Joint Resolution 5 in the House of Representatives.

The reason for this situation lies in the dates on which the measures passed in their original houses. Both the bill and the joint resolution were passed very late in the session. All in all, the legislators introduce over eight hundred bills each session and, consequently, they are not always cognizant of what is happening to bills they favor in the other house. Indeed, it is sometimes difficult to follow the bills in one's own house.

During the last hectic days of the sixty day legislative session, scores of bills await final passage. The decision as to the order in which bills will be placed on the calendar for final passage normally rests with the majority leader. He must, under such circumstances, decide on priorities. Apparently, these two measures did not have sufficient priority for time ran out, and the Legislature adjourned without acting on them.<sup>32</sup>

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<sup>32</sup>Telephone conversation with Mr. Lilburn C. Homan, former State Representative and member of the BEF, March 20, 1956.

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<sup>32</sup>Telephone conversation with Mr. Elburn C. Roman, former State Representative and member of the BEE, March 20, 1953.



The third measure introduced into the Nineteenth Legislature concerning the control of higher education was intended "to take the institutions out of politics." This measure was prompted by the second important recommendation of the Peabody Survey regarding the control of the institutions of higher learning.

Senate Joing Resolution 11, introduced by Horace De Vargas, reaffirmed the constitutional status of the boards of regents of the institutions, stated the method of their appointment, provided for overlapping terms for the members, stated the qualifications for the office, and provided that the members could not be removed except for cause. The amendment also provided for a hearing before the New Mexico Supreme Court prior to such removal for cause and gave the Court final authority in such matters. The joint resolution was passed in the Senate by a unanimous vote,<sup>33</sup> and in the House by a vote of 38-4.<sup>34</sup> In a special election held on September 20, 1949, the amendment was approved by the people by a vote of 16,918 in favor to 10,596 opposed.<sup>35</sup>

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<sup>33</sup>Chief Clerk of the Senate, Resolutions, Joint Resolution, Memorials (1949), p. 35.

<sup>34</sup>Chief Clerk of the House, Resolutions, Joint Resolutions, Memorials (1949), p. 119.

<sup>35</sup>New Mexico Blue Book (1949-50), (Santa Fe: Issued by the Secretary of State, 1950), p. 201. See Appendix I for the text of this amendment.

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Senate Joint Resolution II, introduced by Herrera De Vargas, reaffirmed the constitutional status of the boards of regents of the institutions, stated the method of their appointment, provided for overlapping terms for the members, stated the qualifications for the office, and provided that the members could not be removed except for cause. The amendment also provided for a hearing before the New Mexico Supreme Court prior to such removal for cause and gave the Court final authority in such matters. The joint resolution was passed in the Senate by a unanimous vote,<sup>33</sup> and in the House by a vote of 38-4.<sup>34</sup> In a special election held on September 20, 1949, the amendment was approved by the people by a vote of 18,918 in favor to 10,593 opposed.<sup>35</sup>

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<sup>35</sup>New Mexico Blue Book (1949-50), (Santa Fe: Issued by the Secretary of State, 1950), p. 201. See Appendix I for the text of this amendment.



1951

In 1951, Representative Homan, who had in previous years introduced bills to create a central coordinating board for New Mexico's institutions of higher learning, finally saw the fruition of his efforts. Together with twelve other representatives, Homan introduced House Bill 248 into the Twentieth Legislature.

The institutions had been padding their budget estimates. A keen rivalry among the schools for legislative appropriations existed and, consequently, the institutional officials were among the most active lobbyists in the state capitol. In the colleges, the proliferation of courses was the general rule and attempts at voluntary cooperation among the institutions for coordination had failed. The legislators were unable to cope adequately with the problems of the schools. The information available to the legislators was limited and, in many cases, conflicting, and the time available to them was even more limited.

To remedy the situation, the Legislature acted. House Bill 248 passed the House by a vote of 39-4. The Senate, after amending the bill, passed it unanimously. The House concurred in the Senate amendment, and on March 17, 1951 Governor Edwin L. Mechem signed it.<sup>36</sup> House Bill 248

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<sup>36</sup>Chief Clerk of the House, House Bill Record for the House (1951), p. 248. Also see Chief Clerk of the Senate, House Bill Record for the Senate (1951), p. 248.

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<sup>36</sup>Chief Clerk of the House, House Bill Record for the House (1951), p. 248. Also see Chief Clerk of the Senate, House Bill Record for the Senate (1951), p. 248.



thereupon became Chapter 190 of the 1951 session laws.<sup>37</sup>

The members of the board were appointed by Governor Mechem on July 3, 1951, and the Board of Educational Finance was finally a reality.

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<sup>37</sup>See Appendix II for the text of this act.

the group became Chapter 100 of the 100th Airborne Division.

The members of the group were: 1st Lt. James H. Thompson,

Major on July 3, 1957, and the 100th Airborne Division.

Finance was handled by the group.

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See Appendix 10 for the group's history.



### CHAPTER III

#### ORGANIZATION OF THE BOARD

In order for any agency to function, it must have some type of organization. In the case of governmental bodies, the basic rules of organization are usually determined by the legislation creating the agency. Supplementary rules are established through the adoption of by-laws, rules of procedure, administrative regulations, and through custom and usage. The Board of Educational Finance, like all other governmental agencies, is formally organized.

#### Jurisdiction

The statute creating the Board of Educational Finance states that the agency shall "deal with the problems of finance of those educational institutions designated in Sections 11 and 12 of Article XII of the Constitution of the State of New Mexico."<sup>1</sup> The constitutional provisions refer to seven degree-granting colleges and universities and three non-collegiate institutions. The seven institutions of higher learning are: the University of New Mexico, the New Mexico College of Agriculture and Mechanic

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<sup>1</sup>Laws of New Mexico (1921), c. 190, sec. 1.



Arts, New Mexico Highlands University, the New Mexico Institute of Mining and Technology, Eastern New Mexico University, New Mexico Western College, and the New Mexico Military Institute. The three non-college-level schools are: the New Mexico School for the Deaf, the New Mexico School for the Blind, and the Northern New Mexico Normal School. The reason that the statute was drawn up with this coverage was because the sponsors believed that this would be the easiest way to gain acceptance of the bill. All state educational institutions are included, and there is, therefore, no discrimination among them.

#### Membership<sup>2</sup>

The Board of Educational Finance is composed of nine members appointed by the Governor. The appointments, which are not subject to legislative confirmation, are for six years. The terms of one-third of the members expire every odd-numbered year. The original members of the board drew lots which divided them into two-year, four-year, and six-year groups of three members per group. Subsequent appointments have been for full six-year terms, except where a vacancy is being filled before the normal expiration of the out-going member's term.

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<sup>2</sup>See Laws of New Mexico (1951), c. 190, sec. 2; New Mexico Board of Educational Finance, "By-laws," pp. 3-4, (dittoed).

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The nine members each represent one of the state's nine judicial districts.<sup>3</sup> When a member's term expires, his successor, if the member is not reappointed, must be a resident of the same judicial district as that of the outgoing member. If the member changes his residence to a place outside the judicial district from which he was appointed, his membership on the board automatically terminates, and a successor must be appointed to serve the unexpired term.

Members serve until their successors are properly appointed and qualified. Thus, it is possible for members to continue to serve after their appointments have expired or after they have disqualified themselves by moving from the district from which they were appointed, despite the specific wording of the statute. The intent of the statute is, in addition to representation from geographic areas, that no more than one-third of the board be replaced by any Governor at one time. And yet, in practice, this has been circumvented. On April 24, 1956, Governor John F. Simms, Jr. appointed seven members to the BEF. Three appointments replaced members whose terms had expired, and two replaced men who had moved out of their districts. The

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<sup>3</sup>There are now ten judicial districts in the state, but, for the purposes of this act, appointments are made on the basis of the number and location of the state's judicial districts at the time of the passage of the act, 1951.

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other two replacements were of men who were members of other state boards, for the Governor had decided, as a matter of policy, that a person could serve on only one board.<sup>4</sup>

Members of the Board of Educational Finance must be qualified electors of the State of New Mexico, and no more than five of them may be members of the same political party at the time of their appointment.

In selecting board members, each of New Mexico's two Governors who have had occasion to do so have used similar procedures. Governor Edwin L. Mechem asked the college presidents to submit three names each to him, one from each political party and a third in the event that another name was needed. The board was then selected from this group of names. Mechem believed that better cooperation from the institutions would be achieved if the board were selected in this manner.<sup>5</sup>

Governor John F. Simms, Jr. also asked the institutions to submit recommendations to him. To the names thus nominated, the Governor added some people that he had in mind for the post. The final selection was made from this combined group of names. The Governor notified the

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<sup>4</sup>Albuquerque Tribune, April 24, 1956, p. 23.

<sup>5</sup>Interview with the Honorable Edwin L. Mechem, former Governor, February 22, 1956.

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Chancellor of the BEF of the appointments before they were made public.<sup>6</sup>

#### Compensation

Members of the board receive no regular compensation. However, they do receive a per diem allowance, the amount of which is determined by the Governor, and a mileage allowance.<sup>7</sup> The per diem set by the Governor is ten dollars, and the travel allowance is six cents per mile.

#### Officers

The officers of the Board of Educational Finance consist of a Chairman, a Vice-Chairman, and a Recording Secretary elected by the board from among its membership for two-year terms.<sup>8</sup>

#### Meetings

The BEF holds four regular meetings each year and such special meetings as may be called by the Chairman or any four board members. All meetings are open to the public. The board may meet in executive session, but no formal decision may be reached in such a meeting.<sup>9</sup> The

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<sup>6</sup>Interview with the Honorable John F. Simms, Jr., Governor, March 19, 1956.

<sup>7</sup>Laws of New Mexico (1951), c. 190, sec. 4.

<sup>8</sup>"By-laws," p. 9.

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<sup>7</sup>Laws of New Mexico (1951), c. 190, sec. 4.

<sup>8</sup>"By-laws," p. 6.

<sup>9</sup>Ibid., pp. 5-7.



records of the board's meetings and activities are filed in the Library of the Supreme Court of the State of New Mexico.

### Committees<sup>10</sup>

Standing committees of the Board of Educational Finance may be created by amending the by-laws. At the present time the board has two such standing committees: the Executive Committee and the Legislative Committee.

The Executive Committee is composed of the Chairman of the board plus two members elected by the board for two-year terms. The committee acts for the BEF between board meetings. The Executive Committee reports to each board meeting on its actions since the previous meeting.

The Legislative Committee consists of the members of the Executive Committee plus the chief executive officer of the BEF. This committee represents the board before the Legislature and its committees regarding the recommendations of the Board of Educational Finance.

Special committees may be formed from time to time to perform specific functions as authorized by the board or its Chairman. The membership of special committees varies with each committee. Each special committee continues in existence until discharged by action of the board.

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<sup>10</sup>See Ibid., pp. 10-13.

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Composition

Standing committees of the House of Representatives  
Finance may be created by resolution of the House.  
present time the board has five members.  
the Executive Committee of the House of Representatives.  
The Executive Committee is composed of the Chairman  
of the board plus two members elected by the House for  
two-year terms. The committee meets twice a year  
board meetings. The Executive Committee is responsible to each  
board meeting on the activities of the board.  
The Legislative Committee is composed of the Chairman  
of the Executive Committee and two other members.  
officer of the House. This committee reports to the House  
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tinues in existence until it reports to the House.



Special committees may not, of their own volition, expand their functions into areas other than the ones they were created to handle. Examples of such committees are the Committee on By-Laws and the Committee on Rules and Regulations.

