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### New Mexico State Common School Funds Sources and Distribution

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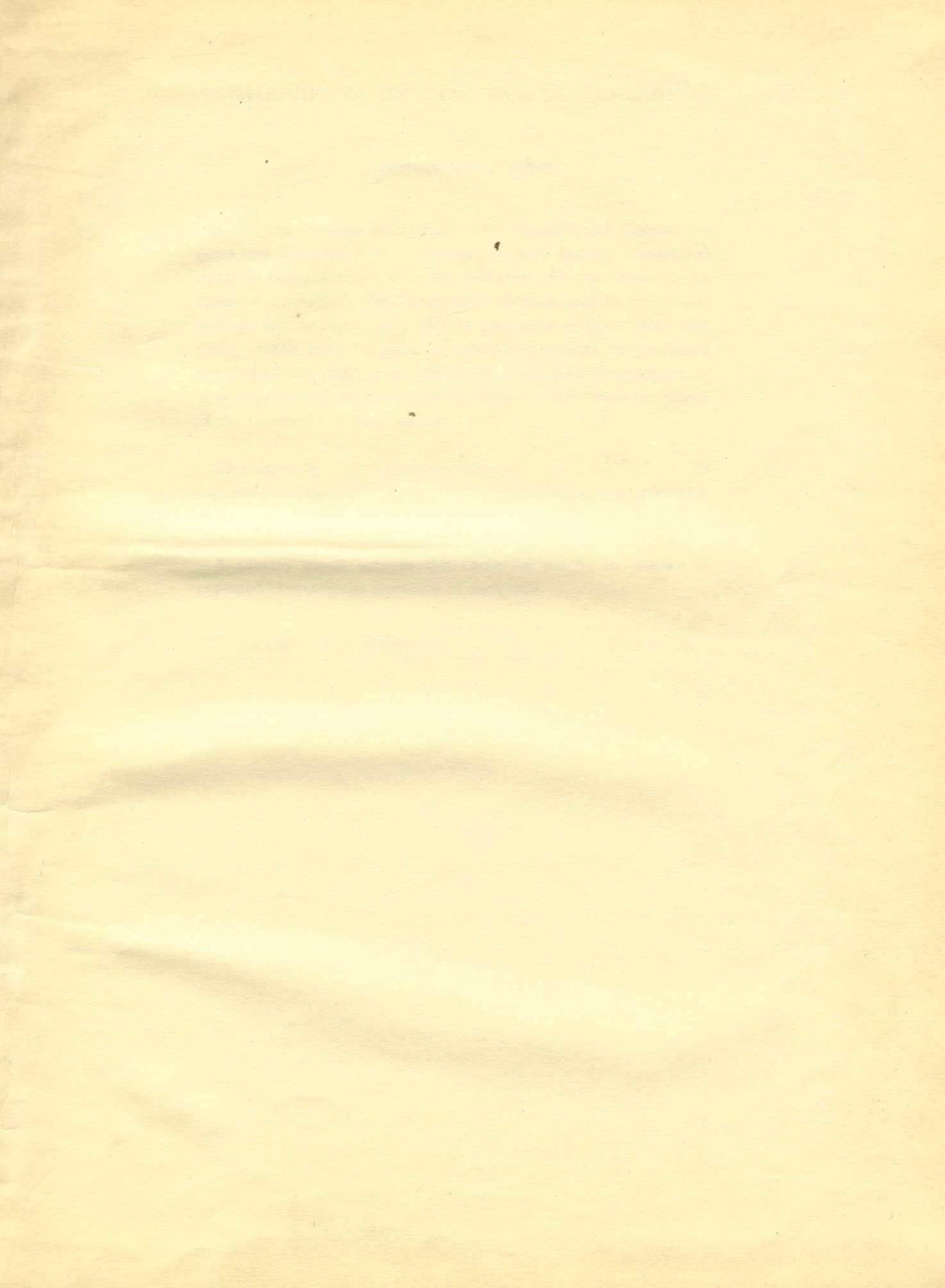
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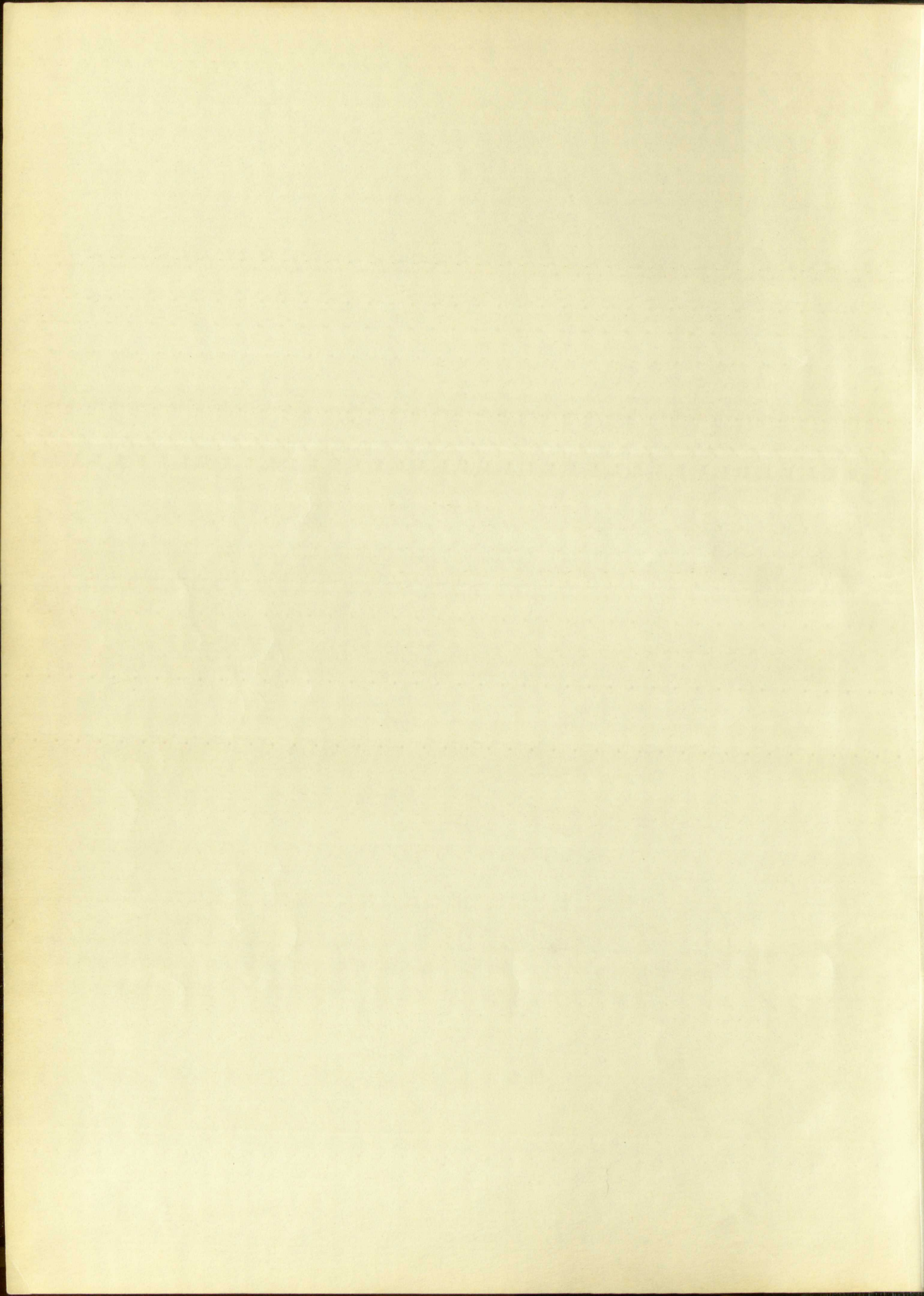
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NEW MEXICO STATE COMMON SCHOOL FUNDS  
SOURCES AND DISTRIBUTION

By

Zebedeo Garcia

A Thesis

Submitted in partial fulfillment of the  
Requirements for the Degree of  
Master of Arts in Education

University of New Mexico

1939







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#### ACKNOWLEDGMENT

The author of this study is greatly indebted to his advisors, Dr. E. H. Fixley, Dr. George I. Sanchez, and Dean S. P. Nanninga for their suggestions, guidance, and counsel.







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## CHAPTER I

### INTRODUCTION

American policy of education and its support. The people of the United States have accepted, in general, the principle that the progress and welfare of a democracy are relative to the enlightenment of its populace. This philosophy is based on the fact that in this country the people are the government; therefore, it is logical to assert that an effective handling of the affairs of the nation depends upon the educational status of the inhabitants within its boundaries. From the beginning of our national existence American leaders have subscribed to this philosophy, and thus have advocated a system of free universal education supported by the public. Washington, in his address to Congress on January 8, 1790, expressed this principle in the following manner:

Knowledge is in every country the surest basis of public happiness. In one in which the measures of government receive their impression so immediately from the sense of the community as in ours it is proportionably essential.<sup>1</sup>

---

<sup>1</sup> United States Bureau of Education, Expressions on Education, Bulletin No. 28, April 1913, (Washington: Government Printing Office, 1913), p. 7.



UNITED STATES

DEPARTMENT OF THE INTERIOR

ANNUAL REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE

people of the United States have accepted, in the past, the principle that the Government should not be a party to the distribution of the public lands. It is the policy of the Government to keep the public lands out of the hands of private individuals, and to preserve them for the use of the people. This policy is based on the fact that the public lands are the property of the people, and it is the duty of the Government to protect their interests. The Commission of the General Land Office has the honor to acknowledge the receipt of the report of the Commissioner of the General Land Office for the year 1903. The report contains a full and complete statement of the work of the office during the year, and it is a pleasure to publish it for the information of the people. The report shows that the office has been successful in carrying out its duties, and it is a credit to the Commissioner and to the staff of the office.

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1. United States Department of the Interior, General Land Office, Washington, D.C., 1904. 2. Annual Report of the Commissioner of the General Land Office for the year 1903. 3. The report contains a full and complete statement of the work of the office during the year, and it is a pleasure to publish it for the information of the people.

1904  
103



John Adams, second president of the United States, stated this principle in a letter he wrote to John Jebb, a friend of his, thus:

...in a free government knowledge must be general, and ought to be universal. ...The whole people must take upon themselves the education of the whole people and must be willing to bear the expense of it.<sup>2</sup>

Recently the Advisory Committee on Education expressed its view in the following words:

The history of the United States affords no more dramatic and significant spectacle than the growth of its educational system. It is a history of a determined struggle of a free people to advance their standards through the improved education of succeeding generations. American education is a phenomenon of American democracy; and the present strengths and weaknesses of American democracy are in large part the result of the strengths and weaknesses of the educational system.<sup>3</sup>

This philosophy has made public education the largest of all public businesses. It has made possible the development of a universal free educational system supported by the public.

Financing such an educational system. The financial aspect of this enterprise is of tremendous importance. Without the financial support the public has given, and is giving, to public education, it would be impossible to carry on such a great enterprise. The amount of money needed to operate this educational system has increased and is increasing very rapidly.

---

<sup>2</sup> Loc. cit.

<sup>3</sup> The Advisory Committee on Education, Report of the Committee, (Washington: United States Government Printing Office, February, 1938), p. 6.



John Doe, Secretary

United States Department of the Interior

Washington, D.C.

Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 10th inst.

and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

The Bureau is currently reviewing the matter and will advise you of the results of its action as soon as possible. In the meantime, please continue to keep the Bureau advised of any developments that may arise.

Very respectfully,

John Doe, Secretary

Enclosed for you are two copies of the report of the Commission on the subject of the proposed amendment to the National Park Service Act.

Very truly yours,

John Doe, Secretary

cc - Mr. [Name] - Bureau of Land Management

cc - Mr. [Name] - Bureau of Reclamation

cc - Mr. [Name] - Bureau of Indian Affairs

cc - Mr. [Name] - Bureau of Geographical Names

cc - Mr. [Name] - Bureau of Fish and Wildlife Management

cc - Mr. [Name] - Bureau of Conservation

cc - Mr. [Name] - Bureau of Parks and Recreation

cc - Mr. [Name] - Bureau of National Monuments

cc - Mr. [Name] - Bureau of National Antiquities

cc - Mr. [Name] - Bureau of National Historic Sites

cc - Mr. [Name] - Bureau of National Historic Landmarks

cc - Mr. [Name] - Bureau of National Historic Trails

cc - Mr. [Name] - Bureau of National Historic Parks



The growth of population, the enactment of compulsory school attendance and child labor laws, the employment of better prepared teachers, the addition of new subjects and activities to the curriculum, the building of better school houses, and other needed facilities to keep up with present-day demands have multiplied the school expenditures many times. From 1890 to 1936 the educational costs have increased 335%. In 1890 the per-child-in-average-daily-attendance cost was seventeen dollars. By 1936 it had reached the amount of seventy-four dollars. From 1890 to 1900 the increase for the ten-year period was three dollars per pupil; the increase per pupil for the next ten-year period was eleven dollars, and the average increase for every ten-year period from 1910 to 1934 is at the rate of eighteen dollars each decade. The above figures show that the rate of increase is being accelerated. The wealth of the United States back of every child in daily average attendance in 1900 was \$4,068. By 1922 it had grown to \$10,861, or an increase of 167%, while the increase in costs had grown in the same period of time 220%. This per cent would be greater if the statistics for 1930 were used, because the per capita cost in average daily attendance at that time was \$109. Due to the depression, by 1936 this amount was brought down to



The House of Representatives, the President, the Vice President, the  
attendance and officials, the Secretary of the House, the  
organized teachers, the addition of new members and teachers  
to the organization, the addition of new members and teachers  
other needed facilities to run the organization, the  
have maintained the organization's financial stability  
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\$74.00.<sup>4</sup>

These figures show that the common school expenditures are growing with greater rapidity than the financial resources, making the tax burden for the support of schools heavier every year. The above facts accentuate the importance of studying the financial aspect of education, an element essential to the efficient functioning of the system.

New Mexico has experienced a similar spectacular growth of school expenditures. In 1887 the cost for every child in average daily attendance<sup>5</sup> was \$3.35. By 1938 it had increased<sup>6</sup> to \$89.20, or an increase of approximately 2563%. The reports of the various state superintendents show the following figures for school expenditures per pupil in average daily attendance:

Year	1887	1912	1920	1930	1938
Cost	\$3.35	\$27.81	\$69.64	\$93.44	\$89.20

For the twenty-five year period from 1887 to 1912 the average

---

<sup>4</sup> The data for the figures used in this page were compiled from the following sources:

a. Louis P. McCarty, Statistician and Economist, (San Francisco: The Author, 1903), 680 pp.

b. The American Year Book, Edited by S. N. North, (New York: D. Appleton and Company, 1910), 867 pp.

c. John K. Norton and Norton Margaret A., Wealth, Children and Education, (New York: Bureau of Publication, Teachers College, Columbia University, 1937), 100 pp.

<sup>5</sup> Trinidad Alarid, Informe de Intendente del Territorio de Nuevo Mexico 1886-1887, (Santa Fe, New Mexico: New Mexican Publishing Company, 1890), p. 45.

<sup>6</sup> H. R. Rogers, Biennial Report of the State Superintendent of Public Instruction 1936-1938, (Las Vegas, New Mexico: Optic Publishing Company, 1938), 139 pp.







yearly increase in per pupil cost was approximately one dollar. The twenty-six year period from 1912 to 1938 shows an average increase of \$2.36 a year.

The increase in taxable wealth of New Mexico has been at a lower rate than the increase in expenditures. The wealth or the ability to support the schools from property taxation increased 70 per cent from 1900 to 1912, while the expenditure increased 167 per cent in the same period. For the ten-year period 1928-29 to 1938-39 school expenditures have increased thirty-two per cent, while the amount of taxable wealth, measured by assessed valuations, has increased only three per cent.<sup>7</sup> According to Norton<sup>8</sup> on an average for a number of years, New Mexico, in 1934, ranked third in effort made for education. This means that only two states in the Union are spending more money for education in proportion to their wealth than New Mexico.

In the United States, as well as in New Mexico, the increase in expenditures for education has been greater than the increase in wealth.

#### I. THE PROBLEM AND ITS SCOPE

The citizens of New Mexico have at various times argued about the merits and limitations of the methods used to finance

<sup>7</sup> Data for the computation of these percentages were obtained from the Biennial Report of the State Tax Commission for the two-year period 1936-1938, Santa Fe, New Mexico: State Tax Commission, 1938, 139 pp. and from the Biennial Report of the State Superintendent of Public Instruction for the two-year Period 1936-38, Las Vegas, New Mexico: Optic Publishing Company 1938, 139 pp.

<sup>8</sup> Norton and Norton, op. cit., p. 95.







public education, with the view of discovering means to improve the system. Some educators contend that the present system of distributing the school revenue is faulty and inadequate. In order to become informed as to the merits of our financing system, it is necessary to have a knowledge of how it functions.

Statement of the problem. The purpose of this study is to reveal how the present system of financing the common schools in New Mexico operates by pointing out the sources of revenue and by showing how the various funds for the maintenance of public common schools are distributed. Due consideration will be given to the operation of the present equalization law. An attempt will also be made to answer the much discussed question of whether or not this law penalizes those counties having the highest ratios of tax levy.

Delimitation of problem. This study deals only with the revenue pertaining to the public common schools of New Mexico. Other schools, such as institutions of higher learning, and industrial, private, and parochial schools, are excluded. It will attempt to reveal only how the state funds for the maintenance of common schools are derived and distributed.

Importance of the problem. The financial phase of education is very important. New Mexico, with its limited financial resources and its great need for public education,







must administer her school revenue as efficiently as possible. The growing demands upon public education have served to create an acute situation. Every parent and taxpayer in the state is vitally interested in the schools. In order to improve the present-day method of financing schools, it is necessary to understand the actual sources of the various funds used and the adequacy of the method used to distribute such funds.

New Mexico ranks very low in wealth compared with the average state of the Union. In the study made by Norton and Norton<sup>9</sup> of the relative ability of the various states to finance education, New Mexico ranks 41. It has only 51 per cent of the financial capacity of the average state. The bilingual problem, the sparsity of population, and the high per cent of illiteracy<sup>10</sup> increase the expenditures as well as the need for schools. Although the value of education cannot be estimated in dollars and cents, enlightenment is a great factor in determining the social and economic development of a state. Education is at present a necessity to the individual as well as to the state. New Mexico cannot afford

---

<sup>9</sup>Ibid., p. 77.

<sup>10</sup>New Mexico, according to the United States Census for 1930, ranked third highest in per cent of illiteracy among the states of the Union.







to neglect the education of its citizens if it wants to keep step with her sister states in the march toward social progress. According to the previously mentioned investigation conducted by Norton and Norton,<sup>11</sup> New Mexico ranks third in the relative effort made to support education in proportion to its resources. Only Arizona and Utah surpass it in effort in their struggle to finance schools. Thus any study of school finance should find a receptive audience among the people of New Mexico.

The economic limitations, the need for education, and the willingness of the people to do their part, emphasize the importance of studying the method employed by New Mexico to acquire and apportion the limited and much needed funds used to operate its common schools.

## II. DEFINITIONS OF TERMS USED

School lands and land grants. The terms, school lands and land grants, are used throughout this study to designate the lands given by the United States' government to New Mexico for the support of the common schools, and do not apply in any way to the land grants made by the Spanish and Mexican government.

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<sup>11</sup>Norton and Norton, op. cit., p. 95.







Maintenance fund. In this study the term maintenance fund is used as the term is applied in New Mexico and as provided by the New Mexico law includes all teachers' salaries; group insurance; janitors' wages and supplies; fuel, water, and light; interest on certificates of indebtedness; library and school supplies; books for indigent children; census enumerations, transportation of pupils, county and municipal board administration expense; and may include salary and expenses of truant officers, rural school supervisor and school nurse.

New Mexico current common school fund. This is the term used to designate the fund derived from certain fines, forfeitures, escheats, land rentals, interest of permanent school fund, and a state tax upon all taxable property in the state.

Permanent school fund. According to the state constitution the permanent school fund is a fund derived from the sale of school lands, the interest only of which shall be used for the support of the common schools within the state. In this study the term is used as defined by the constitution.

### III. SOURCES OF DATA AND METHOD OF PROCEDURE

In conducting this study it is necessary to utilize both the historical and the normative-survey methods of re-







search. In order to discover the different sources of revenue it is necessary to review the legal or official state and federal historical documents. A survey of the official reports dealing with the common schools will reveal the actual procedure used by the state officials to distribute the available funds. The legal documents will reveal how the different funds should be distributed as contemplated by law. Other data not found in the official documents and reports will be obtained from the records kept at the State Public Land Office, the State Treasurer's Office, Tax Commissioners' Office, the Bureau of Revenue, and the State Department of Education. An attempt will be made to explain step by step how the common schools are financed by enumerating the various sources of revenue. The distribution of the money to the schools will be explained by citing the legal provisions and also by listing the actual amounts received by each county in the state.

#### IV. REVIEW OF RELATED STUDIES

Numerous books and other publications have been written on financing our public educational system. The tremendous increase of the educational demands and the corresponding increase of expenditures have attracted the attention of such men as E. P. Cubberley, Paul R. Mort, John K. Norton, and many others in the educational field. The







problem has been studied on a nation-wide scale and also in the different states. In New Mexico several authors have recorded facts pertaining to the resources and methods that the state has employed to support its schools. In this study only a brief summary of the work of investigators on problems closely related to the one at hand will be given.

Mr. J. R. McCollum, in behalf of the New Mexico Educational Association in 1927, undertook a part-time service as an investigator. His findings stimulated much interest in regard to the public school lands and their administration. It was discovered that these lands, with better management, could produce much more revenue than that which they were then producing.

In 1930, Mr. Walter H. Martin<sup>12</sup> reviewed the legal provisions then in operation for the support of public education and proposed a system for the apportionment of school money based on the aggregate attendance times the teachers employed.

The following year, Mr. Conlee<sup>13</sup> made a study of the permanent school fund and its importance as a source of school

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<sup>12</sup>Walter H. Martin, "A Proposed System for Apportionment of School Money from State Funds," (unpublished Master's thesis, University of New Mexico, Albuquerque, New Mexico, 1930), 54 pp.

<sup>13</sup>Carl Conlee, "History, Past Incomes, and Probable Trends of the New Mexico Permanent School Fund," (unpublished Master's thesis, University of New Mexico, Albuquerque, New Mexico, 1931), 47 pp.



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1. Hamilton, J. R. "A Proposed System for the Support  
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thesis, University of New Mexico, Albuquerque, New Mexico,  
1930), 34 pp.

2. Hamilton, J. R. "Trends of the New Mexico Permanent School Fund." (Unpublished  
Hamilton's thesis, University of New Mexico, Albuquerque, New  
Mexico, 1931), 37 pp.



revenue. From the study of the average annual rate of increments to this fund for a number of previous decades, he calculated its possible average increments up to 1940. His forecast, as he predicted at that time, has already proved to be very conservative.

In 1931, Dr. Seyfried<sup>14</sup> made a study of the common school costs from 1911 to 1932. By comparison of expenditures, he found out that New Mexico was spending less for education than the average for the United States and for the other Rocky Mountain states. He pointed out the weakness of the method of taxation then in use to provide for school costs and suggested an equalization plan of taxation and apportioning of the school funds. Out of this study a method of apportionment was devised attempting to equalize the tax burden and the educational opportunities.

Mr. Fickinger and Dr. Sanchez<sup>15</sup> made a very interesting investigation in 1932. They investigated the fines collected by the justices of the peace, and submitted by the county treasurers to be applied to the current school fund. It was discovered that some counties contributed very little

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<sup>14</sup>J. E. Seyfried, Costs and Methods of Financing Public Education in New Mexico, (Santa Fe, New Mexico: New Mexico Education Association, 1932), 87 pp.

<sup>15</sup>Paul L. Fickinger and Sanchez, George I., "A Source of Revenue Fails Us," New Mexico School Review, 2:32-33, March, 1932.







or no fines whatsoever, raising the question of whether the citizens of these counties were exceptionally law-abiding, or whether the officials having to do with these fines were neglecting their duty.

In 1935 Mr. Sweeney<sup>16</sup> made a study of the New Mexico current common school fund. He listed the sources and the revenue derived from these sources for the ten-year period from 1923-24 to 1933-34. In this study he recommended more adherence to the law in regard to the school lands, better supervision of these lands, and a prompt investment of the money in the permanent school fund.

During the latter part of 1938, Dr. Sanchez<sup>17</sup> conducted an investigation pertaining to the method being used to distribute the state common school funds. This study revealed that the funds were not being distributed according to the provisions of the law. Some of the counties were overcredited while others were undercredited from the equalization fund. After an investigation the administrators of these funds promised to distribute the school revenue as contemplated by statutory provisions. The 1939 legislature revised the Equalization law.

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<sup>16</sup>R. P. Sweeney, "Sources, Annual Revenue, and Apportionment of New Mexico Current Common School Fund from 1923-24 to 1933-34," (unpublished Master's thesis, University of New Mexico, Albuquerque, New Mexico, 1935), 75 pp.

<sup>17</sup>George I. Sanchez, "The State Public School Equalization Fund in Law and Practice," New Mexico Business Review, 8:11-20, January, 1939.







All of the above-mentioned investigations have in part a direct bearing upon this study, inasmuch as they deal with funds or legal bases that will be treated in this thesis. The studies above cited dealt, in the past, with parts of the problem at hand, but to the knowledge of the writer no study has been made covering the entire state maintenance financial aspect of the state-supported elementary and secondary schools of New Mexico.

#### V. ORGANIZATION OF THE REMAINDER OF THE STUDY

The following chapter will deal with a brief historical account of the federal sources of New Mexico's common school funds. It intends to reveal how New Mexico came into possession of the school lands. In Chapter III an attempt will be made to explain what constitutes the legal provisions and sources pertaining to the state common school maintenance fund. Chapter IV will attempt to explain the legal bases and the actual method used to apportion and distribute these funds. The last chapter will contain a general summary of the data treated, conclusions, and recommendations based on the facts found by the study.



All of the above-mentioned information was  
sent a direct bearing upon this study, and it is  
with funds on legal basis that will be of great  
value. The studies above cited deal with the  
parts of the problem at hand, and the following  
writer has been able to secure the necessary  
information from the report of the state-organized  
high and secondary schools of New York.

#### V. ORGANIZATION OF THE REPORT OF THE STUDY

The following chapter will deal with a general  
local account of the federal account of the school funds.  
It intends to reveal the general character of the  
possession of the school funds. In Chapter IV an attempt  
will be made to explain what portions of the total  
and account pertaining to the state and school funds  
fund. Chapter IV will attempt to explain the legal basis  
and the actual method used to report and distribute  
funds. The last chapter will contain a general review of  
the data treated, conclusions and recommendations as based on  
the facts found by the study.



## CHAPTER II

### FEDERAL SOURCES OF NEW MEXICO COMMON SCHOOL FUNDS

New Mexico finances its educational system mainly from federal aid and public taxation. There are other minor sources of revenue, such as fines and forfeitures, which help to support the state school system, but by far the largest part of the educational expenses are paid out of the money derived from certain land grants and other federal aids given the state by the United States government and from various taxes imposed upon the people. The first part of this chapter will deal with a brief historical account of the land grant policy followed by the United States as a result of which New Mexico receives its federal donations. Part Two will contain the legal provisions of land grants to New Mexico.