### Staff

The Chancellor and Executive Secretary is the chief executive officer of the board. His salary, which is fixed by the board, "shall be commensurate with those of the presidents of the State-supported colleges." According to the statute, he "shall be an experienced educator of demonstrated competence in the fields of institutional management and finance."<sup>11</sup> And he is. John Dale Russell was chosen as its Chancellor and Executive Secretary by the first board. At the time of his appointment, Russell was Assistant Commissioner for Higher Education in the United States Office of Education. He is the author of numerous books and has been long recognized as a foremost authority in his field.

The staff of the BEF is appointed by the Chancellor subject to confirmation by the board. Appointments are

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<sup>11</sup>Laws of New Mexico (1951), c. 190, sec. 3. The Chancellor's salary is \$17,000 per year. The Chancellor is appointed for a four-year term. See "By-laws," pp. 16-20. In 1956, the Chancellor's salary was raised to \$18,500.

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made on the basis of merit only.<sup>12</sup> At the present time the staff consists of one other professional person, the Budget Analyst and Assistant to the Chancellor, plus an Office Manager and a Secretary. Russell selected as his Budget Analyst and Assistant James I. Doi, a recent doctoral graduate of the University of Chicago. Doi had formerly been the Assistant Textbooks and Curriculum Officer of the Civil Education Section during the occupation of Japan.

#### Budget

The budget of the Board of Educational Finance is subject to approval by the State Board of Finance. The Legislature appropriates \$7,000 per year to the BEF to meet New Mexico's required annual payments for the support of the headquarters office of the Western Regional Commission on Higher Education which was created by interstate compact. In doing this, the Legislature has merely assigned to the board a ministerial function which it logically should have. None of these funds are used for the support of the BEF or at the discretion of the New Mexico agency.

Aside from this sum, which is earmarked for a specific purpose outside of New Mexico, the Legislature appropriates nothing directly to the board. The funds for the BEF's

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<sup>12</sup>"By-laws," p. 21.

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budget are obtained by a prorated assessment against each of the institutions under the jurisdiction of the board.<sup>13</sup> This type of financial arrangement for the support of a governmental agency is unusual. It has met with some resistance and criticism in New Mexico.

Soon after the creation of the Board of Educational Finance, the authority of the new agency was challenged by the School for the Deaf, one of the three non-collegiate institutions subject to the board.<sup>14</sup> As part of this challenge, the regents of the School for the Deaf refused to pay the institution's prorated assessment for the support of the BEF. The agency thereupon turned to the Attorney-General and inquired for methods by which the school could be made to comply with the statutory requirement that it help to support the board.<sup>15</sup> The Attorney-General, in a letter dated May 22, 1952 wrote to the board as follows: "My suggestion and advice is that . . . . I can write a letter to the President of the Board of Regents and the Members advising them that unless they pay within a reasonable time the said \$496.00 to the Board for the fiscal year 1951-52, as provided by Chapter 190 of the

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<sup>13</sup>Laws of New Mexico (1951), c. 190, sec. 4.

<sup>14</sup>See infra., pp. 57-59.

<sup>15</sup>New Mexico Board of Educational Finance, Official Minutes, Meeting of May 16, 1952, p. 3. (Hereinafter referred to as Minutes.)

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<sup>13</sup> Laws of New Mexico (1931), c. 190, sec. 4.

<sup>14</sup> See infra, pp. 57-58.

<sup>15</sup> New Mexico Board of Educational Finance, Official Minutes, Meeting of May 18, 1932, p. 3. (Hereinafter referred to as Minutes.)



1951 New Mexico Session Laws, we will mandamus them. This, of course, will take the matter into the Courts for their decision."<sup>16</sup> The BEF agreed to follow the Attorney-General's suggestion and advice.<sup>17</sup> The opposition of the Board of Regents of the School for the Deaf toward paying the school's assessment collapsed. Apparently unwilling to have the matter go to court, the school sent a check to cover its share for the maintenance of the Board of Educational Finance.<sup>18</sup>

No other institution has ever refused to pay its assessment for the support of the BEF. However, some criticism of this method of financing the board has been voiced. The criticism comes mainly from people who are, or have been, associated with the fiscal offices of the executive branch of the state government.

The major objection raised is that this method of support makes the Board of Educational Finance dependent upon and, therefore, strictly a servant of the educational institutions rather than the state as a whole. It is argued that this appears to be true, even if it is not factually accurate. The board is a state agency and, therefore, should be, it is argued, supported by an

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<sup>16</sup>Minutes, June 5 and 6, 1952, p. 2.

<sup>17</sup>Ibid.

<sup>18</sup>Minutes, November 20-22, 1952, p. 2.

1951 New Mexico Session Laws, we will mandamus them. This, of course, will take the matter into the Courts for their decision.<sup>18</sup> The BEP agreed to follow the Attorney-General's suggestion and advice.<sup>17</sup> The opposition of the Board of Regents of the School for the Deaf toward paying the school's assessment collapsed. Apparently unwilling to have the matter go to court, the school sent a check to cover its share for the maintenance of the Board of Educational Finance.<sup>18</sup>

No other institution has ever refused to pay its assessment for the support of the BEP. However, some criticism of this method of financing the board has been voiced. The criticism comes mainly from people who are, or have been, associated with the fiscal offices of the executive branch of the state government. The major objection raised is that this method of support makes the Board of Educational Finance dependent upon and, therefore, strictly a servant of the educational institutions rather than the state as a whole. It is argued that this appears to be true, even if it is not factually accurate. The board is a state agency and, therefore, should be, it is argued, supported by an

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<sup>18</sup> Minutes, June 5 and 6, 1952, p. 2.

<sup>17</sup> Ibid.

<sup>18</sup> Minutes, November 20-22, 1952, p. 2.



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## CHAPTER IV

### THE BOARD AND BUDGETING

Budget-making is always a difficult task. From the housewife who attempts to make her accounts balance with the bank's statement to the national government's attempt to stay within its tax resources, budgeting is omnipresent. The housewife and her husband form a type of budget bureau when they sit down together to work out their financial matters. The national government created the Bureau of the Budget within the Executive Office of the President to cope with its budgetary matters. Budgeting is complex; for the housewife, for the Bureau of the Budget, and for the State of New Mexico.

Unlike the national government, the State of New Mexico does not have a central unified budget bureau within the Chief Executive's office. Budget-making in the state is divided among several state officers. The Governor, the State Comptroller, the State Budget Director, the State Board of Finance, the Educational Budget Auditor, and the Board of Educational Finance all have budgetary functions.

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of budgeting, recommended that a Department of Finance be created in New Mexico. This department would have contained a Division of the Budget with three bureaus: 1) the General Budget Bureau; 2) the Local Educational Budget Bureau; and 3) the Higher Educational Budget Bureau.<sup>1</sup> However, this recommendation of the Commission has not been adopted. Budget-making in New Mexico is still divided.

The statute creating the Board of Educational Finance establishes the agency's basic powers and duties. It does not give the board any direct operating power over the ten state educational institutions for this would be contrary to the constitutional provision which states that "the Legislature shall provide for the control and management of each of said institutions by a board of regents for each institution. . . ."<sup>2</sup> Rather, the statute provides that the function of the BEF "shall be to deal with the problems of finance" of the institutions. It then goes on to state that "the Board shall be concerned

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<sup>1</sup>New Mexico State Reorganization Committee, Report (Santa Fe: 1952), p. 104. The specific recommendation with regard to the Board of Educational Finance read: "It is recommended that the executive officer and the executive functions of the State Board of Educational Finance be made a section within the Bureau of the Budget; and that the Board be retained in an advisory and consultative capacity." Ibid., p. 25.

<sup>2</sup>Constitution of New Mexico (1955), Art. XII, sec. 13. *Italics added.*

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with the adequate financing of each of said institutions and with the equitable distribution of available funds among them." In order to achieve this function, the statute provides that "the Board shall receive, adjust and approve the budgets submitted by the several institutions prior to the submission of said budgets to the budget officers of the State and shall exercise such other powers as may hereafter be granted by law."<sup>3</sup> Thus, by statute, the Board of Educational Finance is essentially a budgetary agency. In performing this, its most vital function, the board does not operate in a vacuum. The BEF is a governmental agency and is necessarily concerned with several non-educational government officials as well as with the various educational institutions and their officers. On these intergovernmental relations must rest the success or failure of the board's activities.

There are three major budgetary matters with which the Board of Educational Finance is concerned: 1) the biennial executive budgets (called "legislative budgets" by the BEF); 2) the institutional annual operating budgets; and 3) the revisions of the operating budgets during the fiscal year. These, in turn, give rise to innumerable problems and subsidiary activities.

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<sup>3</sup>Laws of New Mexico (1951), c. 190, sec. 1. Italics added. In this chapter it will be shown how the words adequate, equitable, and available play an important role in the activities of the board.

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### The Executive Budget

Under the statute, the BEF receives the institutional budgetary estimates prior to the other state budget officers. After the board has "adjusted and approved" the budget requests of the institutions, the estimates are submitted through the State Comptroller to the State Budget Director. The Budget Director incorporates the educational budget requests into a single executive budget which is, in turn, transmitted to the Governor. Both the State Comptroller and the State Budget Director have the authority to modify the recommendations made by the Board of Educational Finance. The Governor submits the entire executive budget to the Legislature. The Governor, too, can change items in the budget before transmitting the document to the legislative branch of the government. The final authority over the budget rests, of course, with the Legislature. The Governor does possess an item veto over the appropriations and, as can be seen by a casual scanning of any such act, New Mexico's chief executives have used this power. However, the basic authority is the Legislature which makes the appropriations by law.

Since the establishment of the Board of Educational Finance, there have been two regular legislative sessions. The methods used by the board in analyzing the institutional budgets were substantially the same in both years. The results, and the reactions to the board's



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recommendations, however, differed radically in these two years.

A few months prior to the legislative session, each of the state educational institutions submits a budget request for the coming biennium. This estimate contains, among others, data relating to the number of full-time faculty members and the proposed salary expenditure for each department of instruction in each college. The board's staff then proceeds to formulate a faculty salary budget for each institution. In doing this, attention is focused on the proposed increases in the number of faculty members in each department of instruction. Data pertaining to the performance of each department during the preceeding year is analyzed to determine whether an increase in the teaching staff is justified. These data include such measures as average class size, credit hours of teaching per faculty member, and student credit hour production per faculty member.<sup>4</sup> The number of increases in staff requested by the institutions is usually pared down by the board. However, no attempt to reduce the number of members in any department is made, even though the data might indicate that the department is overstaffed. On the basis of these analyses, then, the number of "justifiable" members for each department is determined.

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By this process, the board arrives at a figure for each institution which it designates as the "justifiable number of full-time-equivalent faculty members."

An average faculty salary for each institution is then determined. For this purpose, the seven colleges and universities are divided into three groups. The first group contains two institutions, the University of New Mexico and the New Mexico Institute of Mining and Technology. The second group contains four institutions, the New Mexico College of Agriculture and Mechanic Arts, New Mexico Highlands University, Eastern New Mexico University, and New Mexico Western College. The last group consists of the New Mexico Military Institute. The average salary for the first group is higher than for the second, and the second is higher than for the third. The University of New Mexico is included in the highest salary group because it supports several professional schools and offers the doctor's degree in several fields and because of its relatively large size compared with the other institutions. The Mining Institute is also included in this group, despite its relatively small size, because it maintains graduate programs in such highly specialized fields as geology and geophysics. The Military Institute is placed in a category by itself because it is the only institution without a graduate program. The average faculty salary for each of the three groups is determined by such factors

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as changes in the cost of living, the level of faculty salaries in institutions in other states, and the total amount estimated as available for legislative spending. The average requested by each institution does not enter into the decision to any great extent. In fact, the average faculty salary recommended by the board has generally been higher than the average requested by the institutions.<sup>5</sup>

The faculty salary budget for each institution is then determined by multiplying the justifiable number of full-time-equivalent faculty members by the average salary. The figure thus derived is used to determine the total instructional budget for the institutions. The amounts for such items as clerical service for the faculty, instructional supplies and equipment, and the amount needed for summer session are computed on a given percentage of the faculty salary budget. Thus, the total instructional budget for each institution is arrived at.