#### A. HISTORICAL BACKGROUND

##### Origin of the practice of granting lands for schools.

The origin of the practice of granting lands for schools can be traced back to the mother country of the early New England settlers. Prior to the destruction of the monasteries and chantries of England by King Henry VIII, many grammar schools had received their support from the income of the church lands. Henry's successors on the English throne, in response to petitions from the people, reestablished the schools,







endowing them with portions of the confiscated lands.<sup>1</sup>

Thus the New England settlers, by the time they made their settlements in America, were imbued with the idea of setting aside certain tracts of land for the support of the schools. Naturally, they continued this practice after their unification as a nation. In Massachusetts, for example, when a new town was established, it received a tract of land from the colony to be distributed among the inhabitants or reserved for public use. In the early records of this pioneer colony, the story of the first land grants by American communities for the promotion of elementary education is found. As early as 1639 the town of Dorchester, Massachusetts, set apart the rents from a tract of land known as Tomson's Island for the support of the town schools. Boston, in 1641, resolved that an island, "Deare Island," should be improved for the maintenance of the schools. The towns of Charlestown and Cambridge were each granted in 1659 a thousand acres to maintain grammar schools. Many other grants were made by various colonies to finance education.<sup>2</sup>

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<sup>1</sup>Matthias W. Orfield, Federal Land Grants to the States with Special Reference to Minnesota, Bulletin No. 2 (Minneapolis: University of Minnesota, March, 1915), p. 7.

<sup>2</sup>Ibid., pp. 7-13

Fletcher H. Swift, Federal and State Policies in Public School Finance in the United States. (Boston: Ginn and Company, 1931), p. 89.







Origin of the public domain. After the American colonies obtained their independence from England there arose a dispute among them in regard to their boundary lines. The original charters of six of the thirteen colonies made the Pacific Ocean their western boundary, but the Treaty of Peace of 1783 made the Mississippi River the western limits of the thirteen states. These six colonies, Virginia, Massachusetts, South Carolina, Connecticut, Georgia, and New York, as a result of the controversy among themselves and with the other seven states that did not have claims to the territory to the west, finally (1781-1802) ceded the disputed land to the federal government to be disposed of for the common benefit of all the states.<sup>3</sup> This marks the beginning of the public domain or public lands owned by the United States government. The expansion of the national territory by purchase and conquest increased the public domain, which consists of the acquired territory that had not passed into private ownership at the time of acquisition. From this land the United States government has made different land grants for various purposes.

Development of the land grant policy. In 1785 Congress undertook to make provisions for the manner of surveying and selling of the federal lands that were acquired as a result of the treaty of Peace of 1783 and the cession of the land

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<sup>3</sup> Orfield, op. cit., p 12.







claims of the states in favor of the central government. According to the provisions adopted, section sixteen of every township was reserved for the maintenance of public schools within the township. The Ordinance reads in part as follows:

The surveyors...shall proceed to divide the said territory into townships of six miles square.... The townships, respectively, shall be marked by subdivisions into lots of one mile square, or six hundred and forty acres, and numbered from one to thirty-six.

... There shall be reserved the lot number sixteen of every township for the maintenance of public schools within the said township.<sup>4</sup>

This provision marks the beginning of the federal policy to give lands for the support of schools. The system was put into effect in 1802, when Ohio became a state. The Enabling Act of this state contained a proposed bargain. Congress offered to grant section sixteen in each township "to the inhabitants thereof" provided that the state would agree to exempt from taxation all the land within the state sold by Congress for five years after such land had been sold.

Types of land grants. Congress has made three kinds of grants with reference to the amount of land granted and three plans with reference to whom the donation is made. The granting of one section of land in each township has been known as the Ohio Type of land grant. Until 1848, all the

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<sup>4</sup>Laws of the United States of America, Statutes at Large 1789-1815, Vol. I. Chapter 32 (Washington: Government Printing Office, 1816), p.563.



status of the estate... according to the provisions... formerly was... within the... The... Secretary... into... of every... within the...

This provision... to give... was not... fashion... Congress... to the... agree to... sold a... Trust of...

of... three... The... known as the Ohio... Trust of... Trust of... Trust of...



states in which the federal government owned land received one section of land in each township upon entering the Union. The grant was increased to two sections, by what is commonly known as the Oregon Type. In 1848, when Oregon became a territory, Congress reserved two sections of land in each township for the use of schools. California was the first state to receive such a grant. The Utah Type increased the grant to four sections. In 1894, the Enabling Act of Utah provided a grant of land of four sections, numbers two, sixteen, thirty-two, and thirty-six. The amounts thus granted fall into three periods: from 1802 to 1848 one section, from 1848 to 1890 two sections, and from 1894 to 1912 four sections. Oklahoma was admitted as a state in 1906, and received only two sections of land, but she was given a money grant of \$5,000,000 in place of the other two sections which the government could not give her because part of the land was Indian territory and did not belong to the federal government.

There were three types of land grants with reference to whom the lands were donated. These grants are designated by the name of the first state which received a grant of each type. The Ohio Plan granted the land to the inhabitants of the township for the use of schools. Six states, Ohio, Tennessee, Louisiana, Indiana, Mississippi, and Alabama, received the land under the Ohio Plan of land grant. A change was made when Illinois became a state in 1818. At this time the



states in which the land was situated and the  
one section of land in each township was set aside  
The grant was intended to be used for the purpose of  
known as the Land Grant.  
territory, Congress had set aside a large tract of  
township for the use of the land grant.  
state to receive the land grant.  
grant to four sections of land in each township.  
provided a grant of land to each township.  
ten, thirty-two, and sixty-four sections.  
fell into three parts of land.  
1813 to 1816 two sections of land in each township.  
Oklahoma was divided into two parts.  
two sections of land in each township.  
\$5,000,000 in value of the land grant.  
government could not give more land.  
Indian territory and the land grant.  
There were three parts of land grant.  
when the land was divided.  
the name of the first part of land grant.  
The Ohio River was the line between the two parts.  
ship for the use of the land grant.  
Louisiana, Indiana, Kentucky, and Tennessee.  
last under the Ohio River.  
when Illinois became a state.



donation was made to the state to be used in the township where the section of land was located. Illinois, Arkansas, Missouri, and Florida received their land grants under the Illinois Plan. The third and last alteration was made in 1837 when Michigan was admitted to the Union. At this time the land was granted to the state for the support of schools regardless of the location of it. There are twenty states which received their land under the Michigan Plan. The Ohio, Illinois, and Michigan plans of granting land show the evolution from a policy of a locally controlled to a state controlled grant for the support of schools.

Specifications relative to the sale and leasing of these lands. Seventeen states have made constitutional provisions relative to the sale and leasing of these lands. Such provisions vary from those merely creating state boards of land commissioners to manage the grants to provisions that are detailed in nature. Since 1876, when Colorado became a state, the trend has been toward a greater national control over the methods of disposing of the grants. The Enabling Act of this state provided that the lands granted for the common schools should be sold at public sale at a specified price. This is the first instance in which Congress placed a restriction on the state's power to dispose of the land.

Grants in lieu of specified school sections. It sometimes happened that the school sections, whole or







fractional, had been already disposed of by Congress or were classified as mineral lands at the time the school land grant was made to the state. In such cases the federal government granted other lands in lieu of these particular sections. This policy started in 1821 when Missouri was admitted to the Union, but Congress supplied the deficiencies in the previous grants it had made.<sup>5</sup> Indian territory, Spanish and Mexican grants, water bodies, and sales of land by Congress caused most of the deficiencies remedied by this policy. Table I shows the number of acres received by each state from the federal government for common school purposes.

#### I. OTHER GRANTS AND SUBVENTIONS

Money grants. In addition to land grants, Congress made money gifts to the states. Oklahoma, as already stated, received \$5,000,000 in lieu of part of her school-land grant located in Indian territory. Aside from this case most of the money grants made by Congress have been per centum grants and subventions made from the federal treasury.

Per centum grants. Per centum grants originated with the admission of Ohio in 1802 at the time the land-grant

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<sup>5</sup> Ellwood P. Cubberley, State School Administration. (Boston: Houghton Mifflin Company, 1927), p.23.



financially, had been already...  
classified as mineral lands...  
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This policy... in 1881...  
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Table 1 shows the number of...  
The Federal Government...

I. OTHER...  
Money Grants...  
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TABLE I  
FEDERAL LAND GRANTS FOR COMMON SCHOOLS\*

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Group 1. States receiving Section No. 16.

Alabama	911,627	Michigan	1,021,867
Arkansas	933,778	Mississippi	824,213
Florida	975,307	Missouri	1,221,813
Illinois	996,320	Ohio	724,266
Iowa	988,196	Tennessee**	24,000
Indiana	668,578	Wisconsin	982,329
Louisiana	807,271		

Group 2. States receiving Sections Nos. 16  
and 36.

California	5,534,293	Nevada	2,061,967
Colorado	3,685,618	North Dakota	2,495,399
Idaho	2,963,698	Oklahoma	1,375,000
Kansas	2,907,520	Oregon	3,399,360
Minnesota	2,874,951	South Dakota	2,733,084
Montana	5,198,258	Washington	2,376,391
Nebraska	2,730,951	Wyoming	3,470,009

Group 3. States receiving Sections Nos. 2,  
16, 32, and 36.

Arizona	8,093,156	Utah	5,844,196
New Mexico	8,711,324***		

Grand total (Groups 1, 2, 3) 77,510,737

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\*Number of acres received by each individual state according to Fletcher H. Swift.

\*\*Swift does not include Tennessee in his list. He gives the following reason for not including it: "Tennessee by her own act set aside out of the federal grant of 1806 approximately 24,000 acres of land for public schools; these lands are never included in statements of federal school-land grants." (F. H. Swift, Federal and State Policies in Public School Finance. p. 27 Footnote number 3.)

\*\*\*According to the Biennial Report of the Commissioner of Public Lands of New Mexico, for 1931 and 1932, the common schools received 8,783,000 acres.



TABLE I

FEDERAL LAND GRANTS FOR COMMON SCHOOLS

Group 1. States receiving Section No. 16.

Alabama	911,627	Michigan	1,001,341
Arkansas	933,776	Mississippi	1,001,341
Florida	975,707	Alabama	1,001,341
Illinois	996,720	Ohio	1,001,341
Iowa	993,106	Wisconsin	1,001,341
Indiana	938,578		
Louisiana	907,171		

Group 2. States receiving Sections Nos. 16 and 36.

California	2,221,202	Nebraska	2,150,221
Colorado	2,221,202	Montana	2,150,221
Idaho	2,221,202	Minnesota	2,150,221
Kansas	2,221,202	North Dakota	2,150,221
Nebraska	2,221,202	South Dakota	2,150,221
Montana	2,221,202	Washington	2,150,221
Minnesota	2,221,202	Wyoming	2,150,221

Group 3. States receiving Sections Nos. 16, 36, and 36.

Arizona	2,221,202	Utah	2,221,202
New Mexico	2,221,202		

Grand total (Groups 1, 2, 3)

17,710,171

\*Number of acres received by each individual school according to Fletcher H. Swift.

\*\*Swift does not include Tennessee in his list. He lists the following reasons for not including it: "Tennessee is now not outside one of the Federal land of 1888 and consequently 21,000 acres of land for public schools were granted and never included in statements of Federal school lands." (P. H. Swift, Federal and State School Land Grants, Finance, p. 27, Tennessee chapter 2).

\*\*\*According to the Statistical Report of the Commissioner of Public Lands of New Mexico, for 1921 and 1922, the number of acres received 2,725,702 acres.



policy was put into practice. By these grants Congress donates to the states a certain per cent (usually from five to fifteen per cent) of the proceeds from the sales of public lands within the particular state. The United States government has specified the purpose for which this money may be used. At first it was generally devoted to internal improvements such as building of roads and canals, but since 1889 the specified purpose has been the support of common schools.

Deposit fund of 1833. In 1833 ten million dollars were withdrawn from the United States Bank and distributed to the different states, without specifications as to how the money was to be employed. Indiana used part of her portion of this money for a permanent common-school fund.

Surplus revenue loan of 1837. In 1837 Congress passed an act to regulate the deposits of public money. There was a surplus of revenue; therefore about \$28,000,000 was distributed as loans among the states. Most of the states used part of their portion for the support of common schools. The United States has never tried and probably will never attempt to collect this money.

Distribution of proceeds of public-land sales. In 1841 an Act was passed providing for the distribution of the proceeds from sales of public lands. Approximately \$700,000 was distributed. The Act did not specify how the money was







to be used. At least one state, Tennessee, devoted her portion to her school fund.<sup>6</sup>

Federal forest-reserve county funds. Congress, in order to compensate the tax loss sustained by states having forest-reserves within their boundaries (Federal forest-reserves are non-taxable,) passed a law in 1908 providing that twenty-five per cent of the money received yearly from the forest-reserves should be used for the benefit of the public schools and public roads of the counties in which such forest reserves were situated. It was left to the state or territorial legislatures to decide how the money must be apportioned for schools and roads.

Federal fines. The federal government provides that all fines collected for injuring the public lands by fire shall be paid to the public-school fund of the county in which the land so injured is situated. Even though, according to Swift,<sup>7</sup> an intensive study, covering one-fifth of the states has failed to reveal the amount of revenue received from this source, it may be at present or may become in the future a valuable source of school revenue. Possibly the money collected by virtue of this provision has been listed under "Miscellaneous sources."

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<sup>6</sup> Swift, op. cit., pp. 35-39

<sup>7</sup> Ibid., p. 52.



to be used. Assistant one state, business, and the other  
also to be used. Final.  
Federal equalized property tax  
to compensate the various states for the loss of  
reserves within their boundaries. Federal property  
non-taxable. (passed a law in 1903 providing that  
per cent of the money received yearly from the  
should be used for the benefit of the public schools and  
public roads of the countries in which such taxes are  
were assessed. It was first in the state of New York  
intended to decide how the money must be distributed and the  
and made.

Federal land. The Federal government owned that  
all lands collected for improving the public lands by the  
shall be paid to the public-school fund of the state in which  
which the land so improved is situated. When a new school  
ing to build, an initiative agency, covering one-fifth of the  
states has failed to receive the amount of a year's  
from this source, it may at present be paid to the  
furnish a valuable source of school revenue. The  
money collected by virtue of this provision has been used  
under "miscellaneous sources".



Reimbursement for tuition of Indian children. Indian children whose parents have not acquired citizenship are wards of the federal government. The public common schools are state and not federal institutions; therefore, Indian children are not entitled to free admission into these schools. Congress pays tuition to the state for the education of those Indian children who attend state common schools.

Vocational Federal Aid. Congress has given the states subventions to facilitate the teaching of vocational courses. The terms of the early land and money grants for public schools were quite general, but by 1917 such policy was changed. The Vocational Education Act of 1917 stipulated that each state should set up a plan for the use of federal school aid. These plans must be in accordance with the laws governing the grant. The different Acts for this purpose provide annual grants for education, including high school training, and they also set up regulations for administering the funds.

Smith-Hughes Act, 1917. One of the most important examples of federal aid to vocational education is the Smith-Hughes Act which provides subventions for fostering industrial training in public schools and for professional training for teachers of vocational studies. Under the terms of this Act the states must match dollar for dollar the federal grant. The subvention was to start at \$1,700,000 for the first year and increase until 1925-26, when it reached the amount







of \$7,200,000 and is to continue at this sum.<sup>8</sup>

George-Ellzey and George-Deen Acts. The Act known as the George-Ellzey became operative July 1, 1934. Under the terms of this Act Congress appropriated \$3,000,000 annually for the further development of vocational education. It functioned for a period of three years ending June 30, 1937. The George-Ellzey Act was replaced in 1937 by the George-Deen Act. By means of this Act, Congress increased the annual appropriation to \$12,000,000 for vocational education, the sum to be divided equally for vocational education in agriculture, in trade and industry, and in home economics. It also authorized an annual appropriation of \$1,200,000 for vocational training in distributive occupations, such as retailing, wholesaling, and allied pursuits and \$1,000,000 for training of teachers of vocational education in agriculture, trade and industry, and home economics. The George-Deen Act differs from the George-Ellzey Act in that it increased the sum of the annual appropriations and provides an additional grant for training for the distributive occupations; it requires states and territories participating in the grant to match only fifty per cent of these grants for the first

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<sup>8</sup> Cubberley, op. cit., p. 64.



of \$7,200,000 and is to continue at this rate. 8

George-Wiley and George-Wiley The act known as the George-Wiley act was passed July 1, 1934. Under the terms of this act Congress appropriated \$7,200,000 for the further development of vocational education. It functioned for a period of three years ending June 30, 1937. The George-Wiley act was amended in 1937 by the George-Wiley act. By a vote of this act Congress approved the annual appropriation of \$7,200,000 for vocational education. The sum to be divided equally for vocational education in agriculture, in trade and industry, and in home economics. It also authorized an annual appropriation of \$1,200,000 for vocational training in Native American education, such as retailing, wholesaling, and allied business and \$1,000,000 for training of teachers of vocational education in agriculture, trade and industry, and home economics. The George-Wiley act differs from the George-Wiley act in that it increased the sum of the annual appropriations and provided an additional grant for training for the Native American community. It requires states and territories participating in the grant to match only fifty per cent of funds granted for the first



five years in which the act is operative. This percentage was to be increased by ten per cent each year thereafter until it reaches one hundred per cent in 1947; it extends the benefits of vocational education to the District of Columbia.

Federal mineral-royalty grants. Congress, in 1920 passed what is known as the Oil and Mineral Leasing Act, which provides that states in which there is federal land containing non-metallic mineral deposits of the classes covered by the Act (coal, phosphate, oil, oil shale, gas, and sodium) are entitled to twenty per cent for past production and to thirty-seven and a half per cent for future production of the moneys paid to the United States as bonuses, royalties, and rentals for the lease of these lands. The money thus granted to the states must be used for public roads and education. The state decides the portion of money which must go to each of these enterprises. The money is granted to the state and not to the county or part of the state containing the minerals.<sup>9</sup>

Federal school land act of January 25, 1927. The school land act of January 25, 1927 grants to the states the title of

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<sup>9</sup>New Mexico uses the revenue from this grant for school purposes. It is apportioned to the New Mexico school of mines, state institutions of higher learnings, and to the common schools. The money apportioned to the common schools is used to provide free textbooks to the children in the state.



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all minerals in the unreserved numbered sections (in place) school lands for the support of the common schools providing that the states reserve the mineral rights in such lands when they dispose of the land. The act reads in part as follows:

The several grants to the states of numbered sections in place for the support or in aid of the common schools or public schools be, and they are hereby extended to embrace numbered school sections mineral in character, unless land has been granted to and or selected by and certified or approved, to any such State or States as in indemnity or in lieu of any land so granted by numbered sections.

The additional grant made by this section is upon the express condition that all sales, grants, deeds, or patents for any of the lands so granted shall hereafter be subject to and contain a reservation to the State of all the coal and other minerals in the lands so sold, granted, deeded, or patented, together with the right to prospect for, mine, and removed the same. The coal and other mineral deposits in such lands not heretofore disposed of by the State shall be subject to lease by the State as the State legislature may direct, the proceeds and rentals and royalties therefrom to be utilized for the support or in aid of the common or public schools;...<sup>10</sup>

By virtue of the terms of this act the states are receiving royalties and rentals from minerals and mineral lands which otherwise would have gone to the federal government.

Other educational aid. A number of other acts of Congress have extended federal aid helping state, county, and district educational systems. Some of these federal aids, affecting common schools, are activities carried on by various bureaus

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<sup>10</sup> The Code of the Laws of the United States of America in Force January 3, 1935, Section 870, Chapter 20. (Washington: United States Government Printing Office, 1935), p. 1903.



all minerals in the unreserved lands...  
school lands for the support of the common schools...  
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The several grants of the states...  
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### Other educational aid

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United States Government Printing Office, 1909...



of the government which are essentially educational but sometimes are not designated as such. Among these activities may be mentioned the services of the Children's Bureau, Bureau of Standards, Public Health Service, and the bureaus within the Department of Agriculture.

There are other aids given by the government which have to some extent a direct bearing upon the state funds inasmuch as they affect state and local school units. During the year 1933-34, for the first time in the history of the United States public education, the federal government advanced funds directly to individual schools, or as wages to individuals for engaging in educational work. For example, the Federal Emergency Administration of Public Works made loans and grants for school building and improvement projects; the Federal Emergency Relief Administration allotted funds for various school-improvement projects. Through the educational program of the Civilian Conservation Corps (CCC) the government provided wages to boys who were engaged, part of the time, in educational activities under the guidance of teachers. The federal government has spent over four million dollars a year in 1936 and 1937 for the CCC Educational Program at the sev-



of the Government, and the  
lines are not drawn as to  
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Department of Education  
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eral camps.<sup>11</sup> Although it is realized that the government's appropriation for education in these services is not a direct school fund aid to the state, it does relieve the state of an obligation it might otherwise have.

National Youth Administration. The National Youth Administration (NYA) extends financial assistance to needy young persons. It gives employment to students of college, high school, and elementary rank. In 1937 approximately twenty-eight million dollars were expended for such work.

Works Progress Administration. Through the Educational Program of the Works Progress Administration (WPA) the federal government extended financial assistance for school buildings and for educational purposes such as nursery schools, education in avocational and leisure-time activity, vocational education, and adult education. The federal government expended for educational projects under this act over forty-two million dollars in 1937.

Federal Emergency Administration of Public Works. Much financial assistance was extended the various states through the provisions of the Emergency Administration of Public Works

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<sup>11</sup> Timon Covert, Federal Aid for Education, Leaflet No. 30, (Washington, D. C.: United States Government Printing Office, 1938), p. 13



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(PWA). The amount allotted for high school building construction alone amounted in 1937 to a little over \$470,000,000. The report of this federal aid division for 1936 in part reads:

Under the Public Works Administration Program, 33,718 new classrooms have been provided for elementary and high schools with seating accommodations for 1,389,655 pupils. In addition to the classrooms there were provided 2,165 auditoriums, 1,720 gymnasiums, 884 libraries, 676 shops (etc.)... Besides these new facilities, repairs have been made to 1,105 schools for the purpose of providing better sanitation and adequate protection to the lives of students.<sup>12</sup>

## B. LEGAL PROVISIONS OF LAND GRANTS TO NEW MEXICO

### I. TERRITORIAL PROVISIONS

The Organic Act. New Mexico became a part of the United States in 1848 by the terms of the Guadalupe Hidalgo Treaty. In accordance with the land policy, described above, which the Federal government had already established, this newly acquired area was surveyed and handled in the usual manner. In 1850, Congress organized New Mexico as a Territory. The Organic Act, among other things, reserved sections number

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<sup>12</sup>Cubberly, op. cit., pp. 19 and 20. Statistics for the National Youth Administration, Works Progress Administration were also obtained from this same source, pp. 14 to 19 inclusive.



(FMA). The amount allotted for high school building construction alone amounted in 1937 to a little over \$150,000.00. The report of this Federal aid division for 1938 is herewith:

Under the Public Works Administration Program, \$1,713,000.00 have been provided for elementary and high schools with seating accommodations for 1,350,000 pupils. In addition to the classrooms there were provided 2,100 auditoriums, 1,750 gymnasiums, 800 libraries, 600 shops (etc.). Besides these new facilities, repairs have been made to 1,100 schools for the purpose of providing better sanitation and adequate protection to the lives of students.<sup>12</sup>

## B. LEGAL PROVISIONS OF LAND GRANTS TO NEW MEXICO

### 1. TERRITORIAL PROVISIONS

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<sup>12</sup> Oppenly, op. cit., pp. 19 and 20. Statistics for the National Youth Administration, Works Progress Administration were also obtained from this same source, pp. 14 to 19 inclusive.



sixteen and thirty-six in each township to be applied to the schools of the territory and the states or territories created out of the same.<sup>13</sup>

Ferguson Act. The second step toward the acquisition of the school lands came in 1898-99 when H. B. Ferguson, then a delegate to Congress, obtained the passage of the bill commonly referred to as the Ferguson Act, granting to New Mexico for the support of the common schools the two sections reserved by the Organic Act. Where these sections contained minerals or the land had already been disposed of by Congress, the Act provided that other land be granted in lieu thereof.<sup>14</sup> It is interesting to note that New Mexico is the only public-land state of the Union that acquired its land grant before it became a state. Usually the grant was made at the time or after the state was admitted into the Union.

## II. THE ENABLING ACT

By 1910, when Congress was considering New Mexico as a prospective state of the Union, the United States had already

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<sup>13</sup> United States Statutes At Large, December 1851 to March 1855, Vol. 10, Sec. 5 (Boston: Little Brown and Company, 1855), p. 301.

<sup>14</sup> United States Statutes At Large, Vol. 30, Chap. 489, (Washington: Government Printing Office, 1899), p. 484.



sixteen and thirty-six in each township to be divided into the  
authorities of the territory and the states or territories created  
out of the same.

Permian Act. The second very early legislation  
of the school lands came in 1858-59 when a bill was introduced  
a delegate to Congress, entitled the bill of 1858-59  
mainly referred to as the Permian Act, according to the records  
for the support of the common schools in the Permian territory  
passed by the Congress Act. That bill was introduced  
minutes on the land was already considered by Congress  
the Act provided that other land be added to the school.  
It is interesting to note that the Permian Act was the only statute  
land state of the Union that provided a land grant before  
it became a state. Finally the grant was made by the state  
after the state was admitted into the Union.

11. THE PERMANENT ACT  
By 1810, when Congress was considering the Permian Act as a  
prospective state of the Union, the United States had already

12 United States Statutes at Large, December 1851 to  
March 1852, Vol. 10, Sec. 2 (Permian Act) in the Statutes  
1851, p. 701.  
13 United States Statutes at Large, Vol. 10, Sec. 2, 1851.  
(Washington: Government Printing Office, 1851, p. 701.)



increased the land grant for common schools to four sections in each township in accordance with the Utah Type of land grant. The Act that enabled the people of New Mexico to form a constitution and be admitted into the Union on an equal footing with the original states provided:

1. A grant of four sections. Congress by the terms of the Ferguson Act had granted the Territory of New Mexico two sections of land in each township. The Enabling Act increased the grant to four sections. That part of the Act reads:

That in addition to sections sixteen and thirty-six heretofore granted to the Territory of New Mexico, sections two and thirty-two in each township in said proposed state not otherwise appropriated at the date of the passage of this Act, are hereby granted to said state for the support of common schools;...<sup>15</sup>

2. Lands in lieu. It also provided that where these sections (2, 16, 32, and 36) or any part of them were mineral lands or had been sold, reserved, or otherwise appropriated, the state would be granted an equal amount of land in lieu of such mineral or appropriated sections.

3. Residue grant. The Enabling Act also provided a grant of a million acres of land for the payment of bonds that had been issued by Santa Fe and Grant counties. It

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<sup>15</sup> United States Statutes at Large, March 1909 to March 1911, Vol. 36 Part I. Sec. 6 (Washington: Government Printing Office, 1911), p. 561.



increased the land grant for common schools to four sections in each township in accordance with the Texas type of land grant. The Act that enabled the people of New Mexico to form a constitution and be admitted into the Union on an equal footing with the original states provided:

1. A grant of four sections. Sections by the name of

the Ferguson Act had granted the Territory of New Mexico two sections of land in each township. The amount was increased the grant to four sections. That part of the Act reads:

That in addition to sections sixteen and thirty-six heretofore granted to the Territory of New Mexico, sections two and thirty-two in each township in said territory shall be set apart and reserved for the use of the people of said Territory for the support of common schools.

2. Lands in lieu. It also provided that where there

sections (8, 16, 24, and 32) or any part of them were mineral lands or had been sold, reserved, or otherwise appropriated, the state would be granted an equal amount of land in lieu of such mineral or appropriated sections.

3. Reserve state. The legislation also provided a

grant of a million acres of land for the payment of bonds that had been issued by Santa Fe and Grant counties. It



further stipulated that when these bonds had been paid in full the remainder, if there was any, of this land should be added to the permanent common school fund land, "the income therefrom only to be used for the maintenance of the common schools of said state." These bonds have been paid for and the remainder of the land, approximately 500,000 acres, has been aggregated to the common school lands.

4. Five per centum grant. By the terms of this same Act, the State was granted five per cent of the proceeds of sales of public lands lying within said State, which shall be sold by the United States subsequent to the admission of said State into the Union, after deducting the expenses incident to such sale, shall be paid to said State to be used as a permanent inviolable fund the interest of which only shall be expended for the support of the common schools within said State.<sup>16</sup>

5. National forest exceptional provision. Congress made an exception to the grant of sections two, sixteen, thirty-two, and thirty-six which were within national forests that existed or were proclaimed by that time. According to the provisions of the Enabling Act, the school sections situated within national forests would not pass to the State until such areas were restored to the public domain. Such sections were to be administered as a part of the forest, but at the close of each fiscal year the State would receive a per cent of the income

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<sup>16</sup> Ibid., p. 563.







derived from the forest in proportion to the per cent that the area of such sections is to the area of all the Federal forests in the state.

### III. OTHER GRANTS

Residue of 250,000 acres grant. In 1928 Congress granted New Mexico 250,000 acres of surveyed, non-mineral, unappropriated, and unreserved public land within the state, this land to be held in trust for the reimbursement of Grant, Luna, Hidalgo, and Santa Fe counties and the city of Silver City for interest paid on some county and town bonds. This Congressional grant provided that the remainder of the two hundred fifty thousand acres, or the proceeds of sale or lease thereof, or rents, issues, or profit therefrom, after the reimbursement of the counties stipulated, would become a part of the permanent common school fund. The Public Land Office reports that these bonds have not yet been paid. According to the Governor's report,<sup>17</sup> the income from the 250,000 acres of land granted for the purpose is not sufficient to pay the annual interest.

Like the other public land states, New Mexico received the already-mentioned special grants and subventions such as

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<sup>17</sup> New Mexico State Budget Biennial Period, 1935-37 submitted to the legislature by Governor Clyde Tingley. (Las Vegas, New Mexico: Optic Publishing Company, 1935), p. 27.



derived from the forest lands...  
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THE LANDS

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and New Mexico 250,000 acres of...  
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(Las Vegas, New Mexico)



the federal forest-reserve county funds, federal fines, reimbursement for tuition of Indian children, Smith-Hughes vocational subventions, federal mineral-royalty grants, and the grant of minerals in school sections as provided by the Federal School Land Act of 1927.

#### IV. REGULATIONS AFFECTING LAND GRANTS

General legal specifications relative to the administration of land grants. There are definite specifications as to the management and control of these lands granted to New Mexico. By Congressional provisions the Federal government has transferred and confirmed to the state the granted lands, "to be held in trust" and to be disposed of only for specified purposes. The state has created a Public Land Office whose chief executive official is the commissioner of public lands. This officer has jurisdiction over all lands granted to the state.

Sale, rental, and leasing regulations. The lands in general, with the exception of non-restricted areas, are to be sold or leased to the highest bidder. The price of the land ranges from not less than three dollars in arid regions to not less than twenty-five dollars an acre when irrigation can be practiced, the commissioner of public lands having the power to classify and to set the price of the land within the specified limits. The state retains the mineral rights in the



the federal forest-protective country funds, federal timber, and  
management for tuition of Indian children, with Indian voca-  
tional subdivisions, federal mineral-royalty grants, and the  
grant of minerals in school sections as provided by the Fed-  
eral School Land Act of 1907.

IV. REGULATION RELATIVE TO LAND RIGHTS

General legal regulations relative to the regula-  
tion of land rights. These regulations are contained in the  
to the management and control of these lands is provided for now  
Mexico. By Congressional provisions the Federal Government  
has transferred and confirmed to the state the control of lands  
"to be held in trust" and to be disposed of only for specified  
purposes. The state has created a Public Land Office where  
chief executive official is the commissioner of public lands.  
This officer has jurisdiction over all lands granted to the  
state.

State, federal, and Indian regulations. The lands in  
general, with the exception of non-vested areas, are to  
be sold or leased to the highest bidder. The price of the  
land ranges from not less than three cents to one dollar  
to not less than twenty-five dollars an acre when the land  
can be irrigated, the commissioner of public lands having the  
power to classify and to set the price of the land within the  
specified limits. The state retains the mineral rights in the



lands that are sold. Lands are not to be rented or leased for grazing or agricultural purposes for less than three cents an acre and for not more than a term of five years, the leasee having the right to renew the lease. Municipalities, counties, and school districts are authorized to lease state land for purposes incidental to the powers of such political units for a term not to exceed twenty-five years. (Session Laws of 1929, Chapter 53, Sections 1, 2, 3.) The Commissioner of Public lands has the authority to rent and issue oil, gas, and other mineral-land leases upon terms that he deems best within specified limits; provided, that the lease is made for a term of five years. This term can be renewed thereafter as long as oil and gas are produced in paying quantities. The rental price of leased mineral land regardless of area must be not less than twenty-five dollars for ores, and one hundred dollars for oil and gas for the first year. The leasee must also pay a royalty of two to five per cent for ores and one-eighth of the oil and gas extracted from the said land. In certain restricted areas no oil or gas leases upon any state lands are made except upon competitive bidding by sealed bids. The state may issue mineral leases to land that has been sold with mineral reservations, provided that the owner is paid for damages done to such lands.<sup>18</sup>

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<sup>18</sup> New Mexico Laws and Statutes, 1929 Compilation, Chapter 132 (Denver, Colorado: W. H. Courtwright Publishing Company, 1929), pp. 1576-1605.



lands that are sold. Lands are not to be sold or leased for  
mineral purposes unless the State has first determined  
an acre and for not more than a term of five years, the lessee  
having the right to renew the lease. The lessee shall, however,  
and school districts are authorized to lease lands for  
purposes incidental to the exercise of their public functions  
a term not to exceed twenty-five years. (Chapter 55, Section 1, 2, 3.) The Government of the State  
lands has the authority to grant mineral leases and to regulate  
mineral-land leases upon terms that the State may determine.  
fitted thereto; provided, that the lease shall not be for a term of  
five years. This term shall be subject to extension for a term of  
oil and gas are produced in certain quantities. The State  
price of leased mineral lands shall be fixed at not less than  
less than twenty-five cents per acre for oil, and the minimum royalty  
for oil and gas for the first year. The lessee shall also pay  
a royalty of two to five per cent on the net proceeds of the sale of  
the oil and gas extracted from the land. The State may, however,  
withheld from sale. The lessee shall not be allowed to lease and  
made except upon competitive bidding or sealed bids. The  
State may lease mineral lands for a term of not more than five  
mineral resource. The lessee shall not be allowed to lease and  
changed from to such lands.



## V. SUMMARY

The idea of granting lands for school purposes was borrowed from England by the early New England settlers. Several grants of land for such purposes were made by the early colonies. The United States government, upon acquiring its public domain, followed the policy of granting lands to the new states admitted into the Union that were created out of the said domain. First the grant of one section (Ohio Type) was made to the inhabitants of the township where the land was located. This plan was changed in 1818 with the admission of Illinois. At this time the grant was made to the state to be used for educational purposes in the township where the land was located. A third alteration of the plan was made in 1837 when Michigan entered the Union. The grant now was made to the state for the support of its common schools, regardless of where the land was located within the state. There were some changes made also in regard to the size of the grant. From 1802, when Ohio (the first state that received a Federal-land grant) was admitted into the Union, until 1848 only one section of land in each township was granted. The size of the grant was increased to two sections in each township with the organization of Oregon as a Territory in 1848. From then on, until 1894, two sections of land were donated. At this time, Congress increased the grant to four sections in every township. Utah was the first state to receive four sections



V. SUMMARY

The idea of granting lands for normal education was borrowed from England by the early New England settlers. Several grants of land for such purposes were made by the early colonists. The United States Government, following its public land policy of granting lands to the new states admitted into the Union, also extended out of the public domain. First the grant of one section (36.36 acres) was made to the states for the purpose of establishing a normal school. This plan was changed in 1825 when the mission of Illinois. At this time the grant was made to the state to be used for educational purposes in the township where the land was located. A third alteration of the plan was made in 1837 when Michigan entered the Union. The grant was made to the state for the purpose of the common schools, instead of where the land was located within the state. There were some changes made also in regard to the size of the grant. From 1802, when Ohio (the first state that received a federal land grant) was admitted into the Union, until 1825 only one section of land in each township was granted. The size of the grant was increased to two sections in each township with the organization of Oregon as a territory in 1842. From that on, until 1854, the sections of land were doubled. At this time, Congress increased the grant to four sections in every township. Utah was the first state to receive four sections.



of land in every township for the support of its common schools. At first only a few specifications were made as <sup>to</sup> the management of the grants, but gradually more and more regulations have been set by Congress and by the states.

In addition to the land grants, Congress has donated to the states money grants, among which the following can be mentioned as most important: 1. Per centum grants, donating to the state a certain per cent of the proceeds derived from the sale of public lands. 2. Money grants, for example, United States deposits funds of 1833, surplus revenue of 1837, and the distributive fund of 1841. Parts of these funds have been used for common school purposes by some of the states. 3. Money grants, which the state matches dollar for dollar, for vocational-training purposes. 4. Money grant# aid for school building construction, students and other educational purposes. 5. Royalty grants giving the state a certain per cent of the proceeds derived from nonmetallic minerals extracted from the public lands, and royalty grants of the minerals in the school-land sections, the mineral rights of which had been reserved by the Federal government.

New Mexico received for the support of its common schools four sections of land in each township. It also received the residue of 1,250,000 acres of land which the United States government granted the state to pay certain bonds. In all, New Mexico received 8,783,000 acres of land







for the above-mentioned purpose.<sup>19</sup> Like the other public land states, it received land and money grants, provided that it would meet certain specifications as to the control and management of the said federal aid.

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<sup>19</sup> Commissioner of Public Lands, Biennial Report for the Two Year Period Ending June 30, 1932 (Albuquerque, New Mexico: Ward Anderson Printing Company, 1932), p. 5.



for the above-mentioned purpose.<sup>19</sup> Like the other public  
land states, it reserved land and money grants, provided  
that it would meet certain specifications as to the  
and management of the said Federal aid.

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<sup>19</sup> Commissioner of Public Lands, Bureau of Land  
for the Two Year Period Ending June 30, 1902, p. 10.  
New Mexico: With Alaska, 1902, p. 10.



### CHAPTER III

#### STATE COMMON SCHOOL MAINTENANCE FUNDS

For the purpose of clarity, the state funds for the maintenance of schools may be classified under three divisions in accordance with their origin and the manner in which they are distributed: 1. The State Apportionment Fund which consists of the funds obtained chiefly from the proceeds of the school lands. The money in this fund is apportioned to the counties according to the proportion of children of school age living in each county. The title, Apportionment Fund, is a designation given to the fund, not by legal provisions, but for convenience. The Apportionment Fund consists of the revenue derived from the permanent and common school current funds. 2. The State Funds Credited to Individual Counties consist of funds that are apportioned to the counties in accordance with the percentage of collections obtained from various sources, such as the federal forest reserve funds, government reimbursements for vocational education carried on in the county, part of the money derived from the sale of motor vehicle licenses in each respective county, Indian tuitions, part of the proceeds of the money derived from merchandise licenses in the counties, and inter-county consolidation apportionments. 3. The State Public School Equalization Fund, is derived from the proceeds of business







(sales) and income taxes. The law creating this fund sets forth the formula for the distribution of state school money on a grouped-average-daily-attendance (weighted classroom unit) basis. Within limits, the law seeks to bring about equalization in the distribution of common school funds.

### I. APPORTIONMENT FUND

Permanent fund. The permanent fund is an "inviolable fund the interest of which only can be expended for the support of the common schools within the state." It is a fund mentioned in the Enabling Act and created by the State Constitution.<sup>1</sup> The money in this fund is derived from the lands granted to the state by the federal government and other gifts from the same source. According to the different legal provisions the sources of this fund are:

1. The proceeds of sales of school lands.
2. The proceeds of sales of all lands that have been or may be granted to the state not otherwise appropriated by the terms and conditions of the grant.
3. Such portions of the proceeds of sales of the lands of the United States within the state as has been or may be granted by Congress.
4. Mineral royalties derived from the land received from the sources mentioned above.
5. All grants made to the state the purpose of which has not been specified.

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New Mexico State Laws and Statutes, 1929 Compilation, (Denver, Colorado: W. H. Courtwright Publishing Company, 1929), pp. 14, 129, 1590.







The revenue in the permanent fund, as can be seen from the above provisions, comes from the proceeds of sales of school lands, granted or to be granted in the future, from portions of the proceeds of sales of the lands of the United States within the state as have been or may be granted by Congress (includes five per centum grants discussed in Chapter II of this study), from royalties paid for the extracted minerals from school lands,<sup>2</sup> and from all grants made to New Mexico the purpose of which is not specified by law. The principal, or money in the fund which has been accumulating yearly since 1898, is not expended. This money is invested. The interest it earns is used for the support of the common schools. The interest from such investments becomes part of the current fund, which will be discussed later in this chapter. Table II shows the amount in this fund in intervals of ten years.

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<sup>2</sup> The present investigation did not disclose legal provision in regard to placing money derived from royalties in the permanent fund except a court decision in which the State Supreme Court ruled that "oil royalties derived from lands originally granted to the territory of New Mexico by the so-called Ferguson Act (30 Stat. 484) and confirmed to the State by the Enabling Act, are a part of the permanent fund of the University of New Mexico and the income therefrom only can be used for current income for the institution. (Report of New Mexico Regent of University, V. Graham, 264, p. 953) Mineral sales are considered as land sales since minerals constitute part of the land which cannot be by nature replaced once extracted.



The revenue in the permanent fund, as can be seen from the above provisions, comes from the proceeds of sales of school lands, created or to be created in the future, from portions of the proceeds of sales of the lands of the United States within the state as have been or may be granted by Congress (included have are certain lands situated in Indian II of this study); from payments made for the interest on state bonds; from school lands, and from all other sources. Mexico the purpose of which is not specified by law. The principal, or money in the fund, which has been accumulating yearly since 1888, is not expended. This money is invested. The interest it earns is paid for the support of the common schools. The interest from such investments becomes part of the current fund, which will be discussed later in this chapter. Table II shows the amount in this fund in intervals of ten years.

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<sup>2</sup> The present investigation did not include a study of the provision in regard to placing money received from sales of lands in the permanent fund except in cases where the lands are State-owned lands. The State-owned lands are those lands originally granted to the University of New Mexico by the so-called Territorial Act (1906, ch. 144) and continued by the State by the Enabling Act, and a part of the permanent fund of the University of New Mexico and the income therefrom only can be used for current expenses for the University. (Report of New Mexico Board of University and School Lands, 1923, p. 223) Mineral sales and coal lands are included in the permanent fund of the State but are not included in the permanent fund of the University.



TABLE II

AMOUNTS OF MONEY IN THE PERMANENT FUND AND AMOUNTS  
OF INCREASES BY TEN YEAR INTERVALS

YEAR	AMOUNT*	AMOUNT INCREASED
1898	Part of the land was granted.	
(1901)	(\$1,291.12)	(\$1,291.12)
1908	\$45,655.79	\$44,364.67
1918	\$554,032.44	\$508,376.65
1928	\$1,305,583.36	\$751,550.92
1938	\$5,627,191.65	\$4,321,608.29

\* Data for the above table were taken from the Biennial Reports of the Commissioner of Public Lands, except the 1938 figure, which was taken from the Report of the State Superintendent for 1938-39.



# TABLE II

AMOUNTS OF MONEY IN THE PERMANENT FUND AND AMOUNTS OF INCREASES BY TEN YEAR INTERVALS

YEAR	AMOUNT*	AMOUNT INCREASED
1938	\$5,637,191.65	\$4,321,008.22
1928	\$1,308,583.86	\$751,869.92
1919	\$554,032.44	\$508,278.66
1908	\$45,858.79	\$44,386.47
(1901)	(\$1,291.12)	(\$1,291.12)
1938	Part of the land was created.	

\* Data for the above table were taken from the Historical Reports of the Commissioner of Public Lands, except the 1938 figure, which was taken from the Report of the State Superintendent for 1938-39.



The greatest amount of money has accumulated during the past ten years, from 1928 to 1938. Evidently this increase has been due to the development of the oil fields in the state and to the federal school land act of January 25, 1927, which granted title to the minerals in school lands that were not reserved as mineral lands at the time the grant was made to the public-land states. (Page 27 of this study).

Investment of the money in the permanent fund. The land commissioner transmits the money derived from the sources of this fund to the state treasurer, who in turn invests it in safe interest-bearing securities. Section 7, Article XII of the State Constitution provides as follow:

The principal of the permanent school fund shall be invested in the bonds of the state or territory of New Mexico, or of any county, city, town, board of education or school district therein.

Later the legislature made provisions by which this fund "may be invested in interest-bearing state highway debentures." <sup>3</sup> But, before the state treasurer invests any of such permanent funds, he must secure the approval of the governor and the secretary of state to such investment. If the governor and secretary of state approve the investment, the treasurer submits a copy of the proposed bonds or other securities in which he intends to invest the said money to

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<sup>3</sup> New Mexico State Laws and Statutes, Chapter 120, Section 1801, 1929 Compilation (Denver, Colorado: W. H. Courtright Publishing Company, 1929), p. 1512.



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the attorney general of the state. The attorney general approves or disapproves the legality of the said investment. All losses from the permanent fund, however occurring, have to be reimbursed by the state.

On July 1, 1938, the amount in this fund<sup>4</sup> was \$5,627,191.65. There was \$5,425,980.32 invested, leaving a sum of \$201,211.33 of uninvested money. The money that is not invested is generally deposited in the banks, thus it is earning some interest which reverts to the fund. Bank deposits, however, earn a much lower rate of interest than bond or highway-debenture investments. The interest rate at which this money is invested varied in 1934 from four per cent to seven per cent, with an average rate of five and one-half per cent.<sup>5</sup> From 1932 to 1938 the average annual increase of this fund has been \$596,719.28. Its amount has more than doubled in the past five years. The increments for the two fiscals years 1937-38 and 1938-39 have been at the rate of over a million dollars a year.

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<sup>4</sup>Biennial Report of the State Superintendent of Public Instruction for the Period Beginning July 1, 1936 and Ending June 30, 1938 (Las Vegas, New Mexico: Optic Publishing Company, 1938), p. 10.

<sup>5</sup>Computed from data contained in the Biennial Report of the State Treasurer for 1933-34, (Santa Fe, New Mexico)







Figure I gives a picture of the invested and uninvested sums of money in this fund, biennially, from 1932 to 1938.

Current school fund. The current school fund is a fund created by constitutional and statutory provision. Section 4, Article XII of the State Constitution reads as follow:

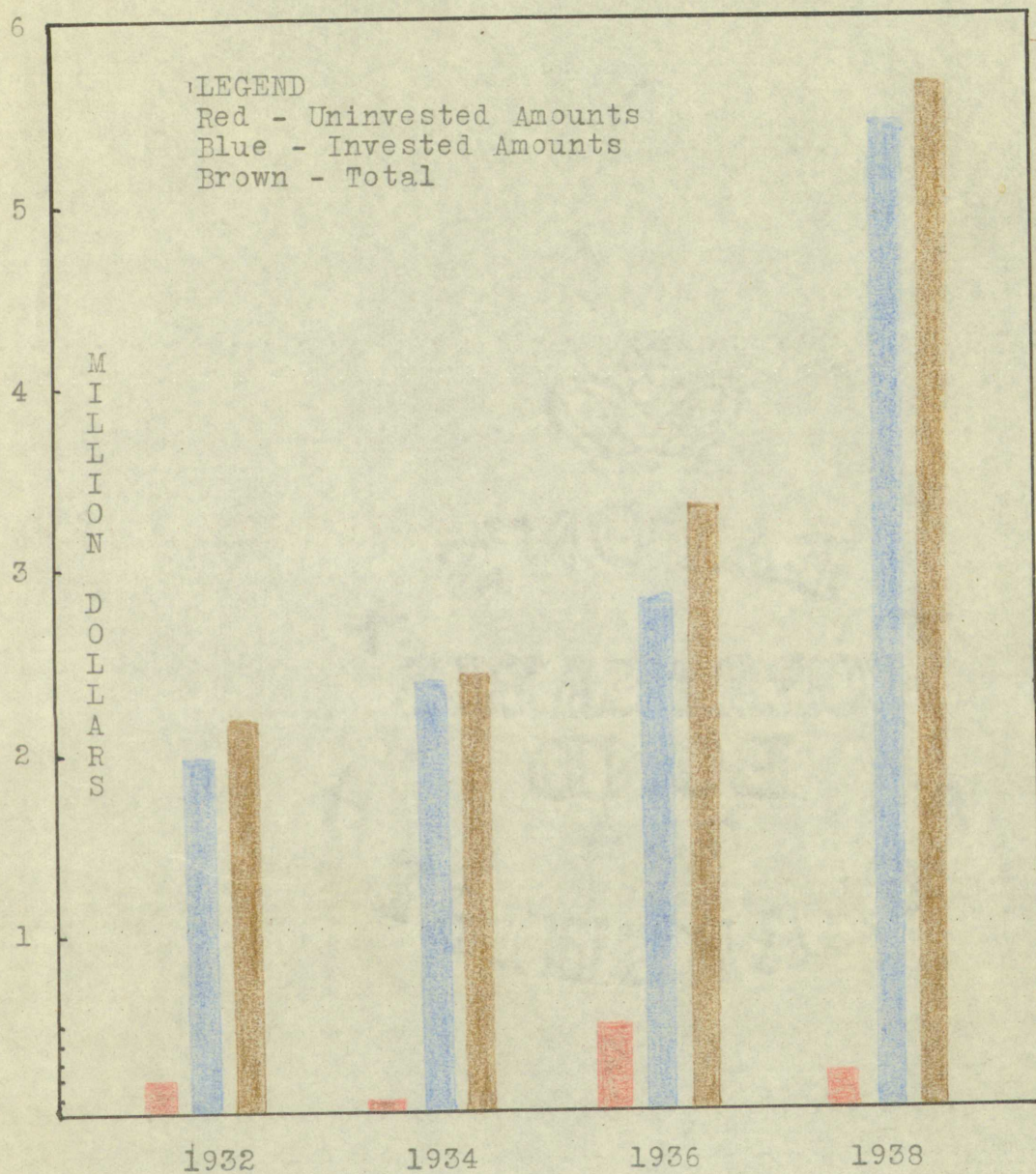
All fines and forfeitures collected under general laws; the net proceeds of property that may come to the state by escheat; the rentals of all school lands and other lands granted to the state, the disposition of which is not otherwise provided for by the terms of the grant or by act of congress; and the income derived from the permanent fund; shall constitute the current school fund of the state. The legislature shall provide for the levy and collection of an annual tax upon all the taxable property in the state for the maintenance of the public schools, the proceeds of such tax levy to be added to the current school fund above provided for. The current school fund shall be distributed among the school districts of the state in the proportion that the number of children of school age in each district bears to the total number of such children in the state, and shall provide for the levy and collection of additional local taxes for school purposes. A public school shall be maintained for at least five months in each year in every school district in the state.

This same constitutional act provides that before the distribution above mentioned is made, a sufficient amount of money shall be reserved to be distributed among school districts in which the proceeds of the annual local tax, when levied to the limit allowed by law, plus the quota of current school funds allotted to said district, shall not be sufficient to maintain a school for a period of five months. The latter provision has been ineffective, since there is a statutory law which provides that the school term shall not be less than seven months or one hundred and forty days of actual teaching,









Univ.	\$ 186,532	\$ 48,752	\$ 511,221	\$ 201,211
Inv.	\$1,970,059	\$2,404,145	\$2,851,519	\$5,425,980
Total	\$2,156,591	\$2,452,897	\$3,362,740	\$5,627,191

FIGURE 1

AMOUNTS OF MONEY IN THE COMMON SCHOOL  
PERMANENT FUND FOR 1932 TO 1938







except when prevented by any cause beyond the control of school authorities.<sup>6</sup>

Tax for state common school current fund. In conformity to the above constitutional provision in regard to providing for the levy and collection of an annual tax upon all the taxable property in the state for the maintenance of public schools, the revenue therefrom to be added to the current fund, the legislature has provided that

Each board of county commissioners, when other county taxes are levied, shall annually levy a tax on all the taxable property of the county of one-half of one mill, and the proceeds thereof shall be monthly transmitted to the state treasurer and covered into the state common school current fund.<sup>7</sup>

Additional local taxes. The legislature has also provided for additional local taxes for the maintenance of public schools. In 1923 the state legislature passed the following law:

School levies. The board of county commissioners shall annually levy, at the time of making other county levies (1) a general county school tax, not in excess of eighteen mills, at the rate certified by the state tax commission, and (2) a special district tax in the district to meet all direct charges. The rate of the special district tax for all direct charges, excepting interest and sinking fund, shall not exceed five mills on the dollar. (Session Laws of 1923, Chapter 148, Section 615)

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<sup>6</sup> New Mexico Laws and Statutes, op., cit., Chapter 120, Section 1213, p.1504.

<sup>7</sup> Ibid., Chapter 120, Section 614, p. 1489.



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This last provision deals with the tax levies that affect each individual county locally, a topic which will be dealt with in a later chapter of this study. Table III enumerates the present sources of the current school fund.

Distribution of the state current fund. The current school fund is distributed, as the above constitutional act provides, on a school census basis. A census of all unmarried persons between the ages of five and twenty-one is taken every year in each school district or municipality of the state. In this way the number of children in the state is ascertained. Every county of the state is credited with the amount or share of the money in this fund according to the number of children living in the county at the time the census is taken. In the final distribution of the state common school revenue this fund is given the designation of "state apportionment" fund. The law as to the apportionment of the state current fund reads:

Annually, on July first, the state treasurer shall certify to the superintendent of public instruction and the educational budget auditor, the money in the state common school current fund for apportionment and the same shall thereupon be apportioned by said superintendent and said auditor specifically among all the common school districts of the state upon the basis specified in section 4, article 12 of the state constitution. The said apportionment shall thereupon be certified to the state auditor and state treasurer, and, as it affects individual counties, to the respective county treasurers and county, independent and municipal boards of education. The state auditor shall thereupon draw his warrant on the state treasurer in favor of proper county treasurer for the apportioned amount.







TABLE III  
PRESENT SOURCES OF REVENUE FOR THE STATE  
CURRENT SCHOOL FUND

SOURCES	AUTHORITY
1. Income from Permanent Fund	
a. Sale of lands	Constitution (Art. XII, Sec. 4)
b. Royalties*	
c. Interest on deposits	Statutory (Chap. 112, Sec. 202 1929 Compilation)
2. Income from State Lands	
a. Rentals and leases	Constitution (Art. XII, Sec. 4)
(1) Grazing	
(2) Oil and gas	Congress
(3) Minerals (other than oil and gas)	Congress
(4) Potash and clay	
(5) Business	
(6) Water	
b. Interest and penalties on land purchases	Constitution (Art. XII, Sec. 4)
c. Sale of improvements	Statutory (Chap. 132, Sec. 162 1929 Compilation)
d. Miscellaneous	
3. Interest on deposits	Statutory (Chap. 112, Sec. 202 1929 Compilation)
4. Property taxes (one half of one mill)	Constitution and Legislature (Art. 12, Sec. 4) (Chap. 112, Sec. 202, 1929 Compilation)
5. Private Car Taxes	Statutory (Chap. 141, Sec. 1301 to 1310, 1929 Comp.)
6. Fines	Constitution (Art. 12, Sec. 4)
a. Justice of the Peace	" " " " "
b. District Court	" " " " "
c. Game and Fish Law violations	Statutory (Chap. 57, Sec. 258)
7. Blue Sky Fees	Statutory (Laws of 1933, Chap. 83)
8. Escheats and Forfeitures	Constitution (Art. XII, Sec. 4)

\* Royalties from minerals are placed in this fund because it is considered that minerals that are extracted and sold are a part of the land that cannot be replaced by nature therefore, the sale of minerals is contemplated as a sale of land.







of the combined districts of the county and the same shall be credited by the county treasurer to the individual school districts of the county in accordance with the certified apportionment and used for the maintenance of schools therein.<sup>8</sup>

Legally, as can be seen from the above measure, the revenue is to be credited to school districts in terms of persons in the school census, but in practice the amounts are pooled in each county and taken as a credit against the maintenance or current expense budget of the county unit. All rural schools are entered in one county budget; each independent school system has a separate budget. The money apportioned to a county is distributed among rural schools and independent school systems, taking the rural schools as one system, by determining the ratio that each school-unit budget bears to the total of all budgets in the county. Such ratio determines the portion of that particular county's current school fund allocated to the individual administrative budget unit. The revenue collected in this fund during one year is apportioned to the schools the next year. The total amount received in 1936-37 and placed in the 1937-38 school maintenance fund was \$1,396,960.68.