Requests for expenditures for various other functions including library services, administration, and plant operation and maintenance are then scrutinized item by item. In this manner, a total "justifiable expenditure budget" for each institution is determined.

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<sup>5</sup>John Dale Russell and James I. Doi, "Analysis of Institutional Expenditures," unpublished preliminary draft of article, p. 3. (Typewritten.)

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At this point, the estimated income from other sources, such as land funds and student fees, is subtracted from the total expenditure figure and the remainder is the amount recommended by the Board of Educational Finance for appropriation from the general fund.<sup>6</sup>

The BEF's recommendations are transmitted to the budget officers of the state who incorporate them into the Governor's executive budget. This budget is, in turn, submitted to the Legislature by the Chief Executive. The Legislature makes the appropriations, by statute, to each institution in a lump sum. The actions of each of these agencies are described in the pages that follow.

In their annual operating budgets, the institutions are under no legal restraint to adhere to their original budget estimates. Neither are they required by law or directive to formulate their operating budgets along the lines recommended by the BEF. Thus, an institution may use funds originally justified for faculty salaries for administrative salaries, to support intercollegiate athletics, or for capital outlay purposes. On the other hand, an institution may use funds originally justified for the athletic program or for administrative expenses for faculty salaries. Similarly, an institution may employ one hundred ten faculty members with the funds provided for

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that purpose despite the fact that the BEF had recommended a staff of one hundred. This situation results in a lower average faculty salary than that recommended by the board. Conversely, an institution may hire only ninety teachers with a resultant higher average faculty salary than the board's recommendation.

### The 1953 Legislative Session

The statute creating the Board of Educational Finance requires that the board be concerned with the "adequate financing" of the state educational institutions. It also states that the BEF shall be concerned with the "equitable distribution of available funds" proved to be a great problem.

The board decided to submit budgets which, in its judgment, represented the "essential needs of the institutions." The recommended appropriations were not calculated "with regard to the probable available revenue for the support of these institutions."<sup>7</sup> In addition, the agency did not attempt to equalize the budgets so that each institution would receive approximately the same amount of state appropriation per student. The resultant recommendations ranged from \$557 for the New Mexico College of Agriculture and Mechanic Arts to \$721 for the University of New Mexico. However, the board believed that the total

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<sup>7</sup>Minutes, December 2, 1952, p. 8.

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In 1953, the institutions had asked the board to recommend appropriations amounting to eleven and one-half million dollars for each fiscal year, more than twice as much as they had received from the 1951 Legislature,<sup>10</sup> despite the fact that the State Comptroller had "asked college presidents to 'lay aside the air pump' in preparing their budget requests."<sup>11</sup> State fiscal officials had indicated that they were opposed to any sizable increase in appropriations for the colleges.<sup>12</sup> The board,

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<sup>9</sup> State Budget Director, Report of Budgets Submitted, (Santa Fe: January, 1951), p. 19. This represented the requested general fund appropriation per student. The total expenditure per student proposed ranged from \$495 at Highlands University to \$1,420 at the School of Mines. See ibid., p. 18.

<sup>10</sup>Albuquerque Journal, November 20, 1952.

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after carefully analyzing the budget estimates, trimmed them down. However, it still recommended its "justifiable budgets" with total increases amounting to one and one-third million dollars per fiscal year over the previous level.<sup>13</sup>

The reactions to the board's recommendations were very strong. State Comptroller Edward M. Hartman returned the budgets to the BEF and completely rejected its recommendations. First Hartman took the college presidents to task. "State Comptroller Edward Hartman is sharply scolding New Mexico college officials for asking more money when the state doesn't have it," reported one newspaper.<sup>14</sup> Hartman then rebuked the Board of Educational Finance by stating that the board's recommendations did not "follow the spirit or even the letter of the law by which your board was established."<sup>15</sup> He insisted that the BEF cut back the budgets to their previous levels. Referring to the range of expenditure per student, Hartman stated that the recommended budgets did not give equitable treatment to the several institutions.<sup>16</sup>

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<sup>13</sup>Albuquerque Journal, December 8, 1952.

<sup>14</sup>Santa Fe New Mexican, December 14, 1952.

<sup>15</sup>Ibid.

<sup>16</sup>Minutes, December 22, 1952, p. 6.



state who was dissatisfied with the board's recommendations. The Albuquerque Tribune reported that "a critical friend of the A. & M. school from Las Cruces accused the educational board of making a serious mistake in approving budgets with such a wide range as that between the University and the A. & M. school."<sup>17</sup> Governor Mechem supported his Comptroller in his decision to reject the board's budget recommendations. The Governor fully approved of Hartman's attempt to keep the institutional budgets near their previous level. "They need some increases," the governor said, "but they don't need the increases anywhere near the amount they asked."<sup>18</sup>

The board's first executive budgets were a failure in that they were rejected in toto by the state budget officers. The BEF had taken a stand for "adequate financing" but the state fiscal officers insisted upon "the equitable distribution of available funds." The board yielded. It had no alternative except to revise the budgets as the State Comptroller had indicated.

But the board did not yield without protesting. Russell was reported as stating that holding the schools at their present levels of expenditures would be equivalent to

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<sup>17</sup>Albuquerque Tribune, December 6, 1952.

<sup>18</sup>Albuquerque Journal, December 24, 1952. Interview with the Honorable Edwin L. Mechem, February 22, 1956.

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After cutting the budgets, the board, in one last gesture of protest, unanimously directed its Chancellor and Executive Secretary to:<sup>21</sup>

accompany these revised budget recommendations for the educational institutions with a letter to the State Comptroller specifically pointing out that this Board still believes that its budget recommendations of December 2, 1952, are correct in principle, and that the revised budgets submitted as of this date have been prepared according to the instructions of the State Comptroller, and that the Chancellor and Executive Secretary should specifically point out the various ways in which a reduction in the recommended budgets, as this Board set them up originally, will hurt the educational system of New Mexico in the years to come.

Russell complied with the directive from the BEF with an eleven page letter<sup>22</sup> which concluded, "... the recommendations of the Board of Educational Finance are the result

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<sup>20</sup>Albuquerque Journal, January 6, 1953.

<sup>21</sup>Minutes, December 29, 1952, p. 12.

<sup>22</sup>Letter from Dr. John Dale Russell, Executive Secretary, Board of Educational Finance, to the State Comptroller, January 2, 1953.

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<sup>19</sup>Albuquerque Journal, December 24, 1952.

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<sup>21</sup>Minutes, December 29, 1952, p. 12.

<sup>22</sup>Letter from Dr. John Dale Russell, Executive Secretary, Board of Educational Finance, to the State Comptroller, January 2, 1953.



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The Legislature, however, decided that even further cuts would be necessary. Unlike previous sessions where they waited until the last moment and then slashed away at the budgets, the legislators requested the board's advice as to how the amounts should be scaled down a bit further. The BEF complied with the request. The final figures in the Appropriations Act were exactly as finally suggested by the Board of Education Finance.<sup>26</sup>

The reactions to the board's activities among the legislators were varied. Senator Reginaldo Espinosa introduced a bill to repeal the act creating the BEF.<sup>27</sup> The bill was reported from the committee with a recommendation that it "do not pass." Had this committee report been adopted by the Senate, the bill would have died immediately. However, the opponents of the board mustered sufficient strength on the floor of the Senate to change the report to read "without recommendation," thus prolonging the life of the bill. Two days later the bill was recommitted to the committee, and it died there with the adjournment of the

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Legislature.<sup>28</sup> A more moderate legislative view was that held by Representative Virgil McCollum and several other legislators. McCollum said, "I don't believe that the board has yet accomplished what the legislature intended it to do."<sup>29</sup> McCollum and most other legislators did not favor repeal.

Despite the furor surrounding the 1953 budgets, certain facts favorable to the board emerged. A certain degree of confidence in the BEF was displayed by executive, legislative, and institutional officials.

While Comptroller Hartman had some sharp words to say to the board, he still showed faith in it by proposing that appropriations be made in a lump sum to the Board of Educational Finance for subsequent distribution each fiscal year to the institutions.<sup>30</sup> This would have replaced the separate appropriations by the Legislature and would have resulted in greatly increasing the power of the board. This plan, while it has been much discussed,

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has been abandoned as politically unwise. The legislators are jealous of their constitutional prerogative to appropriate funds and the institutional boards of regents jealously guard their constitutional mandate to control and manage the institutions.<sup>31</sup>

At the height of the "battle of the budgets" the State Board of Finance, whose chairman is the Governor and whose chief executive officer is the State Comptroller, who was also at that time the chief Budget Officer of the state, decided to route all capital construction requests originating in the state educational institutions through the Board of Education Finance.<sup>32</sup>

The Legislature, as it has been pointed out, followed the agency's recommendations explicitly in the final draft of the Appropriations Act. The total amount appropriated was set by the Legislature, but the actual amount for each institution was recommended by the BEF and approved by the Legislature. In addition, the bill to repeal the act creating the Board of Educational Finance, while it had some determined support, did not make much headway.

The institutional presidents, who opposed the board's recommendations after the budgets were slashed in accordance with the directive of the State Comptroller, did not

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object to the BEF itself. Fairly typical of the reactions of the presidents was that of President J. Cloyd Miller of New Mexico Western College. Even as he appeared before a legislative committee to request a boost in his budget, Miller commended the Legislature for creating the Board of Educational Finance and praised the board for appointing John Dale Russell as its Chancellor and Executive Secretary.<sup>33</sup>

It is true, however, that the institutions were not unanimously in favor of the creation of the BEF. Soon after its establishment, the New Mexico School for the Deaf, one of the three non-collegiate level institutions under the jurisdiction of the board, made a concerted attack on the legality of the BEF. The Board of Regents of the school claimed that the authority vested in the Board of Educational Finance was an unconstitutional delegation of powers. The regents refused to submit their budget to the agency and refused to pay the school's assessment for the support of the board.<sup>34</sup>

The regents were mainly concerned over the school's permanent land fund income. They feared that the BEF might try to reapportion the lands or the funds from the lands among the several state educational institutions.

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The board tried to alleviate the fears of the school's officials. In a letter to Mr. Marshall S. Hester, the school's superintendent, Lilburn C. Homan, Chairman of the Board of Educational Finance, pointed out that his agency was concerned with land fund income only insofar as this affected the amount to be appropriated from the general fund. Homan further pointed out that the statute creating the BEF did not alter the control over the operation and management of the institutions in any way but merely inserted an additional step in the budgetary procedure.<sup>35</sup>

However, the regents had acted to protect the school's land fund income. It had requested an opinion from the Attorney-General with this end in mind. The Attorney-General found as follows:<sup>36</sup>

The words "adjust and approve" are not dictatorial but mean that the new board shall have the power to "adjust and approve" the budget within reason and only insofar as the direct appropriation from the legislature is concerned and not upon any monies derived from lands placed in trust of the board of regents for the school for the deaf.

With regard to the challenge to the constitutionality of the board, however, the Attorney-General found: "This delegation of powers to the new board by the legislature is not unconstitutional because what the legislature has

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given, it can take away."<sup>37</sup>

The regents of the School for the Deaf were not pacified by the Attorney-General's opinion. Continuing to refuse to submit to the BEF, the regents directed that the school's budget be submitted directly to the State Comptroller. The State Comptroller, however, forwarded the budget to the Board of Educational Finance for approval.<sup>38</sup> The regents found no ally in that key office. The BEF had successfully withstood the attack on its powers.

#### The 1955 Legislative Session

The year 1955 proved to be much calmer for the Board of Educational Finance. In that year the BEF took steps to prevent a repetition of 1953 reactions to its activities. The board empowered its executive committee to request the Governor to furnish information as to the approximate amount of the total appropriations that could be recommended for the educational institutions for the 1955-57 biennium. The committee was also empowered to request a conference with the Governor on this subject.<sup>39</sup> The board was not going to be caught off base again. However, because of the Governor's heavy schedule, this meeting never took

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<sup>37</sup>Ibid.

<sup>38</sup>Minutes, May 16, 1952, p. 5.

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place. The board therefore proceeded cautiously. After carefully analyzing the budget requests and hearing the institutional officials explain them, the BEF trimmed approximately one million dollars from the estimates. The resultant budget recommendations were what the board considered to be "justifiable." However, fearing that available revenues were not sufficient to support its "justifiable" recommendations, the board cut the budgets of six of the institutions an additional five per cent before transmitting them to the State Comptroller.<sup>40</sup>

Recalling the Comptroller's objection to the 1953 recommendations as inequitable because of the wide range of expenditure per student, the Chancellor, in his letter of transmittal, carefully pointed out that "the weighted expenditures per student for each of the institutions fall within a narrow range." He also pointed out that the board had considered the probable available revenues when it made the additional five per cent cut in the budgets of six of the institutions.<sup>41</sup> The BEF was taking pains to avoid a recurrence of the events of 1953.

This time the reactions of the state budget officers

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<sup>40</sup>Minutes, December 6-8, 1954, pp. 21-22. This five per cent cut represented a total of \$300,000.

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were favorable. The State Budget Director, C. R. Sebastian, included the board's recommendations, as submitted, in his executive budget. The Governor, in turn, submitted the budget to the Legislature without altering any of the BEF's figures.<sup>42</sup>

Again the Legislature sought the advice of the Chancellor of the Board of Educational Finance when it was working on that part of the appropriations bill that affected the state educational institutions. The final appropriations act gave the institutions ninety-eight per cent of the amount recommended by the BEF for 1955-56 and ninety-nine per cent for 1956-57. The distribution was again exactly as recommended by the board through its Chancellor.<sup>43</sup>

The reaction of the institutional officials to the 1955 recommendations was also favorable. Despite the amount of trimming that the board had made in their requests (approximately \$1,300,000 or 17%), the institutional presidents unanimously supported the BEF's recommendations before the Legislature. There was no individual lobbying this year.<sup>44</sup>

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<sup>42</sup>New Mexico State Budget for the Biennium July 1, 1955 to June 30, 1957, pp. I, III.

<sup>43</sup>John Dale Russell, "The Board of Educational Finance of the State of New Mexico," Statement of August 26, 1954 as revised July 5, 1955, p. 3, (dittoed).

<sup>44</sup>Interview with Tom L. Popejoy, President, University of New Mexico, February 16, 1956. Interview with Dr. Thomas C. Donnelly, President, New Mexico Highlands University, February 21, 1956.

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<sup>42</sup> New Mexico State Budget for the Biennium July 1, 1955 to June 30, 1957, pp. 1, 111.

<sup>43</sup> John Dale Harsell, "The Board of Educational Finance of the State of New Mexico," Statement of August 28, 1954 as revised July 5, 1955, p. 2, (attached).

<sup>44</sup> Interview with Tom L. Poohey, President, University of New Mexico, February 18, 1958. Interview with Dr. Thomas C. Donnelly, President, New Mexico Agricultural University, February 21, 1958.



The generally favorable reactions to the 1955 budget recommendations were not a matter of chance. There are several reasons for it.

As it has been noted, the board took great pains to prevent a repetition of 1953. While still concerned with the "adequate financing" of the institutions, the BEF also carefully considered the probable "available" revenues for higher education.

During the intervening two years, the board and its staff had, through its studies and analyses, learned much more about the problems affecting the New Mexico educational institutions. The experience was invaluable. In collecting and evaluating its data, the agency had been able to effect technical refinements in techniques which led to greater accuracy and more equitable budget recommendations.<sup>45</sup>

Finally, the activities of the Board of Educational Finance during the intervening two years had caused the institutional officials and the other state fiscal officers to place additional confidence in the board.

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<sup>45</sup>Interview with Dr. James I. Doi, Budget Analyst and Assistant to the Chancellor, Board of Educational Finance, February 28, 1956.



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higher education.

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Assistant to the Secretary of Education

February 20, 1956



## CHAPTER V

### THE BOARD AND BUDGETING (CONCLUDED)

The passage of the biennial appropriations act by the Legislature in March of each odd numbered year is not the end of the budget-making process in New Mexico.

Each of the institutions submits its budget estimate for the coming biennium in the August preceeding the legislative session. The first fiscal year of the biennium begins on the July first following the passage of the appropriations act. Eleven months elapse between the submission of the institutional budget estimates and the beginning of the first fiscal year of the biennium. Operating budgets for each fiscal year are therefore created in April to show how the monies appropriated will actually be spent.

#### The Operating Budgets

Each of the educational institutions annually presents an operating budget for the coming fiscal year based on the legislative appropriation. This budget is subject to approval or disapproval by both the Board of Educational Finance and the State Board of Finance. The State Board of Finance, an extremely powerful agency, has the authority

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to cut operating budgets up to eighteen per cent. The statute reads, in part:<sup>1</sup>

The state board of finance is hereby given supervision and control of the budgets of all state offices, departments, bureaus and institutions. . . . Such budget shall be subject to the approval of the state board of finance, and no expenditure shall be made by such an office, department, bureau or institution for the fiscal year covered by such budget until said budget shall have been approved by the state board of finance. . . .

The operating budgets are submitted by the institutions to the Board of Educational Finance. The BEF carefully scrutinizes them and then passes them on to the State Board of Finance with its recommendations. Final approval or disapproval of the operating budgets rests with the State Board of Finance.

The operating budgets are examined in more detail than they were prior to the creation of the BEF. For example, the form used by the institutions to submit their operating budgets contained fourteen pages prior to the creation of the board. Today the form, as determined by the BEF and approved by the State Comptroller, contains thirty-four pages. More data is submitted and subjected to analysis. Analyses are made to discover whether or not: 1) the computations are correct; 2) the proposed expenditures are within the anticipated income; 3) the anticipated income from each source is within reasonable

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<sup>1</sup>New Mexico Statutes Annotated (1953), sec. 11-4-1.

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expectations; 4) the amount listed to be received from state appropriations is in accord with the appropriation act; 5) the forecast of student enrollment is realistic; 6) the proposed expenditures in the several categories are necessary and justifiable for the support of the institution's program of services; and 7) the results of the current year's budget are consistent with the forecast made in the budget approved for that year.<sup>2</sup> Much of this work consists of checking statistical data. A good part of the work, however, as indicated by items six and seven above, involve thorough analysis.

The analysis for each institution is substantially the same as that used for the executive budget. The major difference is that the state funds available for each institution are already determined, and the budgets must be analyzed within these limits.<sup>3</sup>

The State Board of Finance apparently approves of the BEF's procedures and conclusions for it has consistently approved the BEF recommendations. The operating budgets for the fiscal year 1952-53 were approved by the

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<sup>2</sup>Minutes, March 6, 1952, pp. 6-7.

<sup>3</sup>Interview with Dr. James I. Doi, Budget Analyst and Assistant to the Chancellor, Board of Educational Finance, March 27, 1956. For the results of the latest such analysis see New Mexico Board of Educational Finance, "Analysis of Institutional Operating Budget Estimates for 1955-56," May 10, 1955, (multilithed).

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State Board of Finance exactly as submitted to it with one exception. The SBF cut the budget of Eastern New Mexico University.<sup>4</sup> However, the BEF had had certain misgivings about Eastern's budget and was not particularly disturbed by the action.<sup>5</sup>

The operating budgets for the fiscal year 1953-54 were approved by the State Board of Finance "in exactly the form in which they had been approved by the Board of Educational Finance."<sup>6</sup> The budgets for the fiscal year 1954-55 met with exactly the same kind of treatment at the hands of the SBF.<sup>7</sup>

The operating budgets for the fiscal year 1955-56 were treated in a slightly different manner by the State Board of Finance. Prior to receiving the BEF's recommendations, the SBF determined that the operating budgets would have to be cut by an over-all total of 4.9 per cent.<sup>8</sup> The cuts were made after consultation with the BEF's staff and in the manner recommended by the educational agency.<sup>9</sup>

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<sup>4</sup>Minutes, August 14, 1952, p. 3.

<sup>5</sup>Ibid., pp. 3-4.

<sup>6</sup>Minutes, August 21, 1953, p. 5.

<sup>7</sup>Minutes, August 19, 1954, pp. 2-3.

<sup>8</sup>John Dale Russell, "Financing Higher Education in New Mexico," Speech to the University of New Mexico Chapter of the American Association of University Professors, March 20, 1956.

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It should be noted, however, that the State Board of Finance, upon recommendation of the Board of Educational Finance, restored the cuts in March of 1956 for all the institutions except New Mexico Highlands University.<sup>10</sup> The Highlands cut had been restored earlier because of a fire in one of the school's buildings.

#### Budget Revision

During the fiscal year it occasionally becomes necessary for an institution to revise its operating budget. Such revisions are required by statute and are subject to approval by the State Board of Finance. Requests for revisions are submitted to the BEF prior to submission to the SBF.

It is the policy of the Board of Educational Finance to encourage the institutional officials to revise their operating budgets as often as they believe such revisions to be necessary. Certain types of revisions are granted automatic approval by the BEF. Others are subjected to thorough analysis before action is taken on them.<sup>11</sup>

Automatic approval is granted by the board for budget revisions that involve only changes in amounts within

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<sup>10</sup>New Mexico State Board of Finance, Official Minutes, Meeting of March 20-21, 1956, pp. 4, 8.

<sup>11</sup>Minutes, August 14, 1952, pp. 7-10. However, the practice of the BEF increasingly has been to subject all requests for budget revisions to thorough analysis.

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the broad categories of "education and general" and "auxiliary activities" provided that the total expenditure in the category is not increased. Budget revisions in the "non-educational" or "auxiliary activities" categories are automatically recommended for approval provided that the budgeted income in the categories is large enough to cover the increased expenditure. In addition, the board will automatically recommend approval of budget revisions which involve the transfer of balances or surpluses from any category to sinking funds or reserves for debt service.

All other budget revisions that involve an increase of expenditure in a major category receive the same kind of treatment and scrutiny as do the original operating budgets. This is also true in the case of budget revisions.<sup>12</sup> It is true that many of these requests are routine in nature and would be approved without objection by the SBF even if there were no BEF recommendation. However, many of the requests are more complicated, and in such cases the recommendation of the educational finance agency carries great weight with the State Board of Finance. The Official Minutes of the BEF are replete with such statements as, "All of these recommendations were approved by the State Board of Finance."<sup>13</sup>

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<sup>12</sup>Interview with Mr. Daniel M. Smith, Jr., State Comptroller, March 6, 1956.

<sup>13</sup>Passim.





In its appearances before the SBF, the Board of Educational Finance has been quite successful in gaining approval of its recommendations. In conversations with various state fiscal officers, both past and present, the reasons for this phenomenon usually mentioned included: 1) the Board of Educational Finance is always prepared to back its recommendations with convincing data; 2) the BEF relieves the state fiscal officers of much work and leaves them free to devote their time and energies to other problems; 3) the members of the board and its staff are highly competent people who do an excellent job; 4) the agency does not attempt to "doctor" the facts in favor of the educational institutions; and 5) the board considers the interests of the state as a whole rather than those of any particular institution or group of institutions.

#### The Budgets of Non-College Units

The statute creating the Board of Educational Finance makes reference to the budgets of those institutions mentioned in Sections 11 and 12 of Article XII of the state constitution. These sections confirm the ten schools as state educational institutions. However, no mention is made with regard to the non-educational units of the institutions.