Table IV shows receipts from the various sources for

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<sup>8</sup> Ibid., Chapter 120, Section 619, p. 1489.



of the combined districts of the county and the same shall be credited by the county treasurer to the fund established for the school districts of the county in accordance with the following apportionment and used for the maintenance of schools therein.

legally, as can be seen from the above passage, the

revenue is to be credited to school districts in terms of persons in the school system, but in practice the revenue are pooled in each county and taken as a whole and then the maintenance or current expense budget of the district is made. All rural schools are entered in one county pool of rural independent school system and a separate budget. The revenue apportioned to a county is distributed among rural schools and independent school systems, and the rural schools are one system, by determining the ratio that each school district bears to the total of all districts in the county. This ratio determines the portion of that particular county's rural school fund allocated to the district and actual relative budget unit. The revenue collected in this fund during the year is apportioned to the schools the next year. The total amount received in 1934-35 and placed in the 1935-36 fund was \$1,384,000.00.

Table IV shows receipts from the various sources of the



TABLE IV

INCOME DERIVED FROM THE DIFFERENT SOURCES OF  
THE CURRENT SCHOOL FUND FOR A PERIOD OF TEN YEARS\*

SOURCE	TEN YEAR PERIOD 1923-33	YEARLY AVERAGE	PER CENT
Land Office	\$7,933,745.76	\$793,374.58	76.
State Levy ( $\frac{1}{2}$ mill)	1,592,855.97	159,485.60	15.1
Interest from perman- ent fund	672,735.32	7,273.53	6.5
District Court and Justice of Peace Fines	200,923.75	20,092.37	2.
Escheats	22,489.07	2,248.90	1.2
Game Fines and Miscellaneous	<u>22,250.78</u>	<u>2,225.08</u>	<u>.2</u>
TOTAL	\$10,445,000.65	\$1,044,500.06	100

\* Data for this table were adopted from Raymond P. Sweeney,  
op. cit.



TABLE IV

INCOME RECEIVED FROM THE DISTRICT SCHOOLS IN  
THE CURRENT SCHOOL YEAR FOR A PERIOD OF THE YEAR\*

SOURCE	THE YEAR ENDING 1953-54	PERCENT OF TOTAL
Land Office	\$1,000,000.00	100.00
State Levy (5 mills)	1,000,000.00	100.00
Interest from bonds and land	1,000,000.00	100.00
District Court and Justice of Peace fines	1,000,000.00	100.00
Excise	1,000,000.00	100.00
Game fines and Miscellaneous	1,000,000.00	100.00
TOTAL	\$1,000,000.00	100.00

\* Data for this table were obtained from the District Court and Justice of Peace records.



a period of ten years and the per cent that each source contributed to the total fund. Table V. gives the sources and amounts received for the school year 1937-38. From these two tables it can be seen that the revenue from this source of income is increasing yearly. The sources from which the greater amounts of money are derived, are the land office, state levy, and the interest of the permanent fund. The study made by Raymond P. Sweeney<sup>9</sup> shows that the revenue from fines and escheats varies to a great extent from year to year. For instance, the district court and justice of the peace fines varied from \$60.00 in the fiscal year 1924-25 to \$33,981.93 in 1925-26. Escheats varied from no yearly income from this source for four years to \$20,254.81 in 1926-27. In 1930-31 the income was eighty-eight cents. Figure 2 shows in picture form the percentages contributed for a ten year period by the main sources of the current school fund.

## II. STATE FUNDS CREDITED TO INDIVIDUAL COUNTIES

For convenience this study includes under this heading the school revenue derived from various sources and distributed among the counties of the state according to the proportion

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<sup>9</sup>Raymond P. Sweeney, "Sources, Annual Revenue, and Apportionment of New Mexico Current Common School Fund from 1923-24 to 1933-34" (unpublished Master's thesis, University of New Mexico, Albuquerque, New Mexico, 1934), 75 pp.



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TABLE V

STATE APPORTIONMENT FUND SOURCES  
AND AMOUNTS RECEIVED FROM EACH  
SOURCE IN 1937-1938\*

SOURCE	AMOUNT	PERCENT
Income from Land Office (Rentals, Leases, etc.)	\$1,081,342.94	77.4
One half mill tax levy.....	151,486.64	10.8
Income from Investment of Permanent Fund.....	143,640.97	10.2
District Court and J.P. Court fines.....	11,546.58	1.6
Violations of Game Laws.....	3,268.95	
Private Car Taxes.....	2,650.81	
Interests on Deposits.....	1,990.00	
Traffic and other violations.....	947.75	
Express Car Taxes**.....	96.95	
Blue Sky Fees.....	23.60	
Balance left in fund from previous year.....	.56	
TOTAL.....	\$1,397,003.75	
Less unpaid warrants.....	43.07	
Total Amounts available for apportionment.....	\$1,396,960.68	100

\* Data for this table were adopted from the Report of Trends In Financial Support of Public Schools, submitted by the New Mexico State Department of Education.

\*\* According to law (sec. 141-1806 1929 compilation) the revenue from this tax is not used for common school purposes. It is placed in the State General Fund.







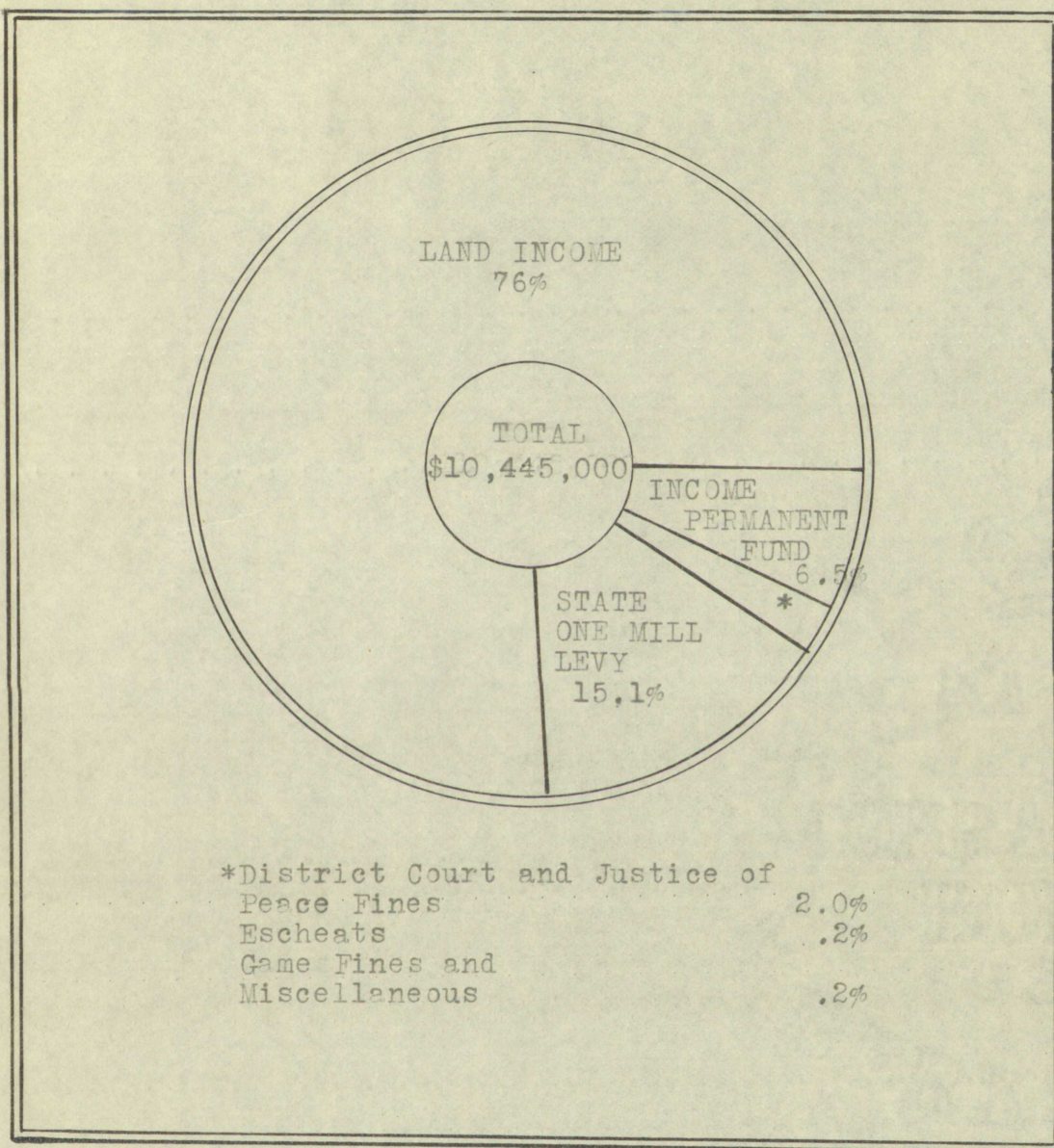
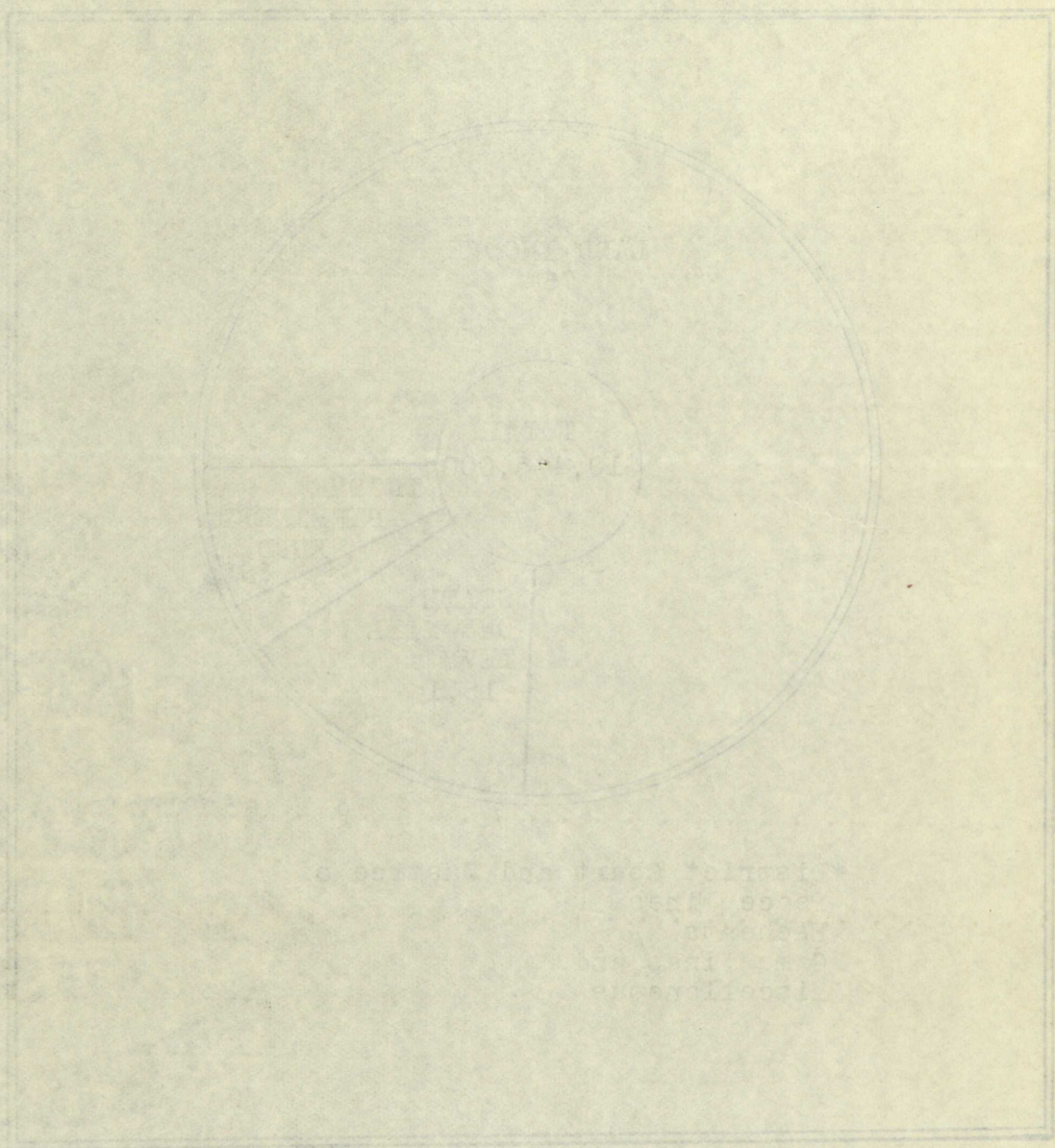


FIGURE 2

PER CENT CONTRIBUTED BY VARIOUS SOURCES  
TO THE CURRENT SCHOOL FUND FOR THE  
TEN-YEAR PERIOD 1924-1934







the collections made in the respective counties bear to the total collection for the state. Another fund that is included here is the inter-county consolidation fund. This in reality is not a fund by itself, but is the money transferred from the counties affected by consolidation of schools to the county where the consolidated school is located.

Motor Vehicle Licenses. Twenty-five per cent of the net income from motor vehicle registration license fees is allocated to the school fund of the county where such money is collected. The law provides that after six per cent of the total amount has been deducted for administrative purposes the remainder is to be divided and distributed for various purposes. For the schools it provides:

Twenty-five per cent thereof shall be paid over to the county treasurers of the several counties of this state and distributed between said respective counties in the proportion that the total amount of registration fees paid for vehicles owned in each county bears to the total amount of such registration fees for vehicles owned in the state, and county treasurer of each county shall distribute the moneys paid to him under the provisions of this paragraph, when received, between the county and school district funds of such county....<sup>10</sup>

The amount distributed from this source to the counties for school purposes in 1938-39 was \$88,901. The total received

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<sup>10</sup> New Mexico Laws and Statutes, 1929 Compilation Chapter II, Section 331, p.272.







by individual counties varied from \$695 to \$13,853.

Forest reserve fund. New Mexico is one of the states having forest reserve areas. The federal government grants to the state for roads and schools twenty-five per cent of the proceeds derived from these forest areas. (See page 24 of this study). This state uses half of this fund for schools. Such money goes to the counties where the forest areas are located. In 1938 twenty counties in the state received a total of \$23,582.00, ranging from twenty dollars to over six thousand dollars a county.

Vocational education fund. In 1923 the state of New Mexico accepted the benefits of the acts of Congress (Smith-Hughes and others) to provide for the promotion of vocational education.<sup>11</sup> The state board of education is the board of vocational education. The custodian of the fund is the state treasurer. Counties using funds for the purpose stipulated in these acts are reimbursed from the state fund, part of which is donated by the federal government and part provided by state appropriation. In 1938-39 twenty-one counties received reimbursements ranging from \$150 to \$2,700 from this fund. Total reimbursements amounted to \$20,632.

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<sup>11</sup> Ibid., Chapter 120, Sections 501 to 508, pp. 1486 and 1487.



by individual counties varied from \$100 to \$1,000.  
Forest Reserve Fund. This fund was created in 1905 by the  
passing of the Forest Reserve Act. The federal government  
to the state for posts and sections under the act.  
the proceeds derived from these forest lands. (See also  
of this study). This state has held of this fund for several  
such money goes to the counties where the forest lands are  
located. In 1935 twenty counties in the state received a  
total of \$25,542.50, ranging from twenty dollars to over a  
thousand dollars a county.

Vocational Education Fund. In 1915 the state of  
Mexico accepted the certificate of the state of California (1915-  
Hoover and others) to provide for the promotion of vocational  
education. The state board of education is the body of  
vocational education. The certificate of the state of California  
provides for the state to receive a certain amount of money  
in these funds are maintained from the state fund, and of  
which is donated by the federal government and received  
by state legislation. In 1935-36 twenty-one counties re-  
ceived reimbursements ranging from \$100 to \$2,750. This  
fund. Total reimbursements amounted to \$50,000.

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1. Total. Chapter 100, sections 201 to 203, 1935  
and 1937.



In this connection, it should be mentioned that vocational education has been strengthened through the aid received from the WPA emergency educational program which provides teachers for counties that do not have enough funds for this work. Vocational school services have also been increased by NYA projects that have enabled some students from isolated villages to attend vocational classes by providing maintenance for them while they learn a trade. Figure 3 shows the location of public schools maintaining vocational classes in 1938-39.

Merchandise license fund. According to Chapter 33, Laws of 1934, thirty per cent of the money collected for dealers licenses for businesses whose gross annual sales exceed \$400,000.00 goes for the use of common schools in the county where these businesses are located. In 1938-39 the schools received a total of \$5,190.00 from this source.

Indian tuition. The federal government pays a tuition for Indian children going to state schools (See page 25 of this thesis). The money for such purpose is allotted to the counties where the schools having Indian children in attendance are located. The money is apportioned to the schools in proportion to the Indian population enrolled in each school. McKinley and Valencia counties received \$2000.00 and \$1000.00 respectively from this source in the school year 1938-39.

Inter-county consolidation. When consolidation of rural school districts located in two or more counties occurs,



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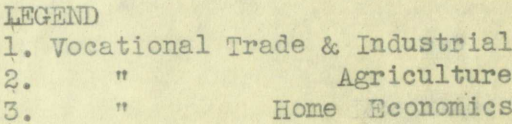
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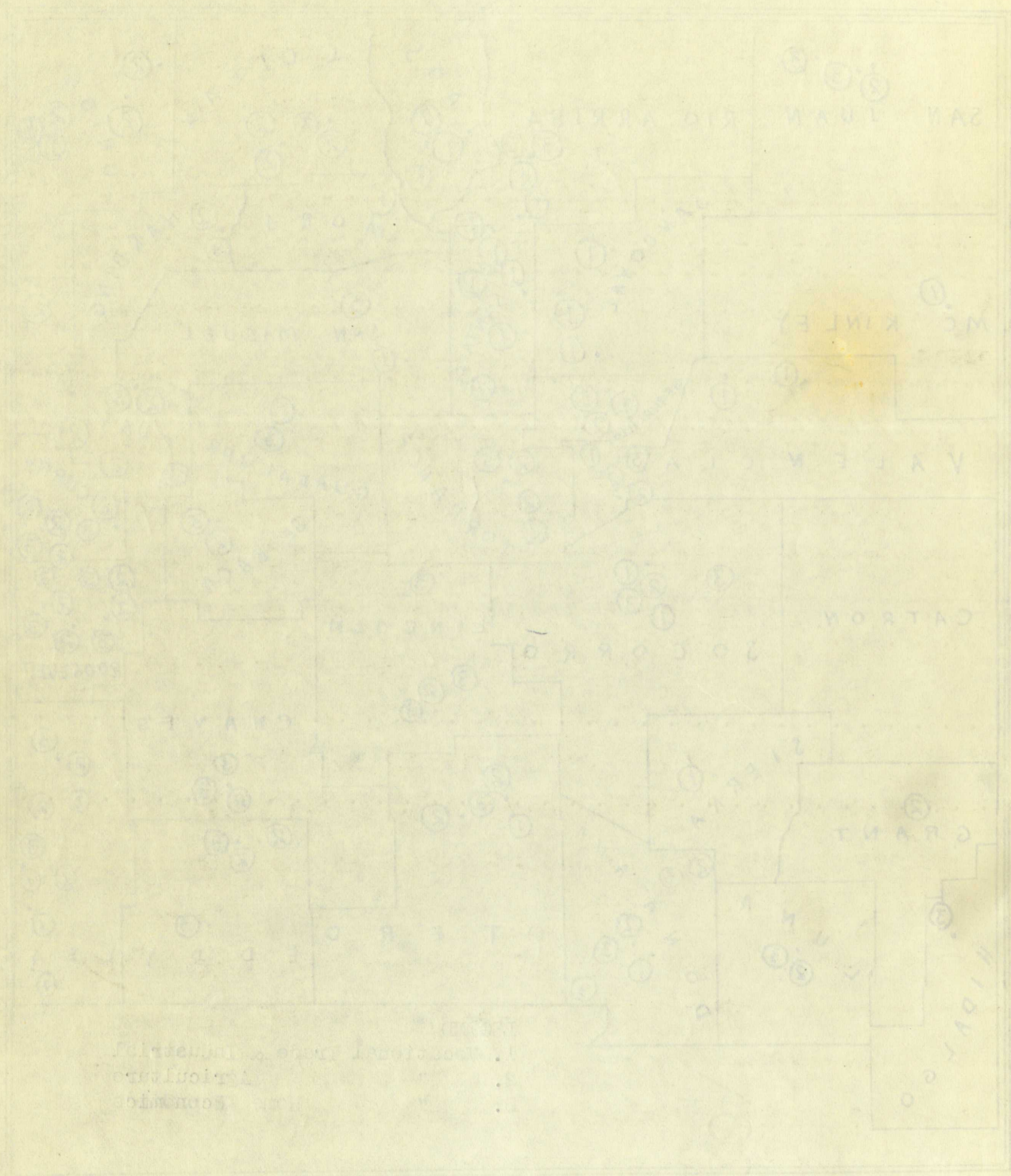


New Mexico School Review, January 1939, p. 19

FIGURE 3

VOCATIONAL EDUCATION IN NEW MEXICO





Note: Taken from Report of the New York State Canal Commission, 1900-1901. The map shows the system as it existed at that time.

Source: New York State Canal Commission, 1900-1901. The map shows the system as it existed at that time.



the county where the consolidated school is located receives the funds that otherwise would go to the fractional parts of the other counties affected by the consolidation. That is, the money that would go to the servient county or counties is transferred and credited to the consolidated district.<sup>12</sup> Table VI shows the amounts received from the above-mentioned sources for the past three school years.

### III. STATE PUBLIC SCHOOL EQUALIZATION FUND

The State Public School Equalization Fund is a fund that was created by the state legislature in 1933. It was revised in 1935, 1937, and again in 1939.<sup>13</sup> The major revisions affecting this fund made during these years are the following: In 1935, the revenue accruing to this fund by virtue of Chapter 30 of the Special Session Laws of 1934, from the liquor tax was transferred to the Relief Fund. During this same year the legislature provided, for equalization purposes, a specific method of distributing the money in the fund. The legislature of 1937 ( Session Laws, Chapter 156) created a state transportation fund and apportioned from the equalization fund an amount equal to one per cent "of the total spent by the county (counties) for transportation of pupils the

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<sup>12</sup> Ibid. Chapter 120, Section 808, p. 1497.

<sup>13</sup> Chapter 85, Session Laws of 1933, Chapter 66, Session Laws of 1935, Chapter 156, Session Laws of 1937; and House Bill Number 303, and Senate Bill Number 58 passed by the 1939 Legislature.



the country during the period 1950-1955. The results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI. The results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI.

The study was conducted in the following manner: The data were collected from the following sources: (1) the results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI. (2) the results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI. (3) the results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI. (4) the results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI. (5) the results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI.

TABLE VI  
RESULTS OF THE STUDY  
The results of the study are presented in Table VI. The other countries included in the study are also shown in Table VI.



TABLE VI

CONTRIBUTIONS FROM STATE INDIVIDUAL COUNTY FUNDS  
FOR THE YEARS 1936-37, 1937-38, 1938-39

FUND	1936-37*	1937-38**	1938-39***
Motor Vehicle	\$64,114	\$87,590	\$88,901
Vocational	16,000	28,297	20,632
Forest Reserve	13,627	18,775	23,582
Merchandise License	5,125	5,670	5,190
Indian Tuition	3,600	1,000	3,000
Totals	\$102,466	\$141,332	\$141,305

\* Data obtained from the 1936-38 Biennial Report of the State Tax Commission, Santa Fe, New Mexico.

\*\* Data obtained from the Report of Trends In Financial Support of Public Schools in New Mexico, New Mexico. State Department of Education, Santa Fe, New Mexico.

\*\*\* Data obtained from the Office of the State Educational Budget Auditor, Santa Fe, New Mexico.



CONTRACTS

FOR THE YEAR 1911-12

FUND	1911-12	1910-11	1909-10
Water Works	100,000	100,000	100,000
Sewerage	100,000	100,000	100,000
Forest Reserve	100,000	100,000	100,000
Beechcroft House	100,000	100,000	100,000
Initial Salary	100,000	100,000	100,000
Totals	400,000	400,000	400,000

\* Data obtained from the 1911-12 Budget Report.  
 State is included under the 1911-12 Budget.  
 \* Data obtained from the 1910-11 Budget Report.  
 \* Data obtained from the 1909-10 Budget Report.  
 \* Data obtained from the 1911-12 Budget Report.  
 \* Data obtained from the 1910-11 Budget Report.



previous year", to the said transportation fund. In 1939 (HB 303) the legislature changed the method of distributing the money in the fund by revising the method adopted in 1935. This Bill also provides that \$150,000.00 for 1939 and \$200,000 thereafter until 1942 be deducted from the Equalization Fund "for the purpose of meeting unforeseen shortages in the school maintenance budgets", this money to be used in counties in need of the same. In this same year the legislature (SB 58) provided that two per cent of the Equalization Fund be placed in a special Teachers' Retirement Fund to meet the requirements for retired members of the teaching profession. The remainder is apportioned to the different counties for the maintenance of common schools.

The state-school-equalization-fund Act creates the fund and specifies the method by which it is distributed to the various counties. The amounts provided to carry out the equalization provisions contemplated by the stipulations of the Act are derived from the proceeds of the Emergency School Tax Law and part of the proceeds of the Income Tax. A brief review of these two sources of revenue is given in this chapter. The distribution of the state school equalization money as provided by the Equalization Law will be treated in the next chapter (Chapter IV) of this study.

The Emergency School Tax Act. To meet the shortage of the school funds, and to replace the loss of revenue







caused by the operation of the twenty-mill tax limit amendment to the state constitution,<sup>14</sup> the legislature passed the Emergency Tax Act commonly known as the "sales tax". It was to be operated until July 1, 1935, but subsequent legislative measures have provided for its continuation. This act, as enacted and amended by other legislative measures,<sup>15</sup> in general, provides that every person (including incorporations and associations) engaged in any business, profession, or trade for profit, shall pay a business tax.

The tax levy varies from one-eighth of one per cent to two per cent on the amount of business transactions performed within the state. With a few exceptions, a two per cent tax is imposed for extracting oil, gas, or potash; selling goods at retail; selling electricity, power, or gas to consumers; transmission of messages by telegraph, telephone, or radio; transportation of persons or property; conducting theatres and other amusements; professional or technical services; laundries, hotels, filling stations, barber shops, and business of similar nature; commissions on insurance and real estate, and acting as factory agent, or broker. One per cent tax is imposed for contracting for construction, repair or improvement. One-half of one per cent tax is levied for smelting, refining,

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<sup>14</sup> New Mexico State Constitution, Article 8, Section 2.