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The New Mexico Institute of Mining and Technology subsumes the Bureau of Mines and Mineral Resources and



conducts several programs that are not educational in nature. These programs include the Geophysical Water Survey and Climatological Program, the Ground Water Survey, and the Basic Geology Survey.

The New Mexico College of Agriculture and Mechanic Arts subsumes the State Department of Agriculture. It conducts the state's agricultural regulatory services and several other programs which are non-collegiate in nature. These include the agricultural experiment station, the agricultural extension service, and the plant disease station.

Both the School of Mines and the Agricultural College complied with the statute creating the BEF by submitting their budgets to the new agency. However, they continued to send the budgets of their non-college units directly to the State Comptroller rather than to the board.

In June of 1953, G. T. Harley, a member of the BEF raised the question as to why the agency was not being supplied with budgetary data concerning the Bureau of Mines and Mineral Resources and the Research and Development Division of the Mining Institute. He noted that the relationship of the school's educational program to its research activities was such that funds could be freely transferred from one unit to another. Under these circumstances, Harley pointed out, the board could not derive a

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complete picture of the financial needs of the school unless it had data pertaining to all of the Institute's activities.<sup>14</sup> The Chancellor and Executive Secretary explained that the decision as to which of the institution's activities should come under the jurisdiction of the BEF had been made originally by the State Comptroller. Thereupon he was instructed by the board to request the State Comptroller to make arrangements to provide the board with budgetary data pertaining to all of the units maintained by the School of Mines.<sup>15</sup>

The State Comptroller, through his Assistant State Budget Director, Ray Hall, informed the Board of Educational Finance that the agency should have jurisdiction over the budgets of all the units of the educational institutions. However, he pointed out that in order to effect a change in the procedure, it would be necessary for the State Board of Finance to direct the institutions to route the budgets of the non-college units through the BEF.<sup>16</sup> The board thereupon moved to request the SBF to direct the School of Mines to route its entire budget through the BEF for examination and approval.<sup>17</sup>

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Noting that a similar situation existed with regard to the budgets of the regulatory services of the A. & M. College, the board, with the assent of the Assistant Budget Director representing the State Comptroller, moved to request the State Board of Finance to direct that the budgets for all the units of the Agricultural College be routed through the BEF for examination and approval.<sup>18</sup>

The SBF, at the request of the regents of the mining school, postponed action until the regents could present their point of view. The BEF decided to direct its executive committee to meet with the regents of the Mining Institute in an effort to arrive at an amicable agreement on the routing of the school's non-college budgets.<sup>19</sup>

An agreement was reached between the School of Mines and the BEF under which the Institute would submit its budgets for the non-college units to the State Board of Finance or the Governor with one extra copy for the Board of Educational Finance. The BEF would not pass upon or disapprove any item in the budget of the Bureau of Mines or the Division of Research. In the event that the agency should revise the educational budget of the institution because of matters appearing in the non-college budgets

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<sup>19</sup>Mines, November 12-13, 1953, p. 5.



without the consent of the Mining Institute, a full report thereon was to be made to the State Board of Finance or the Governor.<sup>20</sup>

The SBF, however, refused to accept the compromise resolution and directed that the budgets of all units of the School of Mines be routed through the BEF.<sup>21</sup>

Several months later, over the objections of the officials of the Agricultural College, the State Board of Finance directed that the budgets for the regulatory services of the A. & M. College be routed through the Board of Educational Finance.<sup>22</sup>

At the present time the BEF receives budgetary data for all units operated by the state educational institutions.

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<sup>20</sup>Minutes, January 14-15, 1954, pp. 13-14. Minutes, February 25-26, 1954, p. 6.

<sup>21</sup>Minutes, April 12-13, 1954, p. 7.

<sup>22</sup>Minutes, August 19, 1954, pp. 11-12.

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## CHAPTER VI

### THE BOARD AND ITS OTHER ACTIVITIES

While the Board of Educational Finance is primarily concerned with budgetary activity, this is by no means its only function. Other duties are imposed on the board by supplementary legislation, at the request or direction of other state officials or institutional officers, or simply as a necessary concomitant to its budgetary job.

#### Capital Outlay Proposals

Capital outlay projects present a distinct problem for the Board of Educational Finance. Every biennial budget estimate from the institutions contains proposals for capital outlay. The BEF divides the capital outlay requests into two classes: major and minor, and deals with each of them in a different manner. Minor capital outlay requests are those involving the purchase or reconditioning of furniture and equipment and certain minor campus improvements. Major capital outlay requests are those involving the construction of buildings, improvements on existing buildings, and landscaping. Certain improvements may be considered to be minor, but there is no firm dividing line, and each proposal is considered on its own merits.

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Approved minor capital outlay requests are included within the body of the board's recommendations for the executive budget. In this manner, funds are appropriated for minor capital outlay projects when the Legislature passes the general appropriations act.

Major capital outlay requests are transmitted as separate budget items along with the BEF's recommendations. In practice, the Legislature almost never has any money left in the general fund which it can designate for capital outlay purposes after it has passed the general appropriations act. However, in 1955, some funds were available and, for the first time in many years, the Legislature appropriated money for capital outlay projects. The amount appropriated for each institution followed exactly a pattern proposed by the Board of Educational Finance.<sup>1</sup>

Funds for capital outlay purposes are also raised in several other ways. Donations to the institutions by individual persons and firms is one source of funds for capital outlay, although a very minor one. Occasionally, institutions underestimate their land fund income or their expenditures or both and wind up with an accumulated surplus which they then put into capital improvements or construction. The major source of funds for capital outlay

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purposes, however, comes from bond issues.

Bonds are written against student fees and land fund income. Such projects must be approved by the State Board of Finance. In January of 1953 this agency passed a resolution requiring the state educational institutions to request it, through the Board of Educational Finance, for authority before any commitments, including architectural arrangements, are made regarding capital construction projects.<sup>2</sup> As in the case of the operating budgets and budget revisions, the BEF has had a high percentage of its recommendations approved by the State Board of Finance.<sup>3</sup>

#### Definition of "Resident Student"

The Legislature has frequently been bothered with the problem of defining "resident student" and "non-resident student" for tuition purposes. Both the 1951 and the 1953 appropriations acts contained a definition of "resident student."<sup>4</sup> Each year the definition was slightly different.

The institutions had been having difficulty in applying the Legislature's definition as found in the 1953

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<sup>2</sup>New Mexico State Board of Finance, Official Minutes, Meeting of January 6, 1953, p. 7.

<sup>3</sup>Minutes, passim.

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appropriations act. As a result, the BEF discussed the problem and proposed a change in the definition of resident student to the State Comptroller for inclusion in the 1955 appropriations bill.<sup>5</sup> The legislators, apparently relieved that they had found an agency interested in the problem and capable of handling it, omitted a definition of "resident student" from the 1955 appropriations act. In its place they included a section which stated that "the Board of Educational Finance shall define resident and non-resident students for the purposes of administering tuition fees. . . ."<sup>6</sup> The problem now belonged to the board.

The BEF, after consultation with the institutional presidents and administrative officers, adopted such a definition.<sup>7</sup> This definition is now in effect and is used by all of the New Mexico institutions of higher learning.

The question of who is to be considered a resident student for tuition purposes has resulted in one uncomfortable position for the board and its staff. The BEF and its office habitually deals officially only with the appropriate institutional officers concerned with a

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<sup>5</sup>Minutes, December 6-8, 1954, p. 10.

<sup>6</sup>Laws of New Mexico (1955), c. 287, sec. 12.

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appropriation act. As a result, the HET discussed the problem and proposed a change in the definition of resident student to the State Comptroller for inclusion in the 1935 appropriation bill. The Legislature, apparently relieved that they had found an agency interested in the problem and capable of handling it, omitted a definition of "resident student" from the 1935 appropriation act. In its place they included a section which stated that "the Board of Educational Finance shall define resident and non-resident students for the purpose of administering tuition fees." "6. The problem now belonged to the board.

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particular problem. The policy of the agency is not to circumvent the administrative officers of an institution by dealing directly with the faculty or staff of the school. However, the staff of the board had, through oversight, provided a faculty member of one of the institutions with an interpretation of the residence definition as it pertained to his wife. The faculty member then proceeded to show the letter to the institutional official concerned with the problem and asserted that this was the official ruling of the Board of Educational Finance. The action of the board's staff thus resulted in embarrassing the institutional official concerned with making such decisions locally. In November of 1955, at the suggestion of the Chancellor and Executive Secretary, the BEF passed a rule instructing the Chancellor and his staff to supply such interpretations of rules only to proper institutional officials.<sup>8</sup>

#### New Graduate Level Programs

In 1953 the board recommended a rider be added to the appropriations act stating that "none of the funds thereby appropriated may be used for the development of graduate-level programs in subject matter fields in which such programs were not offered by the institution on or before

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The reason that the BEF had tried to gain this power was the belief among board members that there was an unjustified proliferation of graduate level programs in the institutions. They believed that the institutional boards of regents were not being given enough information about program developments in the institutions for which they were responsible.<sup>11</sup>

While the BEF had not been granted power it requested in 1953 over new graduate-level programs, it still had

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<sup>9</sup>Minutes, December 2, 1952, p. 7.

<sup>10</sup>Minutes, April 24, 1953, pp. 9-10.

<sup>11</sup>Minutes, November 20-22, 1952, p. 11.

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control of the budgets to a great extent. A common adage states that he who controls the purse strings can call the tune. The board decided to use this approach. Early in 1954 the agency adopted the following policy statement:<sup>12</sup>

It will be the policy of the Board of Educational Finance in making recommendations to the Legislature to give first priority to the strengthening of the quality of existing programs of instruction and research in the State's educational institutions; extensions and expansions into new fields and new levels of instruction will be subordinated. It is desirable that expansions and extensions of programs should be worked out cooperatively among all the interested institutions, to the end that the resources of the State may be most effectively mobilized and utilized, and in order that wasteful duplication may be avoided. Any new program proposed by an institution should be submitted by it as a separate line item in its budget request. In making recommendations to the Legislature for appropriations to support any new program, the Board of Educational Finance will set out the amount as a separate line item in the budget and will ask the Legislature to appropriate the funds for that purpose as a line item, without affecting the lump sum budgets for any of the institutions.

However, the board was not content to let the matter lie here. It still wanted the power over the new programs specifically granted to it by legislation. Therefore, the BEF voted to submit to the State Comptroller a rider similar to the one proposed by it in 1953 for inclusion in the appropriations bill.<sup>13</sup> This time the agency's recommendation

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<sup>12</sup>New Mexico Board of Educational Finance, "Program Expansions," Policy Letter 20-0, January 15, 1954, as revised August 19, 1954, (dittoed). Also see Minutes, January 14-15, 1954, p. 11, and Minutes, August 19, 1954, p. 10.

<sup>13</sup>Minutes, December 6-8, 1954, p. 11.

control of the budget is a great asset. A common charge states that he who controls the purse strings can call the tune. The board decided to use this approach. Early in 1954 the agency adopted the following policy statement:<sup>12</sup>

It will be the policy of the Board of Educational Finance in making recommendations to the Legislature to give first priority to the strengthening of the quality of existing programs of instruction and research in the State's educational institutions; extensions and expansions into new fields and new levels of instruction will be subordinated. It is desirable that expansions and extensions of programs should be worked out cooperatively among all the interested institutions, so that the resources of the State may be most effectively mobilized and utilized, and in order that wasteful duplication may be avoided. Any new program proposed by an institution should be submitted by it as a separate line item in its budget request. In making recommendations to the Legislature for appropriations to support any new program, the Board of Educational Finance will set out the amount as a separate line item in the budget and will ask the Legislature to appropriate the funds for that purpose as a line item, without affecting the lump sum budgets for any of the institutions.

However, the board was not content to let the matter lie here. It still wanted the power over the new programs specifically granted to it by legislation. Therefore, the BEF voted to submit to the State Comptroller a rider similar to the one proposed by it in 1953 for inclusion in the appropriations bill.<sup>13</sup> This time the agency's recommendation

<sup>12</sup>New Mexico Board of Educational Finance, "Program Expansions," Policy Letter 80-0, January 15, 1954, as revised August 19, 1954, (dittoed). Also see Minutes, January 14-15, 1954, p. 11, and Minutes, August 19, 1954, p. 10.

<sup>13</sup>Minutes, December 6-8, 1954, p. 11.



was accepted. Except for the addition of the State Board of Finance as a co-approving agency, the rider was made part of the appropriations act exactly as proposed by the Board of Educational Finance.<sup>14</sup>

Since passage of the rider, the BEF has had two requests for new programs of graduate study. The University of New Mexico requested permission to grant a Master's degree in Music Education. The board, noting that the new degree "involves no additional expense and no new staff members or courses, but is merely a rearrangement of existing courses into a new pattern for a different degree than any heretofore given," approved the proposed program.<sup>15</sup>

The second request came from the New Mexico College of Agriculture and Mechanic Arts which asked for approval of a doctoral program in physics, mathematics, and applied science. The Executive Committee, acting for the board between meetings, granted "reluctant approval" to the program after the Commanding General of the White Sands Proving Grounds, W. L. Bell, Jr., personally intervened on behalf of the College to request approval of the program for national defense purposes.<sup>16</sup>

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<sup>14</sup>Laws of New Mexico (1955), c. 287, sec. 14.

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### Out-of-State Travel

Perhaps the one activity of the Board of Educational Finance which creates the most antagonism among the institutional presidents is the approval of out-of-state travel requests.

The appropriation acts usually require that out-of-state travel requests be approved by the Governor prior to the commencement of the travel.<sup>17</sup> Governor Mechem, in 1952, delegated initial approval of such requests originating in the educational institutions to the BEF. The board established certain policies to govern such requests, and then delegated the responsibility for the approval to its Chancellor and Executive Secretary.<sup>18</sup> Governor Simms, in a personal conference with John Dale Russell and Morgan Nelson, a member of the board, stated that he wanted the agency's office to continue the scrutiny and initial approval of the educational out-of-state travel requests. In addition, the Governor stated that there should be a reduction in the amount of such travel, because a good deal of it was, in his opinion, unnecessary. He suggested that the institutions be so informed. Accordingly, the

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<sup>17</sup>E. g., Laws of New Mexico (1951), c. 227, sec. 12; Laws of New Mexico (1953), c. 156, sec. 11; Laws of New Mexico (1955), c. 287, sec. 11.

<sup>18</sup>Minutes, August 14, 1952, p. 10. Also see New Mexico Board of Educational Finance, "Out-of-State Travel," Policy Letter 10-3, March 12, 1954, (dittoed).





BEF sent a letter to each of the institutional presidents urging that out-of-state travel requests be submitted only for trips that are clearly justifiable.<sup>19</sup> Thus, under both a Republican Governor and a Democratic Governor, the board has had the problem of dealing with out-of-state travel requests.

And it has been a problem! The institutional presidents greatly resent having to submit such requests to anybody, including the Governor. Their reaction is that if they are qualified to run multi-million dollar institutions, they are qualified to administer three thousand dollar travel funds. They believe that if they are not trusted to administer the travel funds, then they are not qualified to be presidents of their institutions and ought to be removed.<sup>20</sup> Their resentment of the Board of Educational Finance is misdirected. The BEF is merely carrying out a function it is ordered to undertake by the Governor. According to law, the Governor must approve these requests, and he has delegated initial authority in such matters to the state agency closest to the educational institutions.

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If this function of the board is to be properly challenged, it is the law which must be changed. The BEF can do nothing to change the situation.

In fact, the board and its staff are sympathetic to the institutions with regard to out-of-state travel. Russell has indicated that he doesn't think that the professors get out of the state enough. He has also pointed out that when a professor does go somewhere for professional purposes, he usually has to pay half his way out of his own pocket. Russell disapproves of this situation and believes that the professors should be fully compensated for such trips.<sup>21</sup> Nevertheless, there have been times, infrequent though they may be, when a request has had to be denied.<sup>22</sup> The sore spot remains.

#### Supplementary Activities

As a result of its major function of budget analysis and its other required activities, the BEF's staff has made numerous studies of various aspects of the state's

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higher educational system.<sup>23</sup> Research activity may be initiated by institutional officials, other state officers, and the board or its staff. All of these analyses have been thorough. They have had much to do with the success that the BEF has enjoyed since its creation.

Reaction to each particular study varies, but, on the whole, the reactions have been favorable. Various state executive and institutional officers have indicated that they have found the studies to be of great value to them in their work. The penchant for detailed analysis apparently carries great weight before the State Board of Finance, other state fiscal officers, and legislators.

At the suggestion of President Donnelly of New Mexico Highlands University, the board voted to prepare a manual for members of boards of regents of the state educational institutions. Such a manual was needed because the members of boards of regents, especially those newly appointed, frequently do not have a clear picture as to their functions and responsibilities.<sup>24</sup> Upon its publication, the manual<sup>25</sup> received favorable reactions even beyond the borders of New Mexico. The review of the

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The board's study, "Analysis of Scope of Course Offerings, Class Size, Teaching Loads, and Instructional Salary Costs per student Credit Hour, for Regular Academic Year 1952-53 (excluding summer session), by Departments and Course Levels, College Classes Only, New Mexico State Educational Institutions," which was released in February of 1954, for example, received very careful study at Highlands University. A summary of the analysis <sup>was</sup> distributed to each of the University's department heads by the President of the University. A covering memo from the President read, in part, "You are urged to carefully study this report before preparing course offerings for the 1954-55 academic year."

The Highlands summary impressed the members of the Board of Educational Finance, and they forwarded a copy to each of the other educational institutions. Favorable reactions were received from several of the schools. The

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Appreciation of the BEF's reports is not limited to institutional officials. Governor Simms, for example, wrote the board a commendatory letter on its study, "Geographical Distribution of Homes of Students Attending State Institutions of Higher Learning in New Mexico in 1953."<sup>28</sup>

The activities of the board have commanded considerable public attention. The press is always present when the board meets. Whenever the BEF releases a report there is, invariably, considerable newspaper comment about it.

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The studies do not, of course, receive unanimous approval from all who see them. The same analysis, for example, which Governor Simms lauded so highly was the subject of a complaint by Ervin W. Mitchell, a member of the Board of Regents of the New Mexico Military Institute. Mitchell took issue with the "unwarranted slap at our local institutions in the report." He also "implied that the publication of this study was outside the functions of the Board of Educational Finance."<sup>29</sup> Mitchell's implication is typical of the reaction when someone disagrees with an action of the agency. In such cases, the authority of the BEF to take such an action is invariably questioned.

However, on the whole, reactions to the board's activities and studies have been favorable. This is true for institutional officials, other state officers, legislators, and the public in general as represented by the newspaper reaction. The studies have had much influence on the success that the Board of Educational Finance has enjoyed to date.<sup>30</sup>

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## CHAPTER VII

### SUMMARY AND CONCLUSIONS

The New Mexico Board of Educational Finance constitutes a new method of controlling state-supported institutions of higher education. Most state-wide boards of control have complete authority over their institutions, and the system, as it exists in Oregon, for example, is completely integrated. However, in recent years a trend away from the wholly integrated system may be observed. The basic reason for this tendency is that an all-powerful central coordinating board tends to destroy local institutional autonomy. While any state-wide board of control is likely to impinge somewhat on local institutional autonomy, a system like New Mexico's is not apt to destroy it.

The New Mexico Board of Educational Finance has no direct authority over the educational institutions. The Constitution of the state vests the control and management of the institutions in their respective boards of regents. The statute creating the BEF establishes this board primarily as a budgetary agency. Most decisions of the board are made in the form of recommendations and are subject to review by various other state agencies. The executive budget estimates are subject to action by the State Budget

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Director, the State Comptroller, the Governor, and the Legislature. The operating budgets, budget revisions, establishment of new graduate-level courses, and most other recommendations subject to action by the State Board of Finance. Out-of-state travel requests are subject to approval by the State Comptroller and the Governor. Thus, the actual statutory powers of the BEF are limited since its recommendations are subject to review, and it has no authority to enforce them upon the institutions.

The board must rely on the institutions and other state agencies for enforcement of its recommendations. This situation runs counter to part of the theory underlying the existence of a central coordinating board.

John T. Caldwell writes that "it is important that the statutory directive to the central board and the statutory authority of the central board be ample."<sup>1</sup> "Ample," according to Caldwell, implies the power to "police the system."<sup>2</sup>

Nevertheless, the New Mexico Board of Educational Finance has successfully operated for almost five years. Without great statutory authority it has become an integral part of the system of control of higher education in New

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<sup>1</sup>"Organizing State-Supported Higher Education," State Government, XXVI (November, 1955), 260.

<sup>2</sup>Ibid.





Mexico. The BEF might be described as a powerful powerless agency. The reason lies in the relations between the board and its staff on the one hand, and the institutional officers, other state fiscal officials, and the legislators on the other hand.

The Board of Educational Finance is all things to all men. The institutions picture the agency as their representative in getting more money from the state. The executive officers of the state and the legislators look upon the board as the agency that represents them in their relations with the institutions. Each of these impressions of the BEF has some degree of accuracy. In its operation the board does, in fact, have to take into account the interests and viewpoints of both the institutions and the state fiscal officers.

The key to the success of the Board of Educational Finance lies in the office of the Chancellor and Executive Secretary. The man who occupies this position can make or break the agency. The board's first Chancellor, John Dale Russell, is a man whose professional competence is greatly appreciated by everyone who deals with the board's office. His services were in great demand before he came to New Mexico, and since coming to this state, the demand for his services has, if anything increased. Part of this increased demand for the Chancellor's services is undoubtedly a result of the New Mexico experiment which has been the focus

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of interest to many other states and to experts in the field of institutional control.

As a result, the Chancellor spends much time outside of the state as a consultant and lecturer. Perhaps the major criticism that has been leveled against him is this time that he spends out of the state. However, it should be noted that the Chancellor never leaves the state without the prior approval of his board, and the board's decision to allow him to leave the state is always determined by the relevance of the project to the problems faced by New Mexico.

Another criticism often levelled against the agency is that the Chancellor, and not the board members, runs the agency. This impression of the BEF undoubtedly has an element of truth in it. The BEF is a lay board, and its Executive Secretary is a professional. As a result, the Chancellor, of necessity, assumes some degree of leadership. However, policy decisions are always made formally by the board and not by its chief executive officer.

Of major importance to the effectiveness of the board is its membership. These men are not educators. Nevertheless, the members of the first board demonstrated a great interest in their office. On the whole, they put much time and energy into studying the problems of higher education in New Mexico. The sincerity of the board members has had an effect on all others concerned with the

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BEF. Whether or not the recently appointed members will be as conscientious as were their predecessors remains to be seen.

The board's official attitude toward its functions has helped to alleviate some of the opposition to it. This attitude is best summed up in the BEF's own statement:<sup>3</sup>

These policies are based on the principle that the State's collegiate institutions should provide the people of New Mexico with a coordinated instructional and research program of high quality, efficiently operated, and with as low a cost as possible. The educational program should be available to all qualified people, broad enough in scope to serve the needs of the State, and operated within the State's financial resources. A constant study of the higher educational needs of the State will be maintained and an adequate program developed to meet those needs economically.