<sup>15</sup> Session Laws of 1935 Chapter 73 as amended by Chapter 192 of Session Laws 1937.







or processing oil or potash; selling automobiles at retail. One-fourth of one per cent tax is imposed for extracting coal, metals or minerals, timbering, manufacturing, selling trucks at retail. One-eighth of one per cent tax is imposed for wholesale merchandising. Persons, in order to engage in any business within the state, must obtain a license. The license fee is one dollar for each place of business of the applicant. The payments are made monthly to the Bureau of Revenue. The said Bureau transmits them to the state treasurer, who places the money in the Emergency School Fund. This part of the Act reads:

All taxes, penalties and interest, including license fees, collected under this Act shall be paid over to the State Treasurer, and shall be placed by him in a fund to be known as the "Emergency School Fund";....<sup>16</sup>

This act also provides that taxes paid under protest be placed at the rate of one thousand dollars a month in the Emergency Suspense Fund until an amount of twelve thousand dollars is reached. The money in this suspense fund is used to make necessary refunds to protesting taxpayers who have been overtaxed. Money not refunded reverts to the emergency fund. At the end of each month "all sums remaining in the Emergency School Fund shall be converted by the State Treasurer

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<sup>16</sup> Laws of the State of New Mexico, Special Session 1934, Chapter 7, Article IV, Section 401 (Albuquerque, New Mexico: Valliant Printing Company, 1934), p. 31.







into the State Public School Equalization Fund."

All the revenue obtained by virtue of this act, except four per cent which covers expenses of administration, is used for common school purposes. Figure 4 shows the collections, amounts, and per cent of money available for school use for the past four years. In 1937-38 the money available for school uses according to the Bureau of Revenue was \$3,483,380.35.

The income tax fund. The income tax fund was created by Chapter 85, Session Laws of 1933 and amended by Chapter 29, Session Laws of 1934, and by Chapter 189, Session Laws of 1937. The revenue of this fund is derived by levying a tax on the gross income (less exemptions and deductions) received by individuals, companies, partnerships, and corporations both domestic and foreign. The individual tax rate is one per cent for net income up to \$10,000; two per cent for income from \$10,000 to \$20,000; three per cent for income from \$20,000 to \$100,000, and four per cent for net income above \$100,000. For companies and corporations the tax rate is two per cent on entire net income. Thus the tax rate varies from one to four per cent.

The state treasurer reserves a fund of \$5,000.00 designated as the "Income Tax Suspense Fund." Amounts paid under protest are placed in this fund until \$5,000 are available to make any necessary refunds. The rest of the money is distributed in the following manner; ten per cent is set aside for



into the State of New York.

All the property of the State of New York

four per cent of the total value of the property

for the year ending 1900, and for the year ending 1901

amounted to the sum of \$1,000,000.

The total value of the property for the year ending 1900

was \$25,000,000, and for the year ending 1901

it was \$24,000,000.

The amount of the property for the year ending 1900

was \$1,000,000, and for the year ending 1901

it was \$1,000,000.

The amount of the property for the year ending 1900

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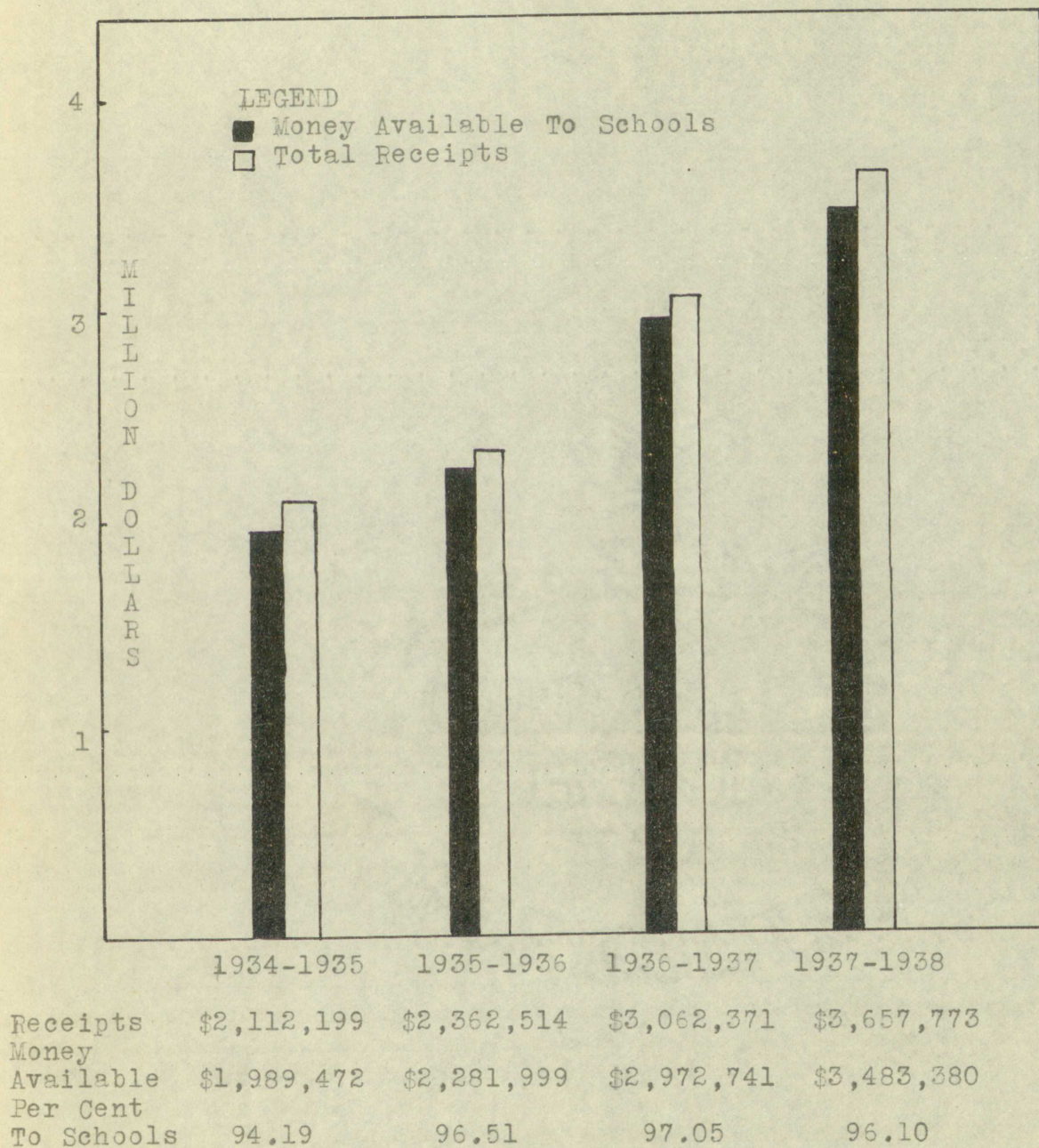
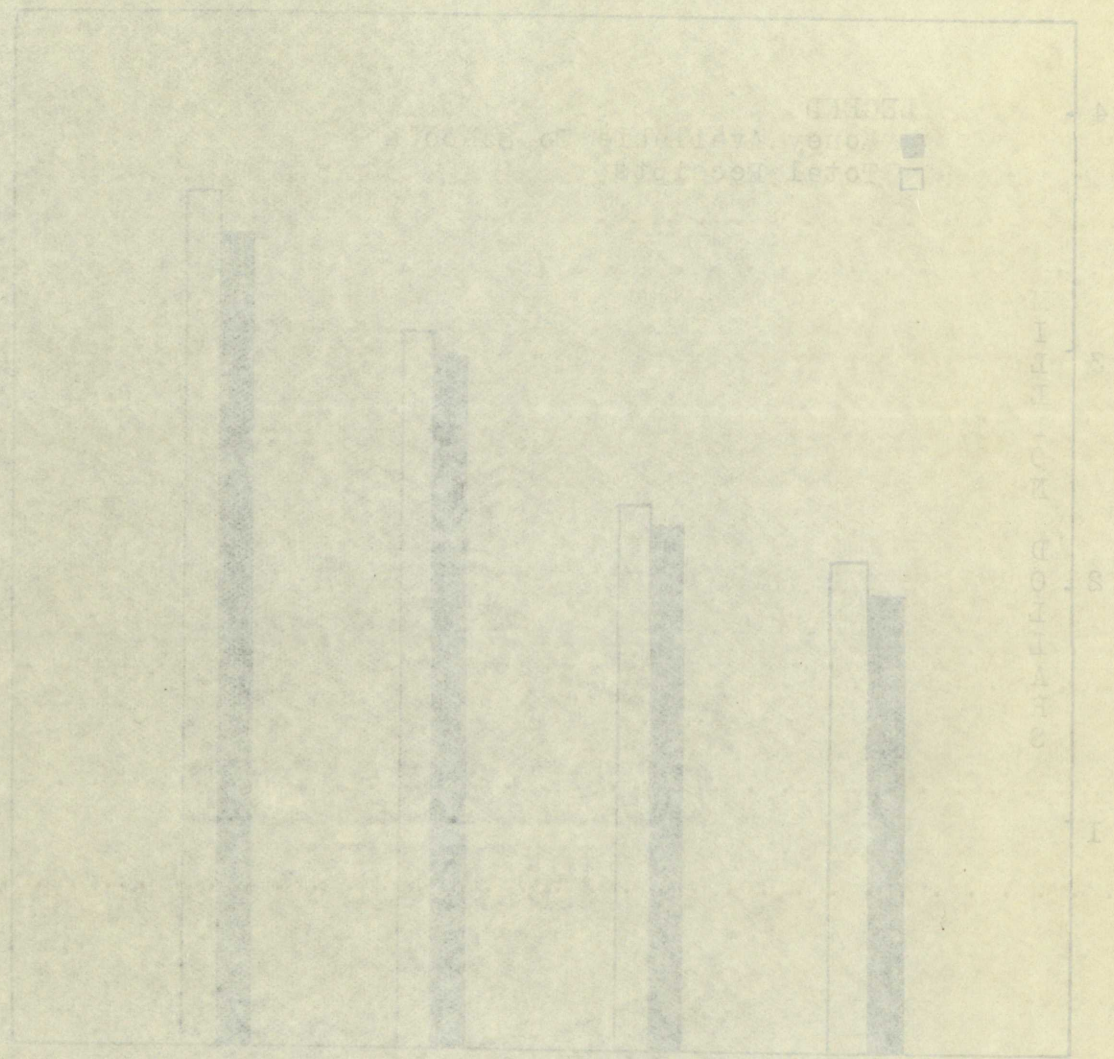


FIGURE 4

SALES TAX COLLECTIONS AND AMOUNTS AVAILABLE  
FOR SCHOOL PURPOSES FROM 1934-1938





Receipts Money Available Per Cent To Schools  
 1934-1935 3.8 3.6 92.1  
 1935-1936 3.2 3.0 93.8  
 1936-1937 2.5 2.4 96.0  
 1937-1938 2.2 2.1 95.5

TABLE 1  
 RECEIPTS AND TOTAL AVAILABLE TO SCHOOLS



the administration of the act, twenty-two and one-half per cent for the payment of casual certificates of indebtedness and sixty-seven and one-half per cent is transferred to the State Equalization Fund to be used for school purposes. The act also provides that, if there is money remaining from the casual deficit fund, the remainder is credited to the State Equalization Fund.

Figure 5 shows the amount collected from this source from the twenty-third Fiscal Year ending June 30, 1935 to the twenty-sixth Fiscal Year ending June 30, 1938. As already stated, sixty-seven and one half per cent of this money is used for school purposes. The sales tax contributes about ninety per cent of the equalization fund. The income tax contributes about ten per cent.

#### SUMMARY

The state maintenance school funds fall under three divisions as treated in this study. The designations given to these funds are: The Apportionment Fund, The State Individual-County Funds, and the Equalization Fund. The revenue for the Apportionment fund comes from the money derived from state school lands and other minor sources which comprise the current school funds. This revenue is apportioned according to the school census population. The income for the state individual county funds is derived from motor vehicle registrations,



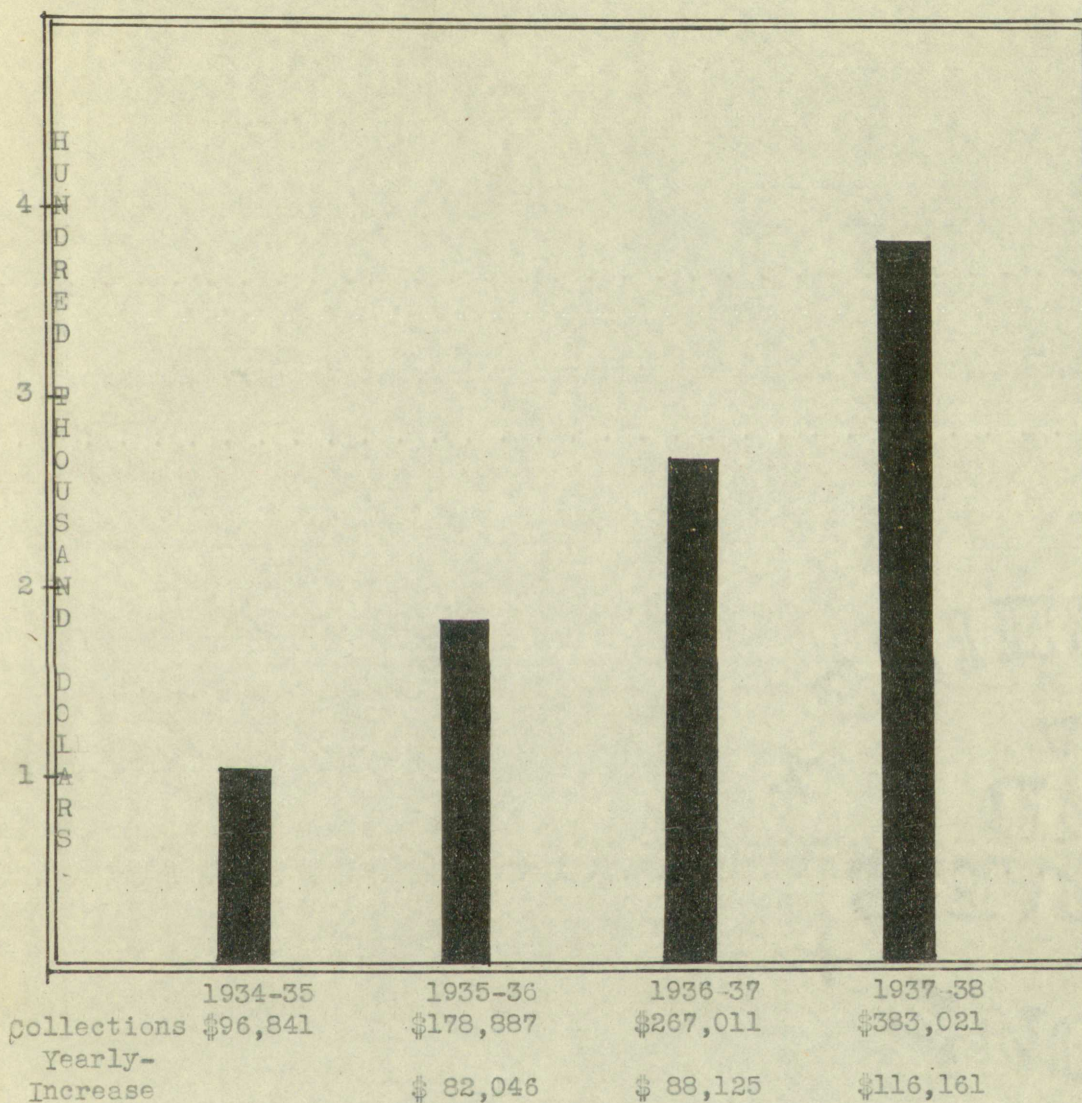
The maintenance of the school system is a matter of great importance to the community. The school system is the foundation of the future of the community. It is the responsibility of the community to provide for the maintenance of the school system. The school system is the foundation of the future of the community. It is the responsibility of the community to provide for the maintenance of the school system.

From the twenty-five percent of the total population that is under the age of twenty, the school system is the foundation of the future of the community. It is the responsibility of the community to provide for the maintenance of the school system. The school system is the foundation of the future of the community. It is the responsibility of the community to provide for the maintenance of the school system.

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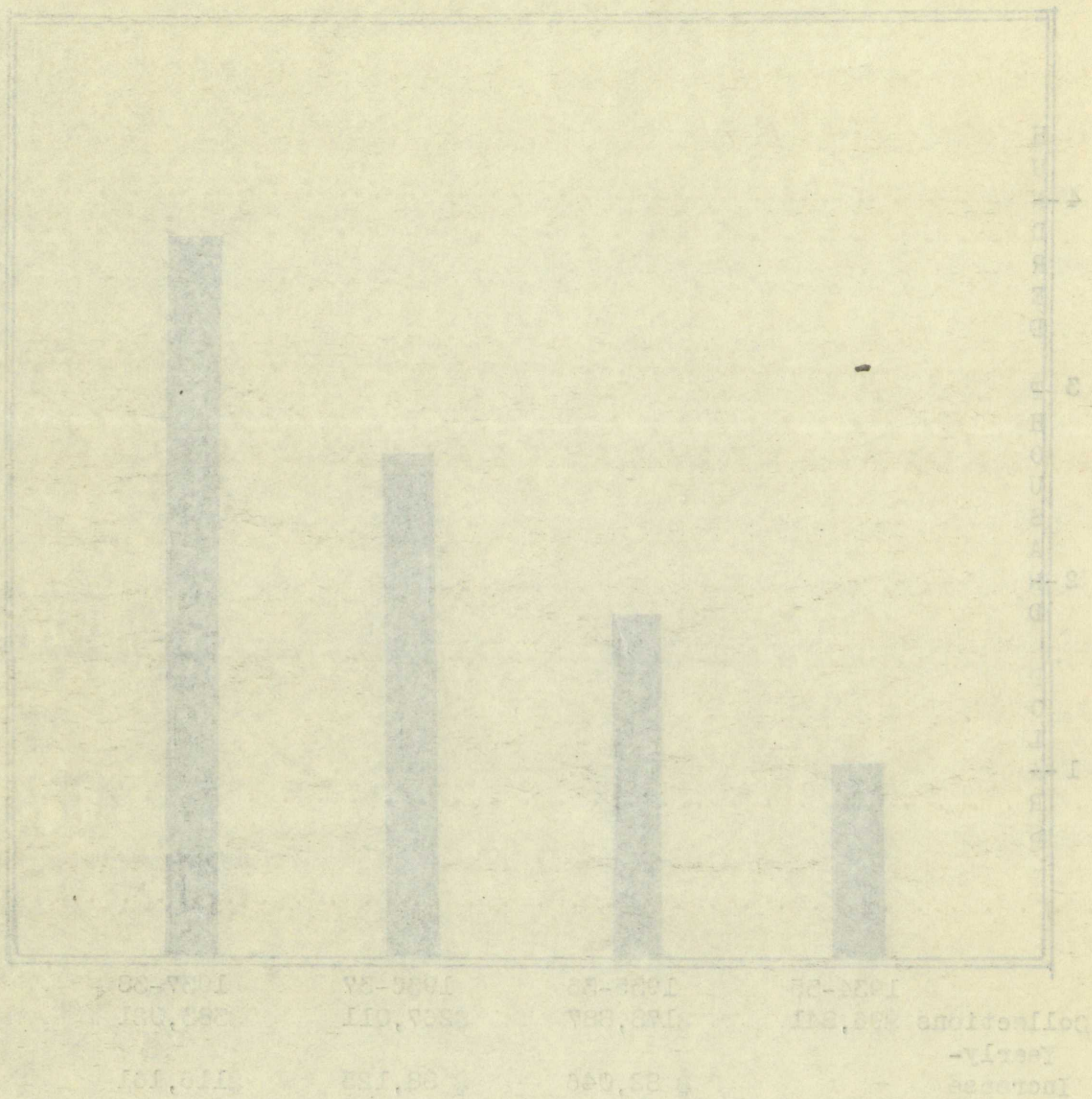


Data for this Figure were obtained from the office of the New Mexico Bureau of Revenue. Statements from this office differ as to amounts collected each year, but the comparison remains substantially the same.

FIGURE 5

INCOME TAX COLLECTIONS  
1934 - 1938





Give for this figure, representing the office of the Bureau of Census. Statistics from this office differ as to amount collected each year, but the comparison remains substantial in the trend.

TABLE 2  
TRENDS IN COLLECTIONS  
1934 - 1938



merchandise licenses, county forest reserves earnings, vocational training reimbursements, and Indian tuitions. This money is distributed in proportion to collections made in the individual counties. The equalization fund is derived from the proceeds obtained from the emergency sales tax and sixty-seven and one-half per cent of the proceeds of the income tax. The money in the equalization fund is apportioned according to the equalization formula specified by law, which will be treated in the next chapter of this study. The Equalization fund contributes over two thirds of the state school maintenance revenue. The apportionment fund contributes a little over one-fourth and the other funds contribute less than three per cent. The sum of revenue derived from these sources for 1938-39 was \$5,462,071 which was 73.37 per cent of the total, state and county maintenance fund. The counties through local property taxation raised 26.63 per cent of the total money used to operate the common schools of New Mexico.

Figure 6 lists in picture form the revenue comprising the state school maintenance fund for 1938-39 school year and Figure 7 compares in graphic form the amounts derived from the state funds and those derived from local property taxation. Figure 8 shows the sources and utilization of the maintenance fund. Figure 9 compares in graphic form the federal and local contributions of the New Mexico school maintenance fund for the year 1937-1938.







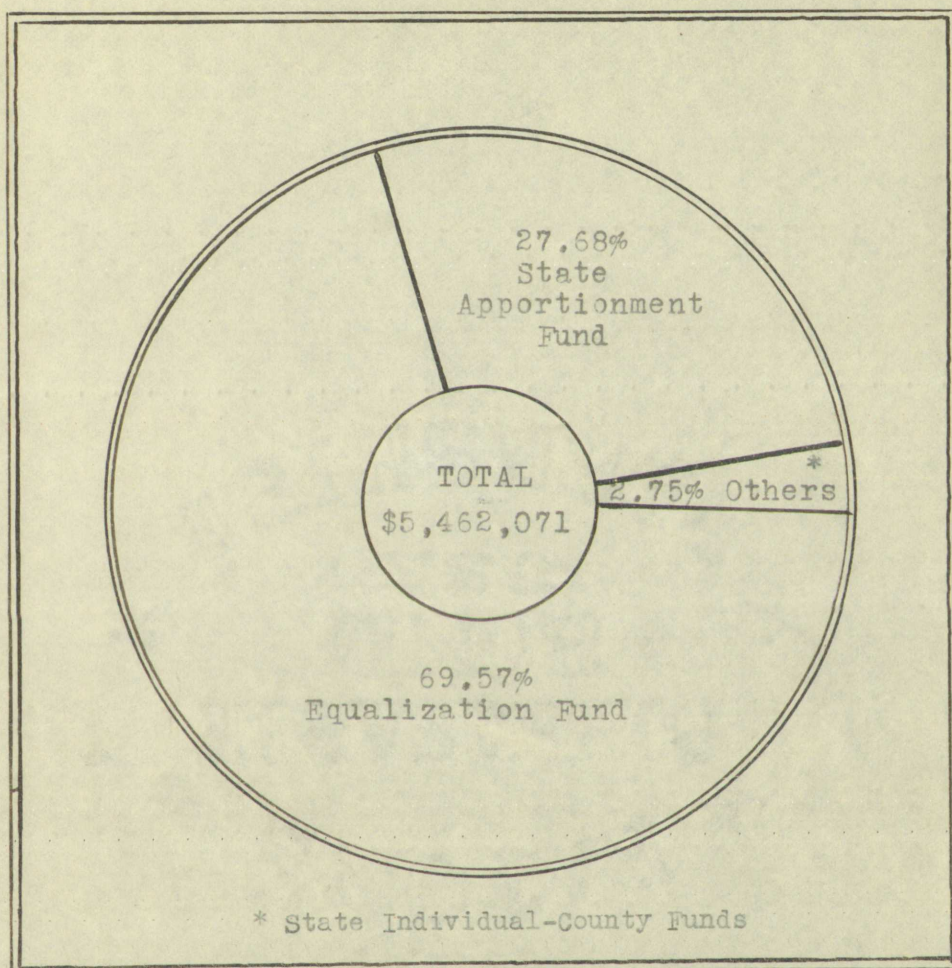
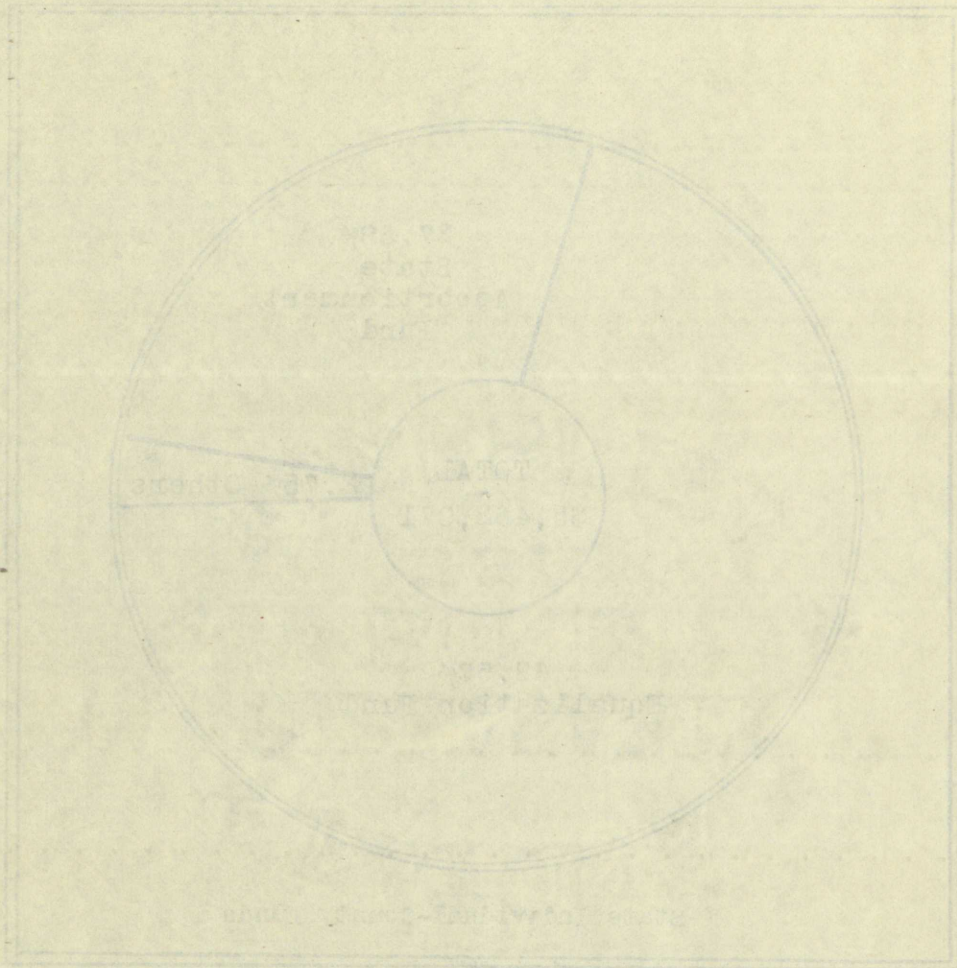