The Board recognizes fully the constitutional status of the State educational institutions and their Boards of Regents and the policies of the Board are not designed to interfere with the responsibilities and initiative in developing local programs by the various Boards of Regents and institutional administrative staffs. Rather the policies are to aid the development of sound institutional programs by providing for: (1) detached and objective analyses of programs by qualified professional leadership; (2) state-wide, coordinated, positive planning; to the end that the entire State of New Mexico will benefit by having the maximum essential educational service with the lowest cost.

The board has followed this statement in practice.

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Another important factor in the board's life is the political attitude toward it. New Mexico does not have a statewide merit system for the selection of its personnel. When one political party takes over the state administration from the other, a wholesale shift of personnel occurs. New Mexico politicians of both political parties generally frown upon agencies that do not provide political patronage. The major exception to this view are the state's educational institutions.

The Board of Educational Finance has received the support of both political parties partly because it is, by statute, a bipartisan agency. Staff members of the board are chosen on the basis of merit and are prohibited by the "By-laws" to engage in any partisan political activity.<sup>4</sup> When the Chancellor chose as his office manager a woman who had been very active in Democratic state politics, some minor Republican politicians objected to the appointment. Republican members of the board, who at that time were a majority on the board, and other influential Republican politicians upheld the Chancellor in his selection. The desire to keep the educational institutions "out of politics" is prevalent in New Mexico, and this has been of great importance to the BEF.

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<sup>4</sup>New Mexico Board of Educational Finance, "By-laws," p. 15, (dittoed).

Another important factor in the board's life is the political attitude toward it. New Mexico does not have a statewide merit system for the selection of its personnel. When one political party takes over the state administration from the other, a wholesale shift of personnel occurs. New Mexico politicians of both political parties generally frown upon agencies that do not provide political patronage. The major exception to this view are the state's educational institutions.

The Board of Educational Finance has received the support of both political parties partly because it is, by statute, a bipartisan agency. Staff members of the board are chosen on the basis of merit and are prohibited by the "By-laws" to engage in any partisan political activity.<sup>4</sup> When the Chancellor chose as his office manager a woman who had been very active in Democratic state politics, some minor Republican politicians objected to the appointment. Republican members of the board, who at that time were a majority on the board, and other influential Republican politicians upheld the Chancellor in his selection. The desire to keep the educational institutions "out of politics" is prevalent in New Mexico, and this has been of great importance to the BEF.

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<sup>4</sup>New Mexico Board of Educational Finance, "By-laws", p. 15, (dittoed).



The quality of the staff's work has been widely respected in all quarters. The BEF has not "played favorites" and each of its studies reflects a thorough and objective job of research and analysis. These studies have been of great value to the institutions in evaluating their work. The executive officials and the legislators have had concrete data and analyses to work with and have been able to make more rational decisions affecting the state educational institutions.

The Board of Educational Finance and its staff's work has lessened the work load of other state fiscal officers. These men have come to rely heavily upon the board and its studies. As a result, they are able to devote more time to the fiscal problems of other state agencies. Thus the BEF has been cheerfully accepted by the state's other fiscal officers.

But what of the future? Enrollments in American colleges and universities are rising steadily and are expected to increase markedly during the next decade. College enrollment in New Mexico is no exception to this nation-wide trend. In 1950, the college enrollment in the state was 8,835. Conservative estimates indicate that this number will be doubled by 1960 and tripled by 1970.<sup>5</sup>

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Inasmuch as higher education in New Mexico is almost exclusively a state function, the state government is faced with present and future expenses and problems of higher learning. And both the expenses and problems will increase as the enrollments grow. Thus, control of the institutions of higher education becomes an increasingly more important part of state government. And, consequently, the agencies responsible for the state's higher learning become more and more important. In considering the control of the state's institutions of higher learning, several solutions present themselves.

New Mexico can return to the completely uncoordinated system of higher education. Politically, this solution receives no support anywhere in the state. It would mean a return to a highly competitive institutional rivalry and wasteful use of the state's resources for higher education. Coordination of one form or another is probably here to stay in New Mexico.

The solution recommended by the "Little Hoover Commission" is one that has gathered some support. The creation of a Department of Finance, with the executive office of the BEF as one bureau in this agency, has received some careful consideration. However, higher education in the United States has traditionally been kept separate and distinct from other state functions. In addition, the political climate in New Mexico at the

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present time does not appear to be conducive to the creation of such a department. In view of these two considerations, this solution does not appear to be the practicable one for the near future.

Another suggested alternative for New Mexico is the abolition of the local boards of regents and the transformation of the BEF into an all-powerful board of control. The major advantage of this solution is that under such a system a single uniform set of policies that would be followed in all the institutions can be established. Unnecessary duplication of courses, programs, and other wasteful practices could be quickly eliminated by the central board. Thus, the state's resources for higher education would tend to be used to their best advantage. However, this solution also has some disadvantages. The elimination of local boards of regents might tend to stifle the initiative of the institutions in developing new or improved programs. Another disadvantage is that an all-powerful board of control might become bogged down in operational details and intra-institutional problems. When such a situation occurs, the major job of coordinating all the state's institutions of higher learning is slighted.

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in the special election of 1919. Each section of the state jealously guards its college and fears that an all-powerful state board would not protect the interests of the local institution. Politically, a single state-wide coordinating board over all the higher educational institutions would probably receive little support in New Mexico at this time.

A fourth solution is to increase the powers of the present Board of Educational Finance without eliminating the local boards of regents. Under such a system, the BEF would establish the policies for all the institutions of higher learning. Appropriations would be made either to the state board for further distribution to the schools, or directly to the institutions in line items rather than a lump sum. In this way, the BEF would be able to control the programs of the several colleges and universities. The decisions of the state board would be binding on the schools, except, of course, that court action and legislative enactment could curb any abuses of power that the state board might engage in. The operational powers would continue to be vested in the local boards of regents leaving the state agency to concentrate on state-wide problems.

Such a reorganization of the New Mexico system of higher education would probably necessitate a constitutional amendment. At the present time the constitution





vests the management and control of the institutions in their respective boards of regents. The elimination of this constitutional provision would leave the legislature free to revamp the system.

While this solution might be the best for New Mexico it is, at the present time, politically infeasible. Perhaps, at some time in the future, the political climate will change so that such a solution is practicable. Meanwhile, careful consideration might be given to such a change for this system would probably avoid the disadvantage of a wholly-integrated system while taking advantage of its benefits.

Lastly, the Board of Educational Finance can be continued as it exists, without any major change in powers, during the immediate future. This would appear to be the most practicable solution at the present time. The BEF has the support of both of the candidates for Governor in 1956. Politically, it is acceptable in New Mexico. The institutions are content with the board. The Legislature and the other state fiscal officers are not urging any marked change. Despite its potential disadvantages, the Board of Educational Finance is an appropriate agency for the coordination of higher education in New Mexico at the present time and for the immediate future.

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## APPENDIX I

### CONSTITUTIONAL PROVISIONS

#### Article XII, Section 11

The University of New Mexico at Albuquerque, the New Mexico College of Agriculture and Mechanic Arts near Las Cruces, The New Mexico School of Mines at Socorro, The New Mexico Military Institute at Roswell, the New Mexico Normal University at Las Vegas, the New Mexico Normal School at Silver City, the Spanish-American School at El Rito, the New Mexico Asylum for the Deaf and Dumb at Santa Fe, and the New Mexico Institute for the Blind at Alamogordo, are hereby confirmed as State educational institutions. . . .

#### Article XII, Section 12

All lands granted under the provisions of the Act of Congress, entitled, "An Act to enable the people of New Mexico to form a Constitution and State government and be admitted into the Union on an equal footing with the original States; and to enable the people of Arizona to form a Constitution and State government and be admitted into the Union and on an equal footing with the original States," for the purposes of said several institutions are hereby accepted and confirmed to said institutions, and shall be exclusively used for the purposes for which they were granted; provided, that one hundred and seventy thousand acres of the land granted by said Act for normal school purposes are hereby equally apportioned between said three normal institutions, and the remaining thirty thousand acres thereof is reserved for a normal school which shall be established by the legislature and located in one of the counties of Union, Quay, Curry, Roosevelt, Chaves or Eddy.

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CONSTITUTIONAL PROVISIONS

Article XII, Section II

The University of New Mexico at Albuquerque, the New Mexico College of Agriculture and Mechanical Arts near Las Cruces, The New Mexico School of Mines at Socorro, The New Mexico Military Institute at Roswell, the New Mexico Normal University at Las Vegas, the New Mexico Normal School at Silver City, the Spanish-American School at El Rito, the New Mexico Asylum for the Deaf and Dumb at Santa Fe, and the New Mexico Institute for the Blind at Alamogordo, are hereby confirmed as State educational institutions.

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Article XII, Section 13

The Legislature shall provide for the control and management of each of said institutions by a board of regents for each institution, consisting of five (5) members, who shall be qualified electors of the State of New Mexico, no more than three (3) of whom at the time of their appointment shall be members of the same political party. The Governor shall nominate and by and with the consent of the senate shall appoint the members of each board of regents for each of said institutions. The terms of said members shall be for six (6) years, provided that of the five (5) first appointed the terms of two (2) shall be for four (4) years, and the term of one (1) shall be for six (6) years.

Members of the board shall not be removed except for incompetence, neglect of duty or malfeasance in office. Provided, however, no removal shall be made without notice of hearing and an opportunity to be heard having first been given such member. The Supreme Court of the State of New Mexico is hereby given exclusive original jurisdiction over proceedings to remove members of the board under such rules as it may promulgate and its decision in connection with such matters shall be final.

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## APPENDIX II

### THE ENABLING ACT, (CHAPTER 190, 1951 SESSION LAWS)

AN ACT CREATING A BOARD OF EDUCATIONAL FINANCE, PROVIDING FOR ITS MEMBERS, OFFICE PERSONNEL, THEIR COMPENSATION AND METHOD OF FINANCING, PRESCRIBING THEIR QUALIFICATIONS, METHODS OF SELECTION, APPOINTMENT AND DUTIES.

HOUSE BILL NO. 248; Approved: March 16, 1951

Be It Enacted by the Legislature of the State of New Mexico:

Section 1. There is hereby created a Board of Educational Finance whose function shall be to deal with the problems of finance of those educational institutions designated in Sections 11 and 12 of Article XII of the Constitution of the State of New Mexico. The Board shall be concerned with the adequate financing of each of said institutions and with the equitable distribution of available funds among them. The Board shall receive, adjust, and approve the budgets submitted by the several institutions prior to the submission of said budgets to the budget officers of the State and shall exercise such other powers as may hereafter be granted it by law.

Section 2. The Board shall consist of nine (9) members, who shall be qualified electors of the State of New Mexico, no more than five (5) of whom at the time of their appointment shall be members of the same political party. The Governor shall appoint one member from each of the present nine judicial districts. The terms of said members shall be for six years, provided that of the nine first appointed three (3) members shall serve for two (2) year terms, three (3) members for four (4) year terms and three (3) members for six (6) year terms. The terms to be served by each member of the first board shall be determined by lot. Thereafter members shall be appointed as above provided from the respective judicial districts as the terms of the members from such districts expire. Board members shall be residents of the judicial district which they represent. Change of residence of a Board member to a place outside the judicial district from which he was appointed shall automatically terminate the term of such member.



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Section 3. In order to execute its functions, the Board shall appoint and fix the salary of a full time Executive Secretary who shall be an experienced educator of demonstrated competence in the fields of institutional management and finance. The salary of the Executive Secretary shall be commensurate with those of the presidents of the State-supported colleges.

Section 4. Members of the Board shall obtain no compensation for their services other than a per diem allowance in amount to be fixed by the Governor plus the usual mileage allowance for travel. The necessary expenditures of the Board, under a budget subject to and approved by the State Board of Finance, shall be prorated annually among the educational institutions in proportion to the sizes of their total budget.