FIGURE 6

TOTAL AMOUNT AND PERCENTAGES OF CONTRIBUTION  
MADE BY FUNDS TO THE STATE SCHOOL  
MAINTENANCE REVENUE  
IN 1938-1939





TOTAL AMOUNT PAID TO THE STATE OF NEW YORK  
FOR THE YEAR 1900  
IN 1900



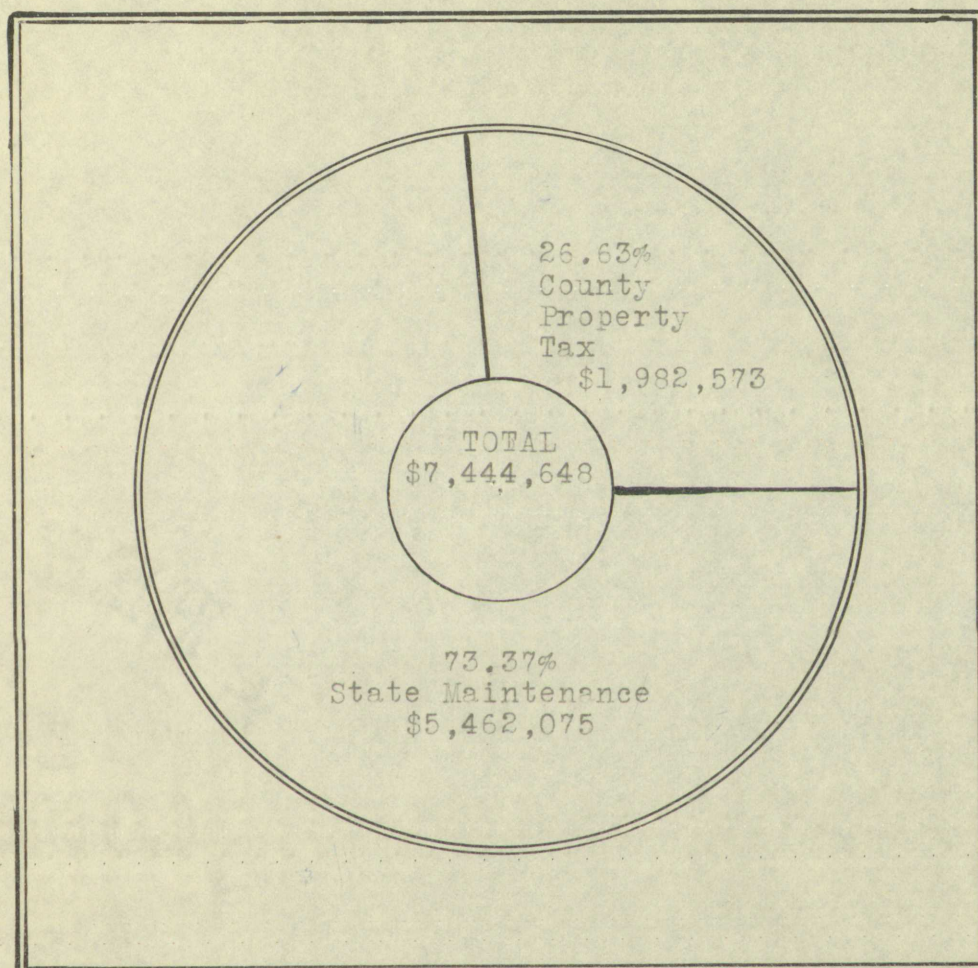


FIGURE 7

STATE AND COUNTY CONTRIBUTIONS TO NEW MEXICO  
COMMON SCHOOL MAINTENANCE FUNDS  
1938-1939



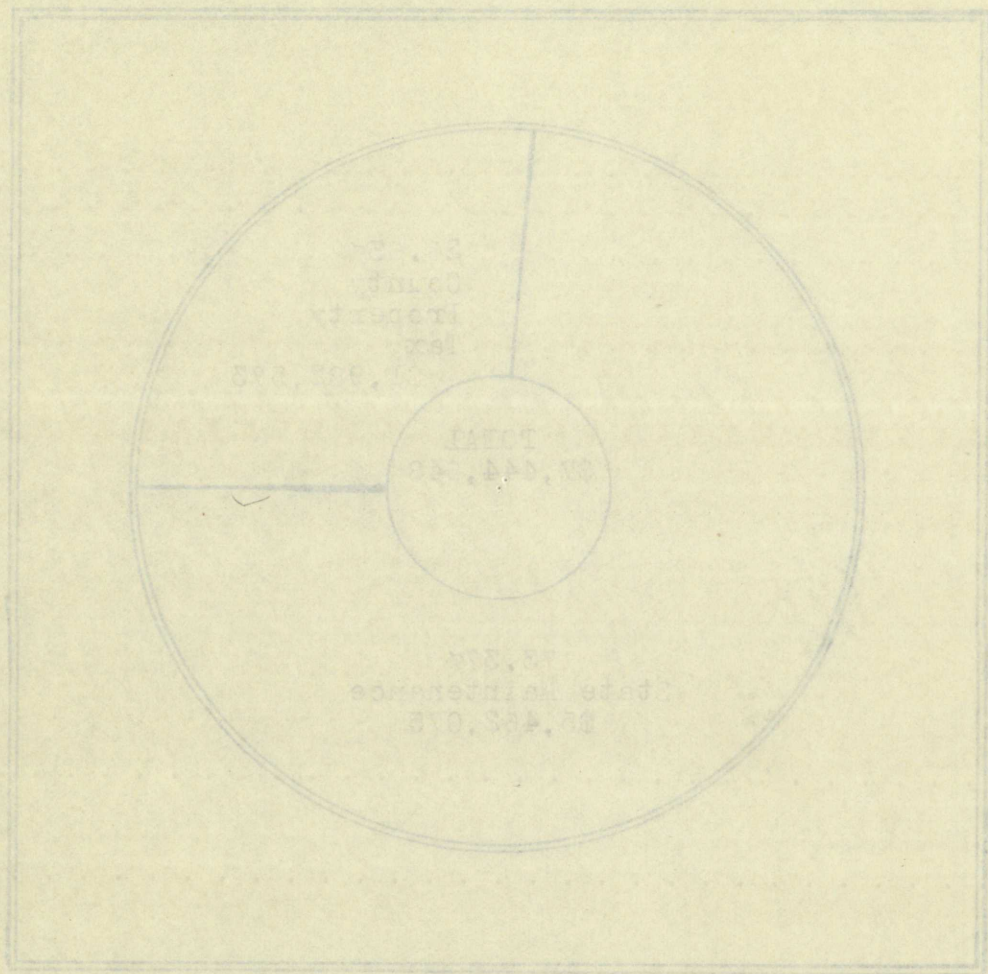


FIGURE 7

STATE AND COUNTY CONTRIBUTIONS TO THE  
 COUNTY OF MADISON, WISCONSIN  
 1933-1934



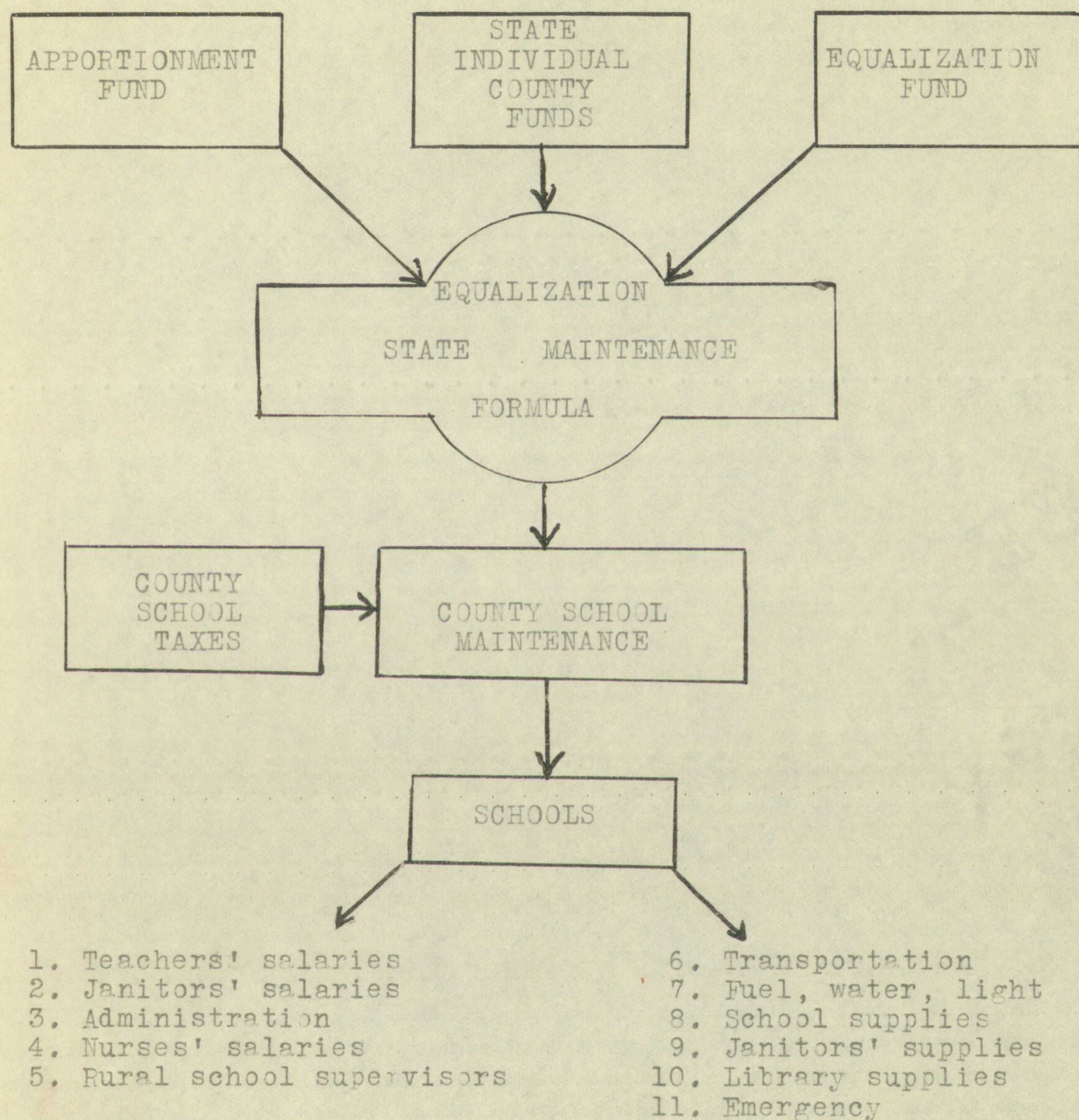


FIGURE 8

SOURCES AND UTILIZATION OF THE  
SCHOOL MAINTENANCE FUND



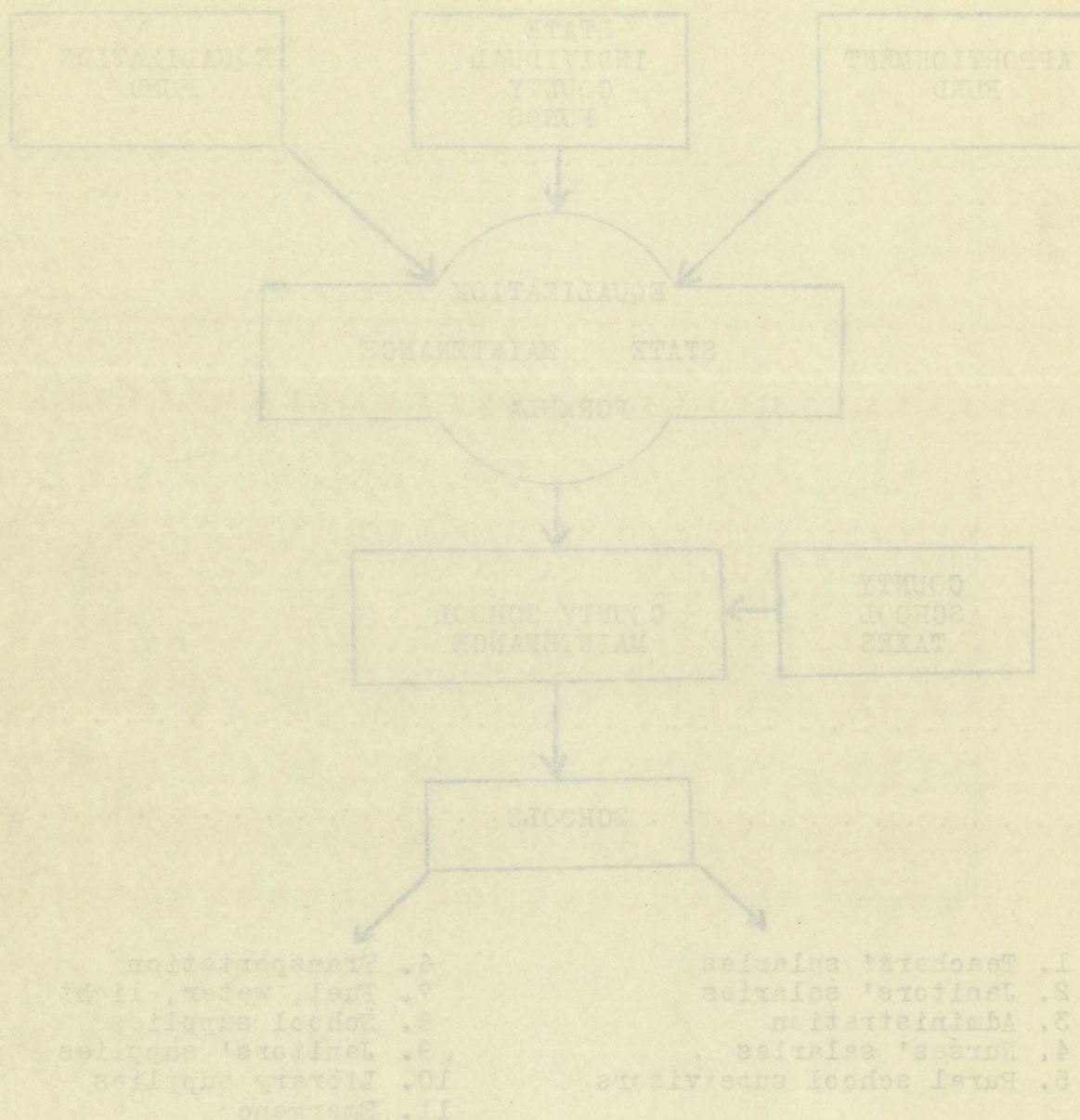


FIGURE 2  
SOURCES AND UTILIZATION OF THE  
SCHOOL MAINTENANCE FUND



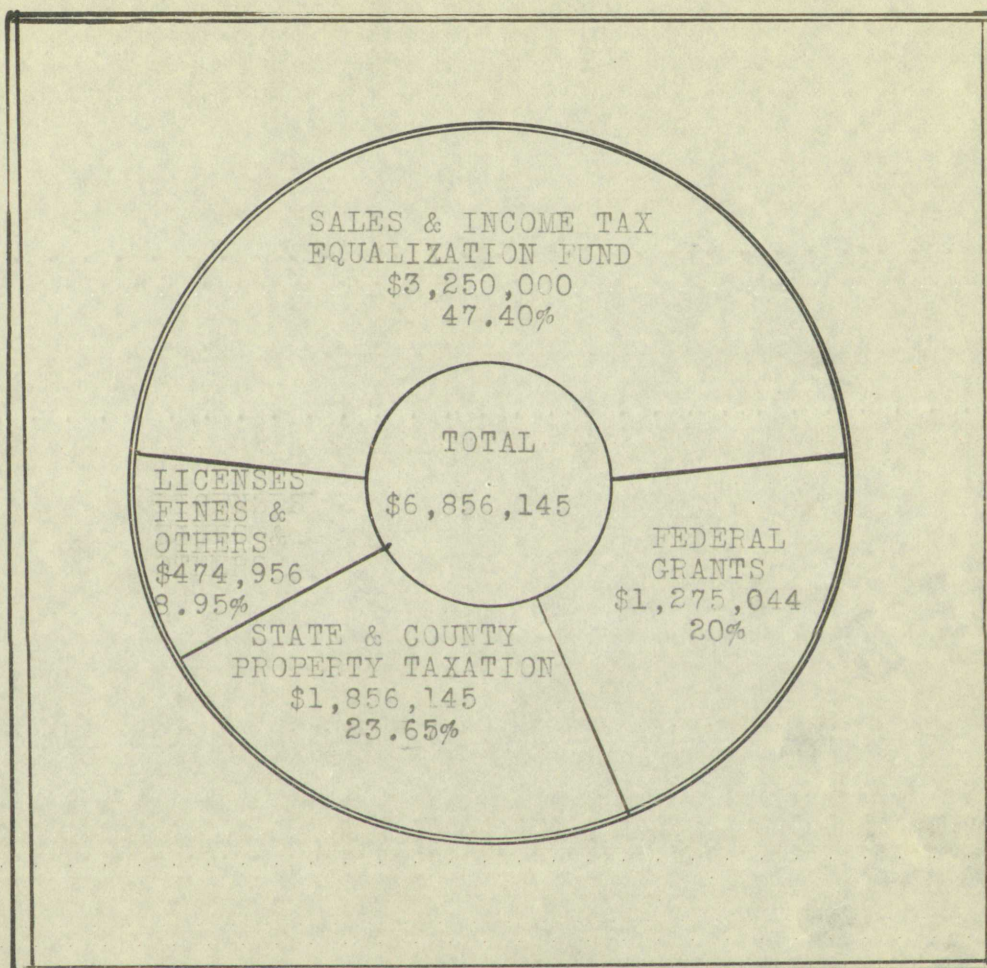
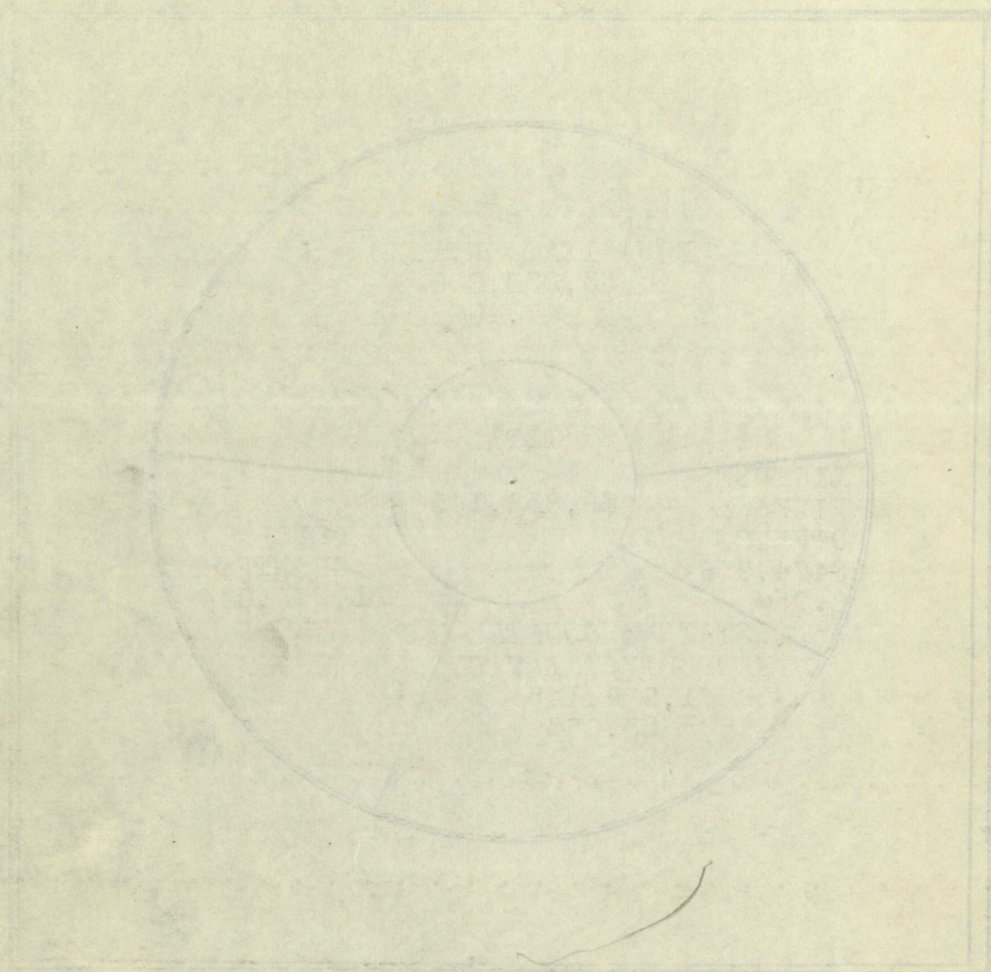


FIGURE 9

FEDERAL AND LOCAL CONTRIBUTIONS TO NEW MEXICO  
SCHOOL MAINTENANCE FUND 1937-38







## CHAPTER IV

### DISTRIBUTION OF STATE SCHOOL MAINTENANCE FUNDS

In 1935, the state legislature passed the Equalization Law (Chapter 66 of the Session Laws of 1935). This law sought to distribute the state school revenue on a weighted average daily attendance basis, a basis which educators contend that more nearly equalizes educational opportunities in the various counties. The State Apportionment Fund, in accordance with the state constitutional provisions, is distributed on a school census basis. Students of educational finance generally regard the use of the school census child as the sole measure of educational need as a faulty method, and the framers of the Equalization Law took into consideration the shortcomings of this constitutional provision. They tried to formulate a plan that would distribute the sales and income tax revenue equitably and that would also compensate for the shortcomings of the constitutional provisions for the distribution of the common school current fund.

In this chapter an attempt will be made: (1) to explain and illustrate how the school money should have been distributed according to the terms of this act in the 1938-39 school year; (2) to show how the school money was actually distributed by the state school revenue officials during this period; (3) to compare the equalizing features, of the actual distribution







made and of the law as it existed in 1938-39 with that same element as it exists now as revised by the 1939 state legislature; and (4) to give a brief account of how this school revenue is budgeted.

#### I. HOW THE 1935 LAW SHOULD HAVE OPERATED

According to the terms of the Equalization Law, all of the maintenance state school revenue must be distributed in accordance with the provision specified by the said law. The educational budget auditor and the superintendent of public instruction, with the approval of the state board of education, must certify to the state treasurer and state auditor the amounts to be apportioned to each county in the state. The money in the Equalization Fund is to be allotted to the counties in the amounts necessary to bring the state school funds distributed to each county up to the basic allowance (Table VII, Column K) specified by the terms of the act. If there should be any surplus left provisions are specified for distributing such surplus. The basic allowances were based in 1935 on the average budget of the previous five years for each county. The law provides that for each county the sum derived by adding the money allotted to the county from the apportionment fund (according to the school census), and the amount that can be obtained from a ninety per cent collection of a five mill tax levy on the assessed valuation of each particular



made and of the law as it existed in 1935-36 with that  
element as it exists today. It is the purpose of this  
law; and (2) to give a brief account of the  
revenue in 1935-36.

# 1. THE 1935-36 REVENUE

According to the terms of the Constitution, all  
of the revenues and assets of the Government are to be  
in accordance with the provisions specified in the  
The educational budget and the maintenance of  
public instruction, with the removal of the burden of  
education, and finally to the state and local  
After the amount to be expended for each county is  
The amount in the Educational Fund is to be divided to the  
counties in the amount necessary to bring the state average  
fund to a level of \$100 per pupil for the state average.  
(Article VII, Section 1) as provided by the terms of the  
there should be an equalized fund for each county.  
Distribution of the fund. The fund is to be divided  
1935 on the basis of the average number of pupils for each  
county. The fund is to be divided for each county on the basis  
by adding the money allotted to the county from the Educational  
fund (including the state fund) and the county fund.  
can be obtained from a study of the report of the  
will tax levy on the assessed valuation of each county.



TABLE VII

The number of actual classroom units in each county was compiled by Dr. George J. Stetson from the reports of the school superintendents. The State Board of Education to a later date compiled the number of classroom units in each county. At the time the data for this table was compiled the number of classroom units reported by the school board was not available; however, the number of classroom units reported by Dr. Stetson is nearly the same as

The number of actual classroom units in each county was compiled by Dr. George J. Stetson from the reports of the school superintendents. The State Board of Education to a later date compiled the number of classroom units in each county. At the time the data for this table was compiled the number of classroom units reported by the school board was not available; however, the number of classroom units reported by Dr. Stetson is nearly the same as







county, together with the money due each county from the state individual county funds shall be credited against the basic allowances provided for that county by the law. That is to say, the difference between the sum total of these amounts and the amount of the basic allowance is to be provided out of the equalization fund. This part of the act reads:

The State Treasurer shall distribute to the County Treasurer of each respective county the difference between the basic allowances as hereinbefore defined and the aggregate sum of: an amount equivalent to a ninety per cent collection of five mills on the assessed valuation of each respective county; the amounts apportioned from the State Common School Current Fund; the credits accruing to the school funds of each county by virtue of the federal forest reserves acts; and such revenues, other than cash balances or delinquent taxes, as may be credited to the maintenance school funds of each respective county.

The amounts represented by these differences shall be paid by the State Treasurer to the County Treasurer of each of the respective counties as credits to the school maintenance funds of the counties upon the order and certification of the State Educational Budget Auditor and the State Superintendent of Public Instruction and in the manner hereinbefore provided. The County Treasurer shall pro-rate these amounts among the maintenance funds of the school administrative divisions within that county in accordance with the approved budgets.

In the event that the revenues in the Equalization Fund are not sufficient to meet the distribution provided above, each county shall receive a pro-rata share of the amount contemplated to be distributed. On the other hand, if there is a balance left in the Equalization Fund, after the basic allowance has been provided for, the surplus is to be distributed in accordance to each county's percentage of







equalization deficiency, provided that there is no reason within the provisions of the act, why the state board of education should withhold such money. In case the money should be withheld, it reverts back to the Equalization Fund.

Manner of computing equalization deficiency. The 1935 law provided a basic allowance of classroom units for the purpose of arriving at an equalization deficiency. Table VII, Column B shows the number of classroom units allowed to each county by the law for this purpose. According to the law each year the state board of education computes the number of actual classroom units in every county, basing the number of classroom units on the pupil average daily attendance for the immediately preceding school year, allowing fractional parts for pupils in excess of full classroom units. Such actual units are computed yearly for the school district or districts within each administrative division by the State Board of Education as follows:

(a) In the Elementary School, including kindergarten and grades 1 to 8 inclusive, or any part thereof: Allow one classroom unit for any number of pupils from 8 to 22 inclusive.

From 23 to 44 pupils inclusive, allow one classroom unit for each 22 pupils.

From 45 to 125 pupils inclusive, allow 2 classroom units for the first 44 pupils and 1 classroom unit for each additional 29 pupils.

For 126 to 138 pupils inclusive, allow 5 classroom units for the first 125 pupils, and 1 classroom unit for each additional 30 pupils.



operation of the law, provided that the law is not  
within the provisions of the law, and the law is not  
action shall be taken. In case the law is not  
be withheld, it is not necessary to be withheld.

Manner of conducting operation of the law

law provided a legal character of character and for the  
purpose of providing an operation of the law, and  
the law is not necessary to be withheld. In case the law is not  
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for each additional 50 pupils.



For 329 pupils and above, allow 12 classroom units for the first 328 pupils, and one classroom unit for each additional 30 pupils.

(b) To determine the number of classroom units for the High School, grades 9 to 12 inclusive or any part thereof, classroom units as computed below shall be multiplied by  $\frac{4}{3}$ :

From 20 to 60 pupils inclusive, allow one classroom unit for each 15 pupils.

From 61 to 236 inclusive, allow 4 classroom units for the first 60 pupils, and one classroom unit for each additional 22 pupils.

From 236 to 468 inclusive, allow 12 classroom units, for the first 235 pupils, and one classroom unit for each additional 25 pupils.

The Equalization Deficiency in classroom units is the difference between the number of classroom units computed by the State Board of Education, as provided above, and the number of basic classroom units provided by law.

The Percentage of Equalization Deficiency for any county is the quotient obtained by dividing the equalization deficiency in classroom units of that county by the sum total of all equalization deficiencies in units for the state. The Treasurer

... shall distribute to the County Treasurer of each county a percentage of the balance (surplus) in the State Public School Equalization Fund equal to that county's percentage of equalization deficiency, ...

The distribution of the 1938-39 revenue was made on as estimated equalization fund of \$3,800,000. After each county had been allotted enough money to satisfy its basic



For 338 pupils and above, allow 18 classroom units for the first 338 pupils, and one classroom unit for each additional 30 pupils.

(b) To determine the number of classroom units for the High School, Grades 9 to 12 inclusive or any part thereof, classroom units as computed below shall be multiplied by  $\sqrt{2}$ :

From 30 to 60 pupils inclusive, allow one classroom unit for each 15 pupils.

From 61 to 238 inclusive, allow 4 classroom units for the first 60 pupils, and one classroom unit for each additional 30 pupils.

From 239 to 468 inclusive, allow 18 classroom units for the first 238 pupils, and one classroom unit for each additional 30 pupils.