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### APPENDIX III

#### LIST OF STUDIES AND REPORTS<sup>1</sup>

1. Analysis of Operating Budget Estimates for 1952-53 (May 1952).
2. Analysis of Legislative Budget Estimates for 1953-55 (November 1952).
3. Analysis of Operating Budget Estimates for 1953-54 (May 1953).
4. Analysis of Operating Budget Estimates for 1954-55 (May 1954).
5. Analysis of Legislative Budget Estimates for 1955-57 (November 1954).
6. Analysis of Operating Budget Estimates for 1955-56 (May 1955).
7. Analysis of Class Size and Teaching Loads, College Level-Programs, for Regular Academic Year 1951-52 (April 1953).
8. Analysis of Instructional Salary Cost per Student-Credit-Hour Produced, College-level Programs, for Regular Academic Year 1951-52 (May 1953).
9. Analysis of Scope of Course Offerings, Class Size, Teaching Loads, and Instructional Salary Costs per Student Credit Hour, for Regular Academic Year 1952-53 (excluding summer session), by Departments and Course Levels, College Classes Only, New Mexico State Educational Institutions (February 1954).

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<sup>1</sup>List of Studies and Reports Prepared by Board of Educational Finance, January 1952 to March 1956. Includes only those that were prepared for general distribution and excludes one and two-page reports and similar miscellaneous studies. List prepared by Dr. James I. Doi. ✓

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10. Analysis of Scope of Course Offerings, Class Size, Teaching Loads, and Instructional Salary Costs per Student Credit Hour, for Regular Academic Year 1953-54 (excluding summer session), by Departments and Course Levels, College Classes Only, New Mexico State Educational Institutions (February 1955).
11. Departmental Analyses of Course Offerings, Class Size, Teaching Loads, and Instructional Salary Costs per Student Credit Hour, Regular Academic Year 1953-54, for State Institutions of New Mexico (February 1955).
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14. Analysis of Scope of Course Offerings and Class Size for Summer Session 1953, College Classes Only, New Mexico State Educational Institutions (May 1955).
15. Analysis of Scope of Course Offerings and Class Size for Summer Session 1954, College Classes Only, New Mexico State Educational Institutions (May 1955).
16. Analysis of Degrees Granted by the New Mexico State Institutions of Higher Education, 1948-49 to 1952-53 (July 1953).
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18. Analysis of Degrees Granted by the New Mexico State Educational Institutions 1948-49 to 1954-55 (August 1955).
19. Student Fee Practices in State-Controlled Colleges and Universities of Seven Southwestern States (April 1954).
20. A Study of the Reliability of Institutional Forecasts of Enrollment (December 1954).
21. A Forecast of Enrollments in the State Institutions of Higher Education in New Mexico up to 1970 (December 1954).



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22. Fact Sheet to Answer Questions Regarding the \$4 $\frac{1}{2}$  Million State Bond Issue to be voted on November, 1954 (As revised October 1954, pp. 25).

23. Manual for Boards of Regents, New Mexico State Educational Institutions (April 1955).

24. Geographical Distribution of Homes of Students Attending State Institutions of Higher Education in New Mexico in 1953 (September 1955).

25. Analysis of Out-of-State Travel Requests Submitted by the State Educational Institutions and Approved during the Fiscal Year 1952-53 (April 1954).

26. Analysis of Out-of-State Travel Requests Submitted by the State Educational Institutions and Approved during the Fiscal Year 1954-55 (November 1955).

92. Fact Sheet to Answer Questions Regarding the \$4½ Million State Bond Issue to be voted on November, 1954 (As revised October 1954, pp. 26).

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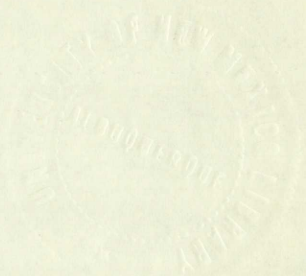
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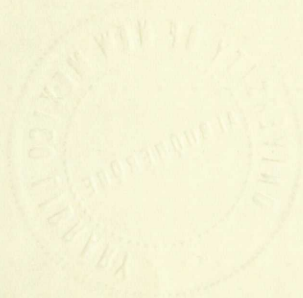
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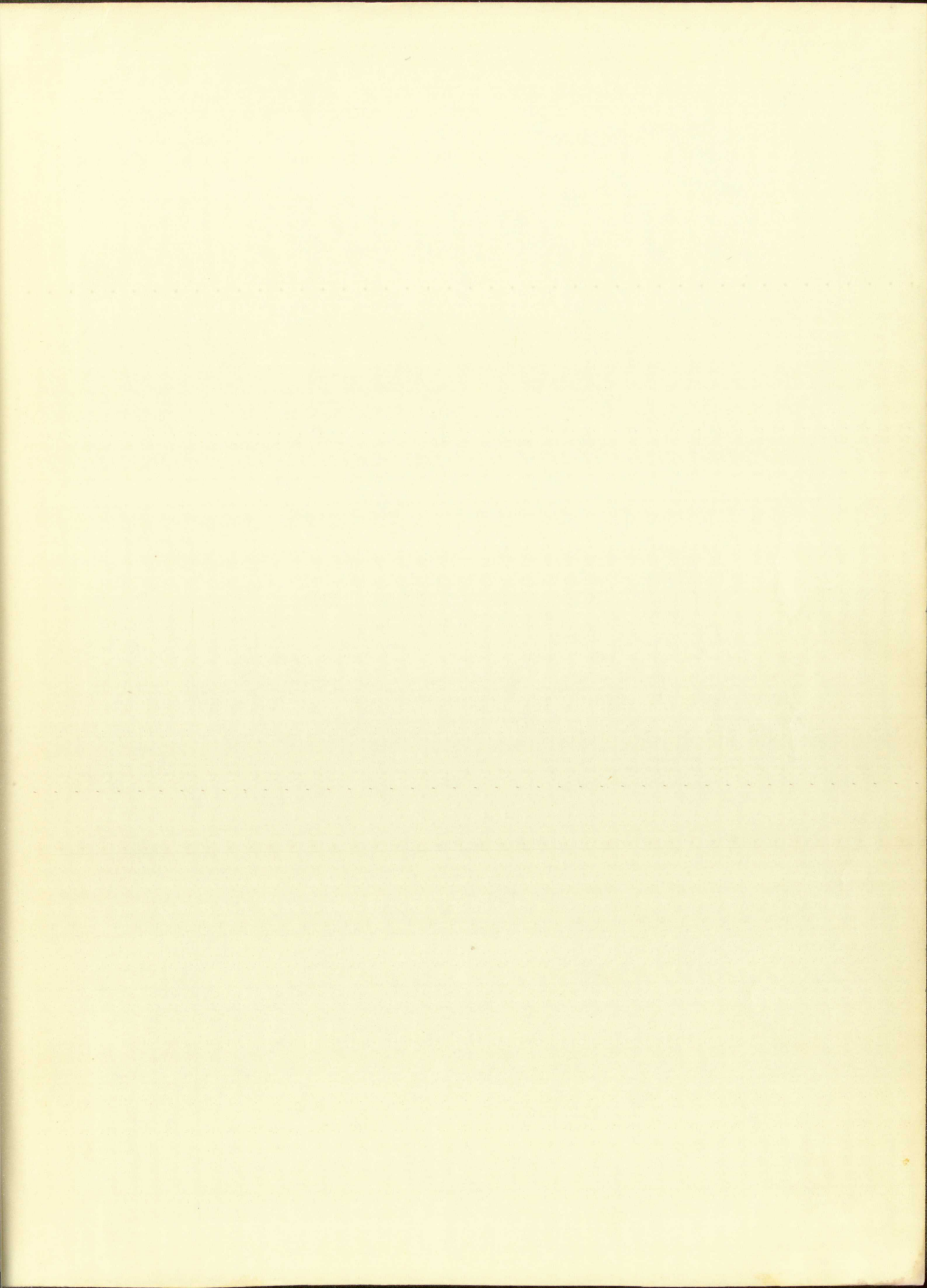


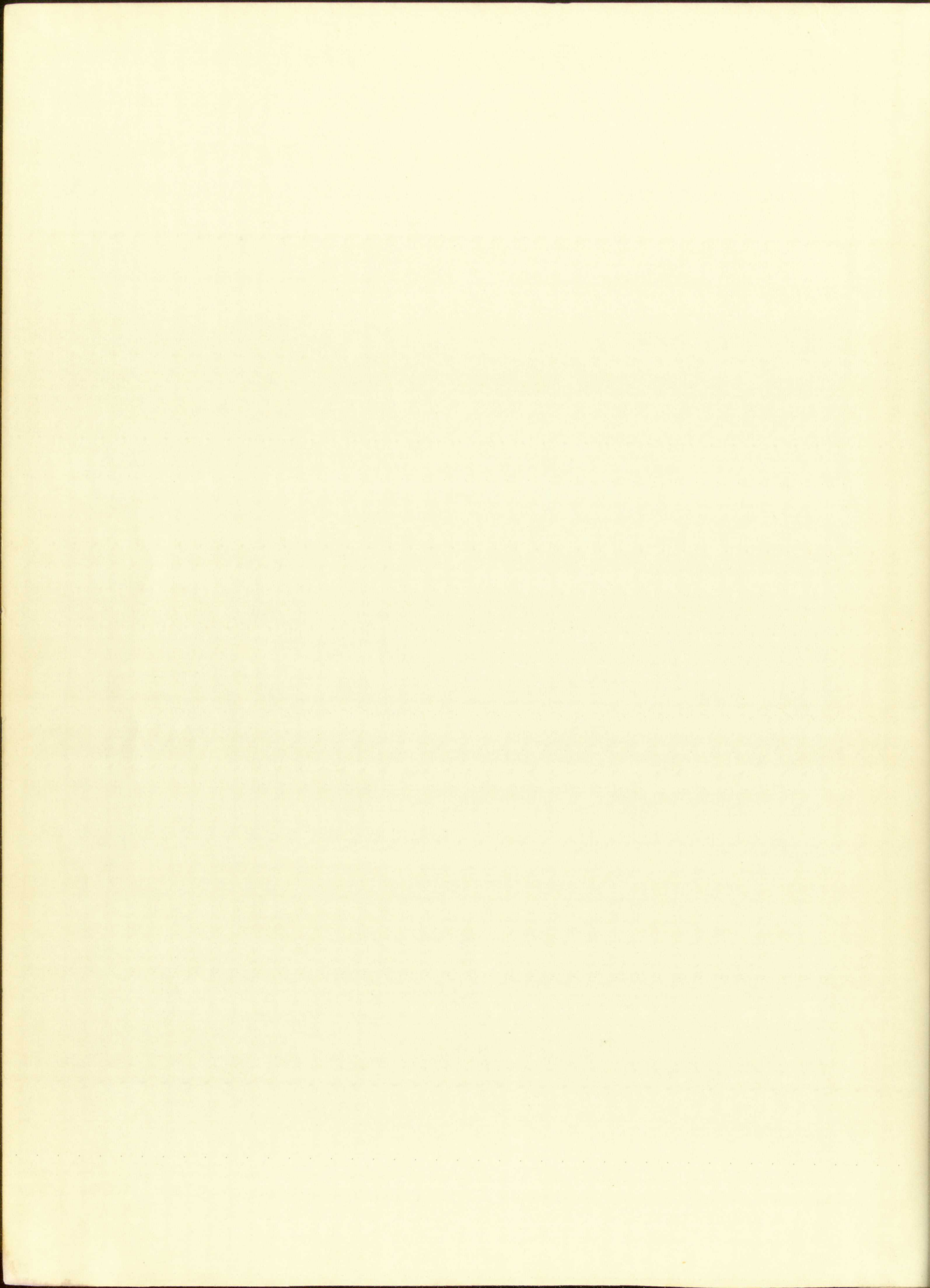
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MILLERS FALLS  
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