The Equalization Deficiency in classroom units is the difference between the number of classroom units computed by the State Board of Education, as provided above, and the number of basic classroom units provided by law.

The Percentage of Equalization Deficiency for any county is the quotient obtained by dividing the equalization deficiency in classroom units of that county by the sum total of all equalization deficiencies in units for the state. The

Treasurer

... shall distribute to the County Treasurer of each county a percentage of the balance (surplus) in the State Public School Equalization Fund equal to that county's percentage of equalization deficiency.

The distribution of the 1933-34 revenue was made on an estimated equalization fund of \$3,000,000. After each county had been allotted enough money to satisfy its basic



allowance there was a sum of \$1,159,586 left to be distributed as surplus money.

Table VII illustrates how the foregoing distribution should be made according to the 1935 equalization law. The figures in Column A represent the assessed valuations as certified by the state tax commission.<sup>1</sup> In Column B are the proceeds that a ninety per cent collection of a five mill levy on the assessed valuation would amount to. Column C presents the amounts, from the current or apportionment fund, credited to the counties according to the number of children living in each county as provided by the state constitution. Columns D, E, F, G, H, and I, represent the amounts distributed to each county that are derived from the sources indicated by the heading of each column. Column J gives the sum obtained by adding columns B, C, D, E, F, G, H, and I. These sums are subtracted from the Basic Allowances provided by law shown in Column K. The differences obtained by this subtraction (Column L) are met or made up from the equalization fund, which, as already stated, in 1938-39 was estimated to amount to \$3,800,000. The surplus remaining after supplying these differences is distributed according to the classroom deficiencies found in each

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<sup>1</sup> Twelfth Biennial Report of the State Tax Commission of New Mexico, July 1, 1936 to June 30, 1938 (Santa Fe, New Mexico: 1938), p. 70.



allowance there was a sum of \$100.00 per month.

used as necessary.

Table VII-11 shows the results of the survey.

should be made known to the public.

figures in Column A represent the average of the figures

carried by the survey in the various counties.

process that a report was made of the results.

law on the subject of the survey was made.

presented the subject of the survey.

existed to the satisfaction of the public.

living in each county.

Column B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KK, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VV, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YY, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ.

1. Survey of the  
of New Mexico, July 1, 1933, to July 1, 1934.  
Mexico: 1933, p. 100.



county. Column M presents the number of classroom units, based on the average daily attendance, each county contained in the year 1937-38 as computed by Dr. George I. Sanchez. Column N gives the basic allowances in classroom units provided by law to each county. Column O sets forth the equalization deficiency in classroom units and percentages. The distribution of the surplus, \$1,159,586 (\$3,800,000 minus \$2,640,414), should be made according to the per cent of deficiency. For example, Bernalillo county should receive 11.78 per cent of \$1,159,586 or \$136,599 as shown in Column P. Column R gives the per classroom unit amounts that each county should have received from the state school funds and a ninety per cent collection of a five mill levy<sup>2</sup> on its assessed valuation in accordance with the equalization law effective in the year 1938-39. A comparison of the amounts (Column R) per classroom units received by each county reflects the equalization efficiency or inefficiency of this equalization law.

## II. ACTUAL DISTRIBUTION OF THE STATE COMMON SCHOOL MAINTENANCE MONEY FOR THE YEAR 1938-39

Although the provisions of the 1935 law were as set

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<sup>2</sup> The state does not impose this levy on the counties. In order to equalize the tax burden for school purposes among the counties the equalization law stipulates, to arrive at an equalization deficiency, that the amount of revenue such a levy would raise be used in computing the equalization deficiency in each county. The counties can tax their property in any amount within the eighteen mill limitation provided by law.



county. Chapter 8 presents a summary of the results of the study on the average daily attendance. Based on the data for the year 1957-58 as reported by the County Office, Chapter 9 gives the basic attendance in districts and compares it to each county. Chapter 10 presents the average daily attendance in classroom units and percentages. The attendance in the county is 5,750,800 (5,750,800 units x 100%) which is made according to the unit of attendance. For example, the county should receive 11.33 per cent of 11,330,000 or 1,283,500 as shown in Chapter 11. Chapter 12 gives the district attendance and shows that each district should have received from the State School Fund and a district payment collection of a five mill levy. The average attendance in the county with the expenditure for the year 1957-58 is 11,330,000 compared to the average (Chapter 13) that classroom units received by each county. Therefore, the expenditure is sufficient to maintain the average of this expenditure.

## II. SUMMARY OF THE STUDY

### Although the purpose of the study was to

The study was not intended to be a study of the average daily attendance in the county but to present the results of the study on the average daily attendance in the county. The study was not intended to be a study of the average daily attendance in the county but to present the results of the study on the average daily attendance in the county. The study was not intended to be a study of the average daily attendance in the county but to present the results of the study on the average daily attendance in the county.



forth above, actually a different method was followed in the distribution of the funds for equalization purposes in 1938-39, as disclosed in a study made by Dr. George I. Sanchez.<sup>3</sup> Table VIII shows how the school money was actually distributed as certified by state school officials. The difference between the amounts of assessed valuations used in this distribution (Column A) and the amounts of assessed valuation as certified by the state tax commission, (Column A Table VII), and the method used to distribute the revenue in the equalization fund cause the differences in the amounts allotted to each county as shown by Tables VII and VIII. The total of these latter differences amounts to \$512,012. In this actual 1938-39 distribution of money the equalization deficiency was arrived at by computing the percentage that the differences between the basic allowances and the amounts credited against these basic allowances bear to the total of these differences. For example, the difference between the basic allowance for Bernalillo county (Column L) and the amount credited to this county (Column K) is \$255,753 (\$590,025 minus \$334,272). Dividing this amount of \$255,753 by the total amount of the differences or \$2,715,619, which is the sum of Column L, a percentage of 9.418 is obtained.

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<sup>3</sup> George I. Sanchez, "The State Public School Equalization Fund in Law and Practice," New Mexico Business Review. 8:11-20, January, 1939.



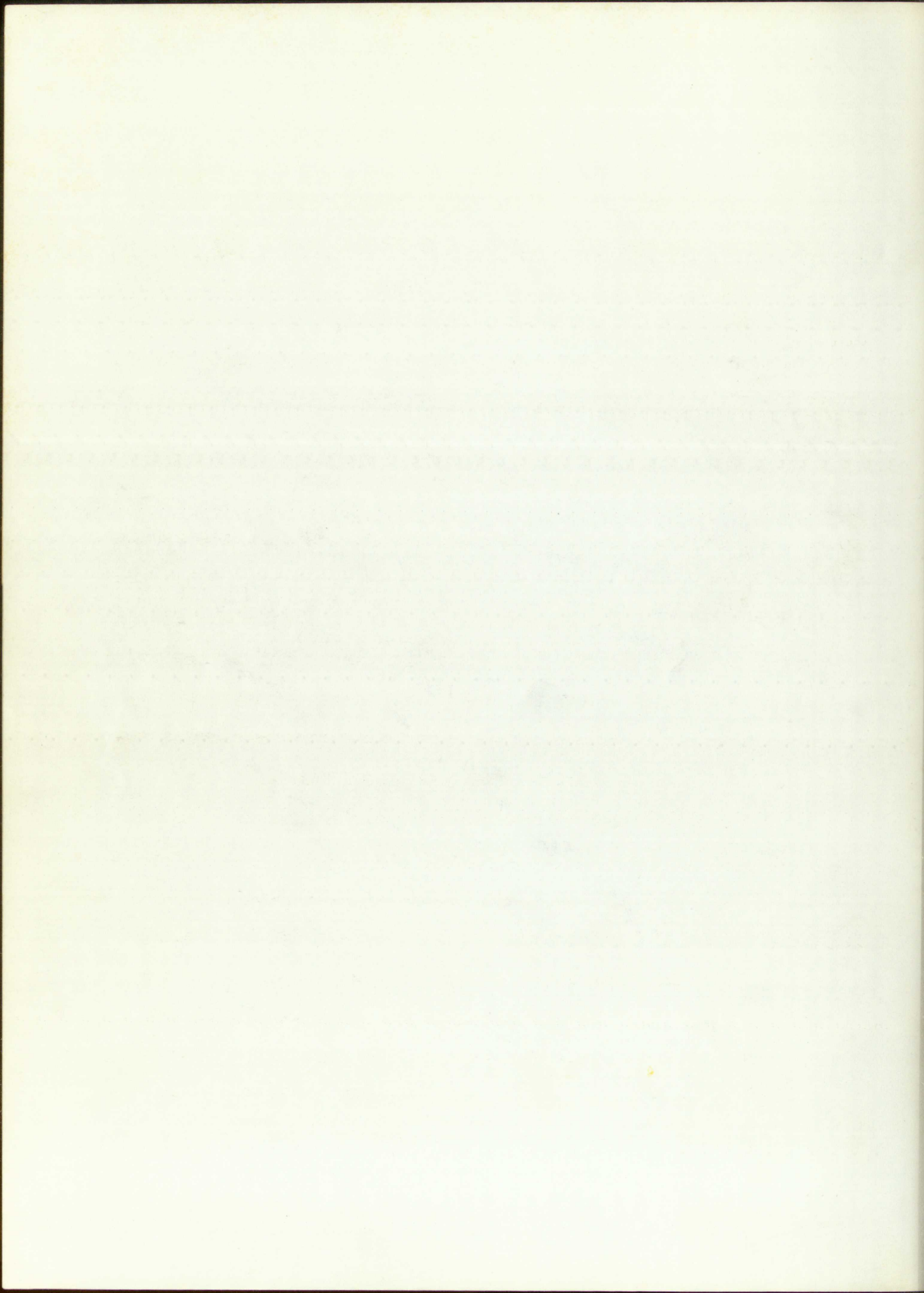
forth above, actually a statement of the distribution of the total for the year 1934 as disclosed in a study made by the Bureau of Internal Revenue. Table VII shows how the actual results are actually verified by state account officials. The amounts of receipts reported by the state account officials (Column A) and the amounts of receipts reported by the state tax commission (Column B) are shown by Table VII and VIII. The total of these differences amounts to \$2,125,000. In this total \$1,000,000 is the difference of money the actual receipts reported by the state account officials and the amounts credited to the state account by connecting the payments that the difference between the basic allowance and the amounts credited to the state account bears to the total of these differences. The difference between the basic allowance and the amounts credited to the state account is \$1,000,000. The amount reported to this account (Column C) and the amount reported to this account (Column D) are \$2,125,000 and \$1,000,000. The difference between the total amount reported by the state account and the amount reported to this account is \$1,125,000 which is the sum of Column A, reported as \$1,125,000.

George L. Bennett, Treasurer, State of New York  
Action Fund is hereby established by the State of New York  
Bill No. 100, January, 1935.











The amount (\$3,800,000) in the equalization fund was distributed in accordance with these percentages. (9.418 per cent of \$3,800,000 is equal to \$357,884 as shown in Column D.) Column R gives the amounts allotted to each county per classroom unit. The amounts per classroom unit received by each county reveal the equalization efficiency or inefficiency of this distribution.

### III. DISTRIBUTION OF STATE SCHOOL FUNDS ACCORDING TO THE 1939 EQUALIZATION LAW

The method of distribution provided by this law is the same as that provided by the 1935 act, with the exception that the 1939 law does not specify any number of classroom units as basic allowances for the computation of the equalization deficiency and that it specifies that only fifty per cent of the assessed valuation of oil property be used when computing the revenue that can be derived from property taxes.

The percentage of equalization deficiency as provided by this law is computed by dividing the number of classroom units of a county by the total number of classroom units for the state. Table IX illustrates the distribution of the revenue derived from the same state school sources as that used for Tables VII and VIII but distributed in accordance with the provisions of this act. The stipulation that only fifty per cent of the assessed valuation of oil property be used causes a difference in the assessed valuations of Eddy, Lea, and San



The amount (\$2,500,000) is the amount of the  
deducted in accordance with the provisions of the  
\$2,500,000 is equal to the amount of the  
It gives the amount allocated to each category of the  
The amount of the deduction is the amount of the  
the expenditure of the agency for the purpose of the

III. AMOUNT OF THE DEDUCTION  
IN THE CASE OF THE

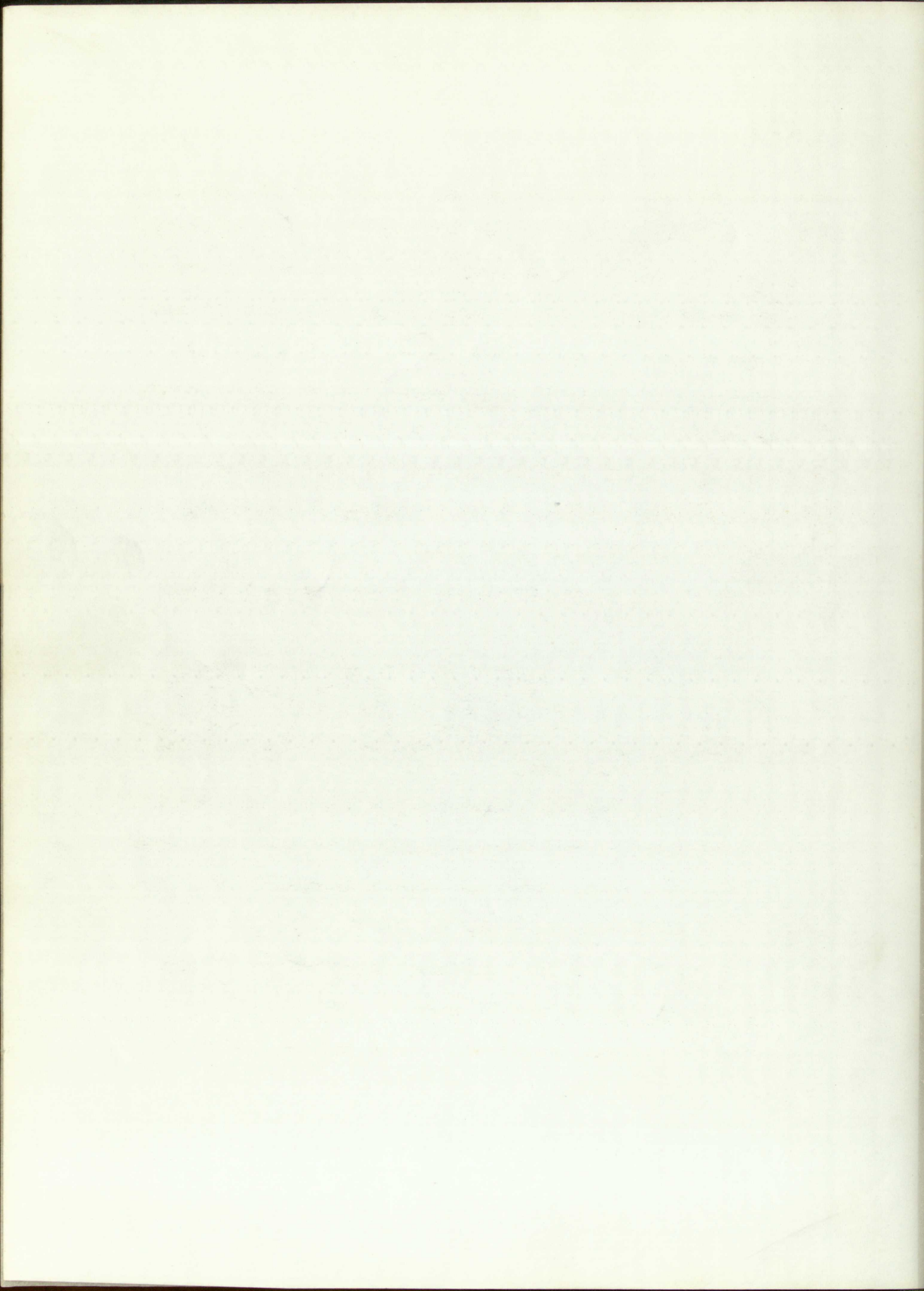
The amount of the deduction is the amount of the  
same as the amount of the deduction in the case of the  
the 1959 law has been amended in the amount of the  
basis allocated for the purpose of the deduction of the  
agency and that it is necessary to determine the amount of the  
assessed value of the property in the case of the  
revenue that can be obtained from the property.

The provisions of the law are as follows:  
by this law is amended in the amount of the deduction  
with of a couple of the total amount of the deduction of the  
stated. The amount of the deduction is the amount of the  
derived from the same source as the amount of the deduction  
Article VII and VIII of the law are amended in the  
provisions of this law. The amount of the deduction is the  
of the assessed value of the property in the case of the  
a difference in the amount of the deduction of the











Juan counties and corresponding difference for all counties in other columns between Tables VII and IX. This provision increases the sums of money received from the equalization fund by these counties in the amounts of \$975, \$35,221 and \$635 respectively assuming that, under the 1935 law, oil assessments would be credited at their full assessed value. All the amounts used in Columns C, D, E, F, G, H, I, are identical with those used in the two previous tables. The per classroom unit amounts shown in Column J reveal the equalization qualities of this law.

Another equalization measure contained in this act states that

... no County shall receive from the State Public School Equalization Fund, under any provisions of this Act, moneys to exceed the sum of \$1400 per classroom unit, ... until all other counties in the state have each received the sum of \$1400 per classroom unit from the said Equalization Fund.

Column K gives the amounts per classroom unit that would be received by the various counties in the state from the equalization fund. Only one county (Harding) would receive \$1400 per classroom unit.

A comparison of the equalization qualities of the various methods treated can be made by comparing the per-classroom-unit amounts received by each county, under the provisions of each act.



than countries and countries with different...  
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#### IV. BUDGETS FOR ELEMENTARY AND HIGH SCHOOL EXPENDITURES

The public elementary and high schools are operated in accordance with a budget made for each independent school system.<sup>1</sup> The rural schools of a county are considered as one administrative system, while the municipal or independent school districts are each considered separate systems.

Making of the budget. During April in each odd numbered year the county commissioners in each county appoint two resident taxpayers, one from each dominant political party, as budget commissioners for the county. The governing boards of school administrative systems submit to the budget commissioners an estimate of the amounts of revenue needed for the purpose of operating the schools within their jurisdiction for the ensuing fiscal year. The budget commissioners with the state budget auditor<sup>2</sup> fix the budget allowance for all public elementary and high schools in the county.

Items included in the budget. The maintenance budget include: all teachers' salaries; group insurance; janitors' wages and supplies; fuel water and light; interest on certi-

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<sup>1</sup> New Mexico Laws, 1929 Compilation, Chapter 120. Session Laws of 1931, Chapter 119. Sessions Laws of 1937, Chapter 29.

<sup>2</sup> The state educational budget auditor is appointed by the governor. Every spring, he visits all the counties, helping to prepare budgets for the following fiscal year.



IV. BUDGETS FOR ELEMENTARY AND HIGH SCHOOLS AND COLLEGES

The public elementary and high schools are operated in accordance with a budget made for each independent school system. The rural schools of a county are considered as one administrative system, while the municipal or independent school districts are each considered separate systems.

Notice of the budget. During April or early May, the county commissioners in each county prepare the preliminary budget, one from each district, and submit it to the county board of school administration for the county. The county board of school administration then submits to the board of school administration an estimate of the amount of revenue needed for the purpose of operating the schools within their jurisdiction for the ensuing fiscal year. The board of school administration then submits the budget estimate to the county board of school administration for all public elementary and high schools in the county.

Items included in the budget. The following items are included: all teachers' salaries; group insurance; janitorial wages and supplies; fuel, water and light; interest on debt.

1. New Mexico Laws, 1923 Session, Chapter 119.  
Session Laws of 1921, Chapter 119. Session Laws of 1922, Chapter 20.

2. The state educational budget outline is prepared by the governor. Every year, he visits all the counties, holding to prepare budgets for the following fiscal year.



ificates of indebtedness; census enumerations; library and school supplies; transportation of pupils; county and municipal board administration expense; emergency; salaries and traveling expenses of school nurse, truant officer, and rural school supervisor. Figure 10 shows the amounts and percentages of the money budgeted for each one of these items. The state educational budget auditor and the county budget commissioners have power to set up from the rural maintenance budget of each county a separate fund to be known as the rural emergency building and repair fund, which is used only for emergency building and repair purposes. This fund must not exceed one per cent of the total rural maintenance budget of the county. No school district is eligible to receive money from this fund until such district has exhausted all of its own resources, including the levying of maximum tax levies allowed by law.<sup>3</sup> The budget also includes items paid out of the direct charge fund. The money derived from the district tax for direct charges is credited to the district where such money is collected. It is used for such expenses as property insurances, lease of school buildings, erection of school buildings, new equip-

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<sup>3</sup> New Mexico Session Laws of 1937, Chapter 183, (Santa Fe, New Mexico: The Quality Press, 1937), p. 479.

In general the revenue needed for building purposes is budgeted and charged to the districts where such building is to be built or repaired.



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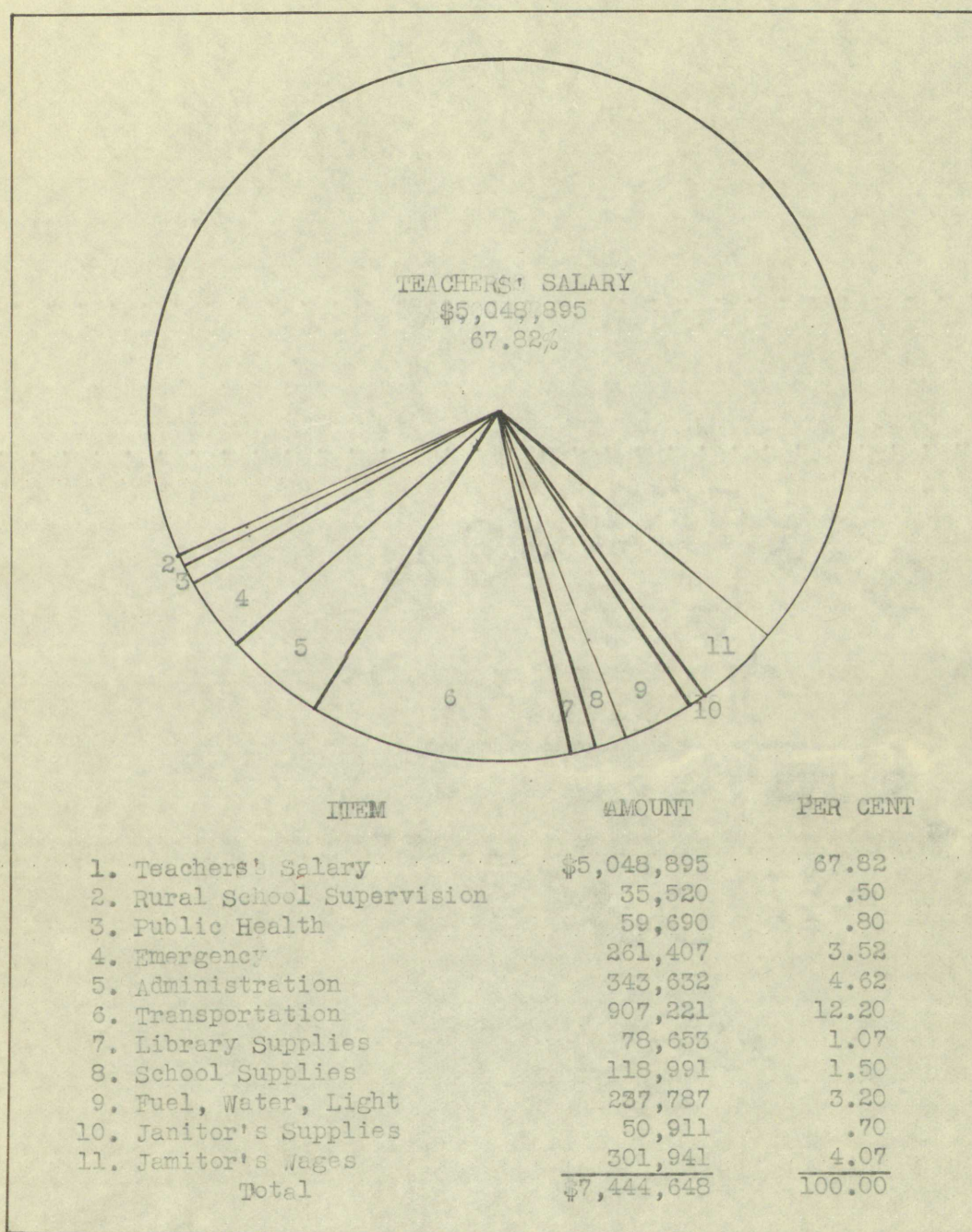


FIGURE 10.

MONEY BUDGETED FOR MAINTENANCE OF NEW MEXICO

PUBLIC COMMON SCHOOLS 1938-39







ment, purchase of school grounds and buildings, interest and sinking funds for district school bonds, and for the transportation of children when the maintenance fund is insufficient. Figure 11 shows the average Budgets apportionment of the total common school revenue for the ten-year period, 1928-1939. This figure shows that the greatest amount of money used for the common schools in New Mexico goes for maintenance expenses. The rate of the district tax for all direct charges, excepting interest and sinking fund, must not exceed five mills on the dollar.

Certification of budgets. Not later than June 15 of each year the educational budget auditor certifies the budgets from each county to the state tax commission. By July 1 of each year, the state tax commission fixes the final budget allowances and certifies the same to the county commissioners, county treasurer, and boards of education.

In order to provide funds with which to meet current cash needs for the first two months of school, the tax commission adds to the total amount of the school maintenance budget an amount not in excess of five per cent of the total budgets. The extra money thus budgeted serves as a school maintenance suspense fund. The money in this fund is not used until the following year.

The state tax commission, after deducting school cash balances as of June 30, the estimated income from the current







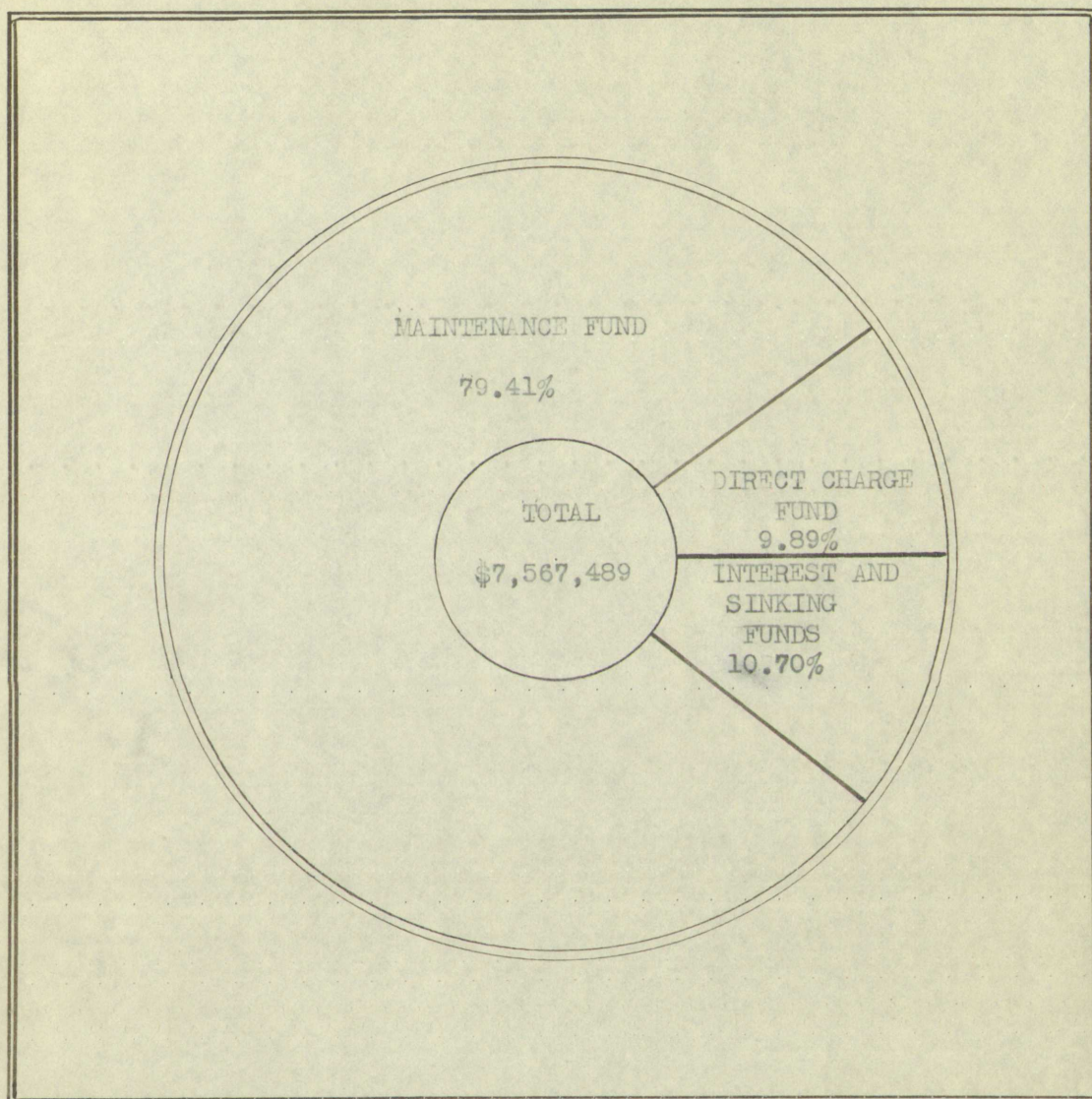


FIGURE 11

AVERAGE BUDGET APPORTIONMENT OF TOTAL COMMON SCHOOL REVENUE  
FOR THE TEN-YEAR PERIOD 1928-29 - 1938-39







school fund, and other credits applicable to the school maintenance fund, certify to the board of county commissioners, before September 1 of each year, the net amount to be raised by tax levies and the rates (within the 18 mill limitations provided by law) of such levies. The county commissioners, at the time of making other county levies, levy a general county school tax at the rate certified by the state tax commission. The money derived from the levies made by the county commissioners of each county is used in the respective county where the levy is imposed. It serves not only to amplify the income from state maintenance funds, but a portion of it also goes, as previously stated, to defray direct charges.

#### V. SUMMARY

The 1935 equalization law purported to distribute the state school money on an equalized basis, by (1) taking into consideration the tax burden borne by each county for school maintenance purposes; (2) taking into account financial resources, other than direct property taxes, possessed by each county; and (3) setting up measures of educational need for each county. It sought to equalize the tax burden by crediting each county with the revenue that would be produced by a ninety per cent collection of a five mill levy on the assessed valuation of that county. Other financial resources were considered







by adding to this property tax sum, the money the county receives from the apportionment and state individual county funds. The need was measured by the number of classroom units in each county, allowance being made for the difference between the classroom units provided for by a basic allowance and the actual number of classroom units.

The result of such a distribution plan as shown in Table VII is as follows: Using figures for 1938-39 twenty-four counties would receive, from all sources, over \$1,500 per classroom unit. One of these twenty-four counties would receive over \$2,000. Seven counties would receive from \$1,329 to \$1,499. No county would be allotted less than \$1,000. The amounts that the counties would receive per classroom unit vary from \$1,329 to \$2,009.

The actual distribution did not take into consideration the provisions in regard to classroom deficiencies, or the per cent of deficiency as specified by law. According to the method actually followed in making the distribution twenty-one counties would receive over \$1,500 per classroom unit. Nine of these twenty-one counties would receive over \$2,000 per unit. Six counties would be allotted from \$1,049 to \$1,494. There are four counties that would be apportioned less than \$1,000 per classroom unit. The amounts that would be received by the various counties range from \$795 to \$2,446.



by adding to this property tax rate, the amount of the  
received from the corporation and other in which  
lands. The land was assessed by the amount of the  
units in each county, assessed value and the  
between the assessed value received for a local  
and the actual number of election units.

The results of the 1950 election are as follows:  
Table VII is as follows: (a) Total for 1950  
four counties would receive, from all sources, over \$1,500  
per election unit. One of these twenty-four counties would  
receive over \$2,000. Seven counties would receive from \$1,500  
to \$1,999. No county would be allocated more than \$1,999.  
Assumes that the count of valid receive per election unit  
vary from \$1,500 to \$1,999.

The actual distribution did not take into consideration  
the provisions in regard to election balances, or the per  
cent of deficiency as specified in law, according to the  
method actually followed in making the distribution. If  
one county would receive over \$1,500 per election unit,  
five of these twenty-four counties would receive over \$1,500  
per unit. No county would be allocated more than \$1,999 to  
\$1,999. There are four counties that would be allocated less  
than \$1,500 per election unit. One county would receive less  
collected by the voters would vary from \$1,500 to \$1,999.



Under the 1939 law, and using the same figures for the equalization fund as for the previous computation, twenty-two counties receive over \$1,500. Five of these twenty-two counties are allotted \$2,000. The apportionment to seven counties varies from \$1,107 to \$1,464 and two receive less than \$1,000 per classroom unit. The per classroom unit amounts allotted to the counties range from \$951 to \$2,083.

The public elementary and high schools are financed in accordance with budgets made by the state educational budget auditor and county budget commissioners for each administrative school unit. The items may include salaries paid to school employees, administrative expenses, janitors and school supplies, fuel, water, and light, transportation, and emergency.







## CHAPTER V

### SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

#### I. SUMMARY

Compared with the majority of the states of the Union, New Mexico has very limited resources with which to finance education, therefore the administration of its limited school funds is of great importance.

This study calls attention to the sources and manner of distribution of the state funds for the maintenance of schools. New Mexico finances its common schools from the revenue obtained from federal grants and subventions, public taxation, escheats, forfeitures, and from fines imposed by courts for law violations.

The United States has followed the policy of granting lands to the states for the support of schools. The federal government obtained its public domain from the lands the states ceded to it and by conquest and purchase. Land was reserved by the federal government for public education for the first time in 1787 when Congress designated, for school purposes, section sixteen in each township in a tract of land sold to the Ohio Company. Beginning with the admission of Ohio in 1802, Congress granted section sixteen in each township, or other land in lieu thereof, for the benefit of the common schools to twelve states admitted into the Union previous to 1848. From 1849 to 1890, Congress



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FROM THE FIRST SETTLEMENTS TO THE PRESENT TIME

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granted two sections of land in each township. Utah, Arizona, and New Mexico each received four sections of land in each township. Congress has made other grants of land and money to the states for the support of common schools.

New Mexico received from the federal government 8,783,000 acres of land for the support of its common schools. The money derived from the sale of land and minerals is placed in a permanent fund, only the interest of which is used to provide for elementary and secondary schools. In 1938 this fund amounted to \$5,627,191. The increments for the years 1936-37 and 1937-38 have been at the rate of more than a million dollars a year. The income from the investment of this money is placed in the state current school fund. Land rentals and other incomes derived from the state school land are placed in the current school fund. This fund is apportioned to the counties according to the number of unmarried persons between the ages of five and twenty-one living in each county. The income from this source in the years 1936-37 and 1937-38 was over one million dollars a year. The accumulations to the permanent fund and the income derived from the school lands have been greater from 1930 to 1938 than in previous years. The amount of this revenue has been increasing every year. The revenue derived from the federal land and other grants in 1937-38 amounted to a little over twenty per cent of the total sum of money used for the







maintenance of the public elementary and secondary schools in the state.

The state individual county funds obtained from motor vehicle registrations, merchandise licenses, county forest reserves, vocational training reimbursements, and Indian tuitions comprise a minor source of revenue. The total contribution that came from this source of revenue for 1938-39 was \$141,305, which is about two per cent of the state and county maintenance fund. This revenue is apportioned to the counties in proportion to the collections made in the individual counties with the exception of the vocational reimbursement fund which is distributed to counties taking advantage of the aid provided by Congress for vocational training.

The fund contributing the greatest amount for the maintenance of common schools is the equalization fund, which is derived from the sales tax and  $67\frac{1}{2}$  per cent of the income taxes. The amount of collections has increased every year. The revenue obtained from these sources, for the support of common schools, amounted to over three and one half million dollars in 1938-39. This sum comprises almost one-half of the total amount used in the state for the maintenance of public common schools. The money in this fund is distributed according to the equalization deficiency of each county as specified by the equalization law.







Three different methods of distribution have been dealt with in this study. The resulting equalization are as follows: The 1935 equalization law intended to equalize the distributions of the school maintenance revenue by taking into consideration (1) the taxable wealth of each county, (2) other revenues that are credited to the individual counties, (3) tax load borne by the counties, (4) the educational needs as measured by the number of classroom units based on an average daily attendance of the children in each county, and (5) the amounts of money each county had used for the previous five years before 1935. The method used to distribute the 1938-39 school revenue and the method contemplated by the 1939 law follow the same principle as the 1935 law, but differ in the provisions made to arrive at the percentage of deficiency of each county.

The per classroom amounts apportioned to the various counties by a distribution of the state school revenue for 1938-39, according to the 1935 law, would range from \$1,329 to \$2,009.

In the actual distribution made of the state school revenue the same method was followed, with the exception that the classroom percentage of deficiencies were not considered. The range of variation in amounts per classroom units apportioned to the counties according to the actual distribution made, again using the 1938-39 figures, is from \$795 to \$2446.







The equalization law was revised by the 1939 legislature. The revisions made changed the assessed valuation equalizing feature of the 1935 law by using only fifty per cent of the value of the assessed valuation of oil when computing the money credited to the counties in accordance with their ability to obtain revenue from property taxation. The method of arriving at an equalization deficiency was also changed by removing the basic classroom units allowances stipulated by the 1935 law. The present law considers only actual classroom units as computed by the state board of education. A distribution of the 1938-39 common school revenue, in accordance with the provisions of the 1939 law, result in per classroom unit allowances, from all sources, ranging from \$960 to \$2,282.

Every spring two budget commissioners and the educational budget auditor fix the allowances budgeted for school employees' salaries, supplies, transportation, fuel, water, and light, emergency items and direct charges.

The educational needs as found by the state tax commission which cannot be met by the amounts allotted to the counties from the state maintenance fund are derived from county taxation. The money obtained from county taxes is used in the particular counties where it is raised.







## II. CONCLUSIONS

The money derived from all these sources of revenue is vital to the maintenance of public common schools in New Mexico. Its distribution is a matter of great concern to the citizens of this state. It is imperative that every child in the state be given equal educational opportunities, and that all parts of the state bear a uniform tax rate.

The original equalization law, even though somewhat complicated in nature, tends to equalize the distribution of the state revenue to a greater extent than the method actually used to distribute the school maintenance revenue in 1938-39 and the method provided by the 1939 Equalization Law.

The principle elements of equalization in the 1935 and the present equalization laws are at least sound<sup>1</sup> in that they take into consideration the educational need as measured by the number of classroom units in each county. Account is also taken of the sparsity of population by providing a wide range of flexibility in measuring classroom units according to the children in average daily attendance. For example, eight pupils in average daily attendance in a thinly populated dis-

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<sup>1</sup> The above statement refers only to the equalization features of the law that pertain to the current school need (expenses) as measured by weighted classroom units. It is realized that the present law does not take into consideration, or provide for, the equalization of school expenses, other than those provided by the funds for the maintenance of schools. The equalization of school housing facilities and added educational needs due to bilingualism and other factors are not considered in the plan.



THE UNITED STATES OF AMERICA

IN SENATE  
January 10, 1901  
REPORT  
OF THE  
COMMISSIONER OF THE GENERAL LAND OFFICE  
IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE  
MAY 1, 1899  
RELATIVE TO THE  
LANDS BELONGING TO THE UNITED STATES  
AND THE  
LANDS BELONGING TO THE SEVERAL STATES



UNITED STATES  
GEOLOGICAL SURVEY  
WASHINGTON  
1901

THE GENERAL LAND OFFICE  
WASHINGTON  
1901



trict comprises a classroom unit, while in a more thickly populated place the number of children comprising a classroom unit is twenty-two. The law, by providing that each county be credited with ninety per cent of the amount of money that a uniform five mill levy would raise from property taxation, takes into account for the computation of equalization deficiencies, the relative difference in ability to finance education of the various counties in the state. The wealth of New Mexico is unevenly distributed among its counties. Some parts of the state contain minerals and other forms of resources, while other parts contain very little tangible wealth. The poor sections of the state naturally are thinly settled. Figure 12 shows in graphic form the relative amount of wealth or the relative ability to finance education from property taxation. This Figure sets forth the amount of assessed valuations behind each classroom unit in the various counties. Such provisions make possible an equalization of the tax burden borne by all parts of the state, and provide a means for estimating the equalization fund needed to compensate for the inability of many of the counties to raise revenue for proper school support through property taxes. The larger the amount that a county can raise by a uniform tax levy the less money is needed to be allotted to such a county from the equalization fund. The provision of basic allowances contained in this law remedies the shortcomings







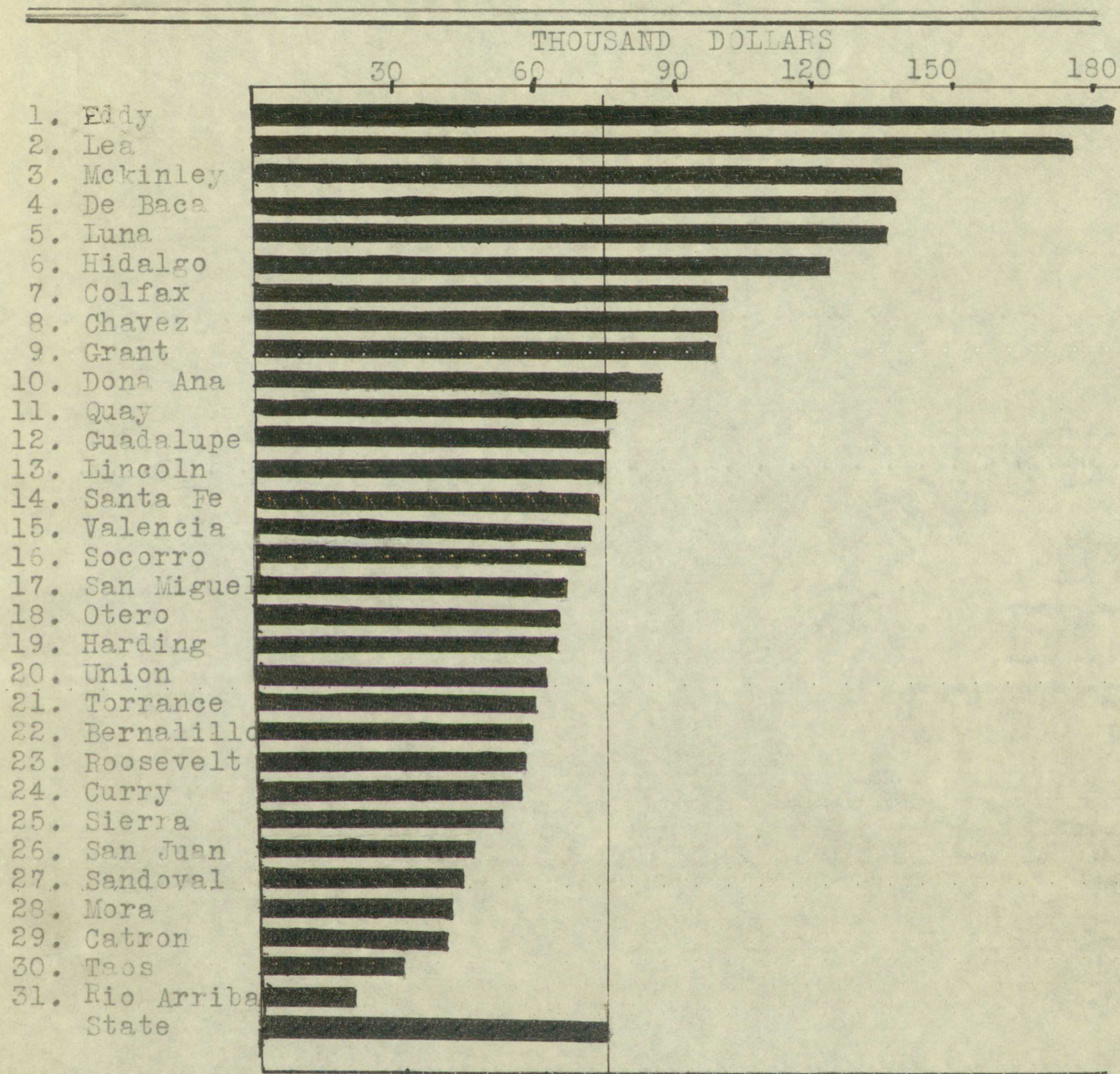


FIGURE 12

THE ABILITY OF THE VARIOUS COUNTIES IN NEW MEXICO TO FINANCE  
COMMON SCHOOL EDUCATION FROM PROPERTY TAXATION AS ESTIMATED  
FROM THE WEALTH BEHIND EACH CLASSROOM UNIT  
IN EACH COUNTY



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- State



of the census distribution, contemplated by the constitution, of the money in the state current school fund.

Even though the law has all these equalizing features, it does not at present provide equitable distribution of the maintenance school money in accordance with the financial and educational needs of the different parts of the state. The unequalized amounts of basic allowances provided for the counties by the law defeat to a large extent the equalizing features contained in the statutory act. Table X (Column L) gives the amount per 1938 classroom unit allotted to each county by the basic allowances stipulated by the equalization law. Column M shows the relative taxpaying ability per-classroom unit of each county. By comparing these two columns (Column L and M) it can be noticed that in general the counties having the largest property valuation are allowed the larger amounts of money per classroom unit by the basic allowances provided by law. The amounts set forth by these columns show that the basic allowance have no relationship to educational financial need. The framers of the law took the average amounts budgeted for school maintenance purposes for the five years prior to 1935 and used them as basic allowances or measures of the educational needs of the various counties. The counties having the highest assessed valuations per classroom unit, or highest ability to provide for their educational needs, naturally had the greatest



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ANALYTICAL COMPARISON OF THE CLASSROOM UNIT ALLOWANCES

COUNTIES	Total Apportionment 90% 5 Mill Levy State-County Funds	Suggested Basic Allowance	Difference B - A	No. of Class-rooms Units	Total Basic Allowance Plus Surplus B + E	No. of Class-rooms Units	Per Classroom Unit Amounts Allowances				Comparison	
							Using Equalized Basic Allowance	According to Actual 1935 Law	According to 1939 Law	Amounts of money behind each classroom unit provided by present Legal Basic Allowances and assessed valuations	Legal Basic Allowance	Assessed Valuations
Bernalillo	\$ 334,018.038	\$ 559,160	\$ 355,141.97	10.79	\$ 31,994	\$ 741,154	\$ 1,613.00	\$ 1,581.	\$ 1,556	1,284	57,651	39,117
Catron	33,944.571	76,240	42,295.43	4.23	9,927	84,167	1,613.00	1,613.	1,556	1,074	1,342	99,821
Chavez	132,559.232	271,153	138,593.77	4.23	20,472	251,625	1,613.00	1,613.	1,556	1,074	1,342	101,132
Colfax	166,614.972	273,310	106,695.13	3.89	20,472	251,625	1,613.00	1,613.	1,556	1,074	1,342	101,132
Curry	99,025.927	84,743	14,282.99	3.87	13,488	98,231	1,613.00	1,613.	1,556	1,074	1,342	53,550
De Baca	87,705.316	84,743	3,062.37	4.91	4,363	84,743	1,613.00	1,613.	1,556	1,074	1,342	137,449
Dona Ana	170,322.923	226,710	56,387.08	4.96	23,762	250,472	1,613.00	1,613.	1,556	1,074	1,342	85,639
Eddy	147,023.128	133,375	13,648.88	3.48	13,371	146,746	1,613.00	1,613.	1,556	1,074	1,342	184,241
Grant	143,986.547	133,375	10,611.57	2.02	13,371	157,356	1,613.00	1,613.	1,556	1,074	1,342	97,836
Guadalupe	57,616.147	79,725	22,108.86	1.66	9,349	67,074	1,613.00	1,613.	1,556	1,074	1,342	76,310
Harding	41,356.580	79,725	38,368.42	1.14	9,349	67,074	1,613.00	1,613.	1,556	1,074	1,342	64,840
Hidalgo	193,256.520	248,575	55,318.28	3.80	18,793	267,368	1,613.00	1,613.	1,556	1,074	1,342	125,162
Lincoln	57,542.940	93,360	35,817.06	2.11	10,187	67,747	1,613.00	1,613.	1,556	1,074	1,342	173,682
Luna	57,542.940	93,360	35,817.06	2.11	10,187	67,747	1,613.00	1,613.	1,556	1,074	1,342	173,682
McKinley	89,995.545	127,360	37,364.45	2.47	9,637	99,602	1,613.00	1,613.	1,556	1,074	1,342	134,535
Mora	54,434.295	155,700	101,265.71	2.43	11,737	167,437	1,613.00	1,613.	1,556	1,074	1,342	40,160
Otero	65,882.087	150,470	84,587.39	2.83	13,637	164,107	1,613.00	1,613.	1,556	1,074	1,342	65,363
Quay	85,407.683	331,475	246,067.32	5.17	24,913	356,388	1,613.00	1,613.	1,556	1,074	1,342	77,017
Rio Arriba	97,174.654	209,700	112,525.35	3.89	15,854	225,554	1,613.00	1,613.	1,556	1,074	1,342	19,343
Roosevelt	48,745.825	130,183	81,437.17	2.04	9,830	140,013	1,613.00	1,613.	1,556	1,074	1,342	57,408
Sandoval	48,073.379	146,183	98,109.81	2.31	11,131	157,314	1,613.00	1,613.	1,556	1,074	1,342	41,886
San Juan	125,079.302	346,395	221,315.70	5.43	26,166	372,561	1,613.00	1,613.	1,556	1,074	1,342	46,317
Santa Fe	133,596.764	299,435	165,838.26	4.54	21,877	321,312	1,613.00	1,613.	1,556	1,074	1,342	65,802
Sierra	43,445.753	123,430	79,984.26	1.94	9,346	132,776	1,613.00	1,613.	1,556	1,074	1,342	72,814
Socorro	77,572.278	151,680	74,107.72	2.38	11,468	163,148	1,613.00	1,613.	1,556	1,074	1,342	48,694
Taos	70,553.591	232,845	162,291.25	3.45	17,588	250,433	1,613.00	1,613.	1,556	1,074	1,342	69,889
Torrance	64,719.271	189,815	125,095.72	2.66	12,818	202,633	1,613.00	1,613.	1,556	1,074	1,342	28,994
Union	87,777.116	209,440	121,662.93	3.28	19,275	229,715	1,613.00	1,613.	1,556	1,074	1,342	58,375
Valencia	116,901.560	225,390	108,488.44	4.	19,275	244,665	1,613.00	1,613.	1,556	1,074	1,342	60,688
Total	\$3,069,104.790	\$6,387,315	\$3,318,210.21	100 %	\$481,869	\$6,869,164	Range \$1,409 to \$1,613	Range \$1,329 to \$2,009	Range \$795 to \$2,446	Range \$600 to \$2,852	Range \$19,343 to \$2,009	Average for the State \$73,432







budgets. [That is to say, the counties having the least need for state aid in proportion to their wealth had the highest budgets, a condition which militates against the use of those budgets as basic allowances or standards. It logically follows that by the use of such unequalized measures the parts of the state having the least capacity to finance education, thus having the greatest need of state aid, were allowed the smallest basic allowances.

[If the basic allowances are based on the educational financial need of each county by allowing a uniform amount per classroom unit, an equalized distribution naturally results. Table X shows how efficiently this law operates when equitable basic allowances and the complete assessed valuations, to compute the taxpaying ability of the counties, are used. The credits used in Column A are the same as those used in Column J of Table VII. The basic allowances considered in this distribution allow \$1,500 per classroom unit in every county. The surplus money is distributed in accordance with the provisions of the 1939 equalization law. That is, the percentage of equalization deficiency is arrived at by dividing the number of classroom units for the state. The equalization efficiency of New Mexico plan when the amount of the basic allowances is determined by classroom-unit measures, is illustrated by Column H of Table X and needs no more comment.







Contrary to the belief that the equalization law penalized those counties having the highest levy rates of property taxation, the law places no penalty on counties because of their high rate of taxation. But it rewards, on account of the basis used to determine the amounts allowed as basic allowances to the counties, those counties that had the greatest budgets per classroom unit for the five-year period prior to 1935.

The equalization feature of the 1939 law, which provides that no county shall receive over \$1,400 per classroom unit from the equalization fund until all other counties have received this amount, is ineffective until the revenue derived from the sales tax and income tax increases to a considerable degree. From a \$3,800,000 fund most of the counties receive less than \$1,000 per classroom unit from this source, as shown in Table IX, Column K.

The stipulation of the 1939 law taking into consideration only one-half of the assessed valuation of the oil property, leaves much to be desired. The equalization features of the law should be applied in a uniform manner throughout the state. The present investigation does not reveal any reason why oil value assessments should not be considered in the same manner as other property valuations. Complete equalization of educational opportunity will be obtained only with complete state support. If one kind of







property valuation is exempted in computing the financial ability of a county, there is no reason why any other kind of property should not be dealt with in the same way. And should such a procedure be followed the equalization law will be ineffectual and therefore useless. Such provision is unfair to counties, taxpaying concerns, and individuals whose complete property assessed valuations are included in computing equalizations. In case the manner of arriving at the assessed valuation of oil property provided by law is unfair, the assessment law needs revision and not the equalization law.

### III. RECOMMENDATIONS.

As stated in the beginning of this study, the people of the United States believe in the principle that the progress and welfare of a democratic state are relative to the enlightenment of its populace, and that "the whole people must take upon themselves the education of the whole people and must bear the expense of it." Education is a state rather than a local function and the responsibility of providing equal educational opportunities lies with the state. Local school units are organized to carry the state educational program into effect. With this principle in mind and with due respect to the state constitutional provision (Article XII, Sect. 1) which provides that a "uniform system of free public schools be established and maintained," the



property valuation is extended in accordance with the principle of a country, there is no reason why any other kind of property should not be dealt with in the same way. It should be a procedure be followed the same way. It will be intellectual and therefore useless. It is unfair to countries, especially countries, and in the case of countries property assessed valuation and taxation is computed separately. In the case of countries the assessed valuation of all property should be the same, the assessment law made valuation and the same law.

### III. RECOMMENDATIONS.

As stated in the beginning of this report, the people of the United States believe in the principle that the gross and welfare of a democratic state are dependent on the enlightenment of its people, and that the state should must take upon themselves the education of the whole people and must bear the expense of it. Education is a right rather than a local function and the responsibility of the state. Local educational organizations like the state should be organized to carry the state's responsibility. With this principle in mind, it is suggested that the state should be organized to carry the state's responsibility. (Article XII, Sect. 1) which provides that a uniform system of free public schools be established and maintained.



writer submits the following recommendations: For a more equitable distribution of our state school revenue it is recommended (1) that the amounts provided by the equalization law as basic allowances for the various counties be changed from budget amounts to allowances which take into consideration the financial educational need as determined by the number of classroom units in each county; (2) that the stipulation in the present equalization law in regard to using only one-half of the assessed valuations of oil be modified so that these values may be placed on a par with other assessments.







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3. The third part of the report deals with the financial statement of the year.

4. The fourth part of the report deals with the general remarks of the committee.

5. The fifth part of the report deals with the conclusions of the committee.

6. The sixth part of the report deals with the recommendations of the committee.

7. The seventh part of the report deals with the general remarks of the committee.

8. The eighth part of the report deals with the conclusions of the committee.

9. The ninth part of the report deals with the recommendations of the committee.

10. The tenth part of the report deals with the general remarks of the committee.

11. The eleventh part of the report deals with the conclusions of the committee.

12. The twelfth part of the report deals with the recommendations of the committee.

13. The thirteenth part of the report deals with the general remarks of the committee.



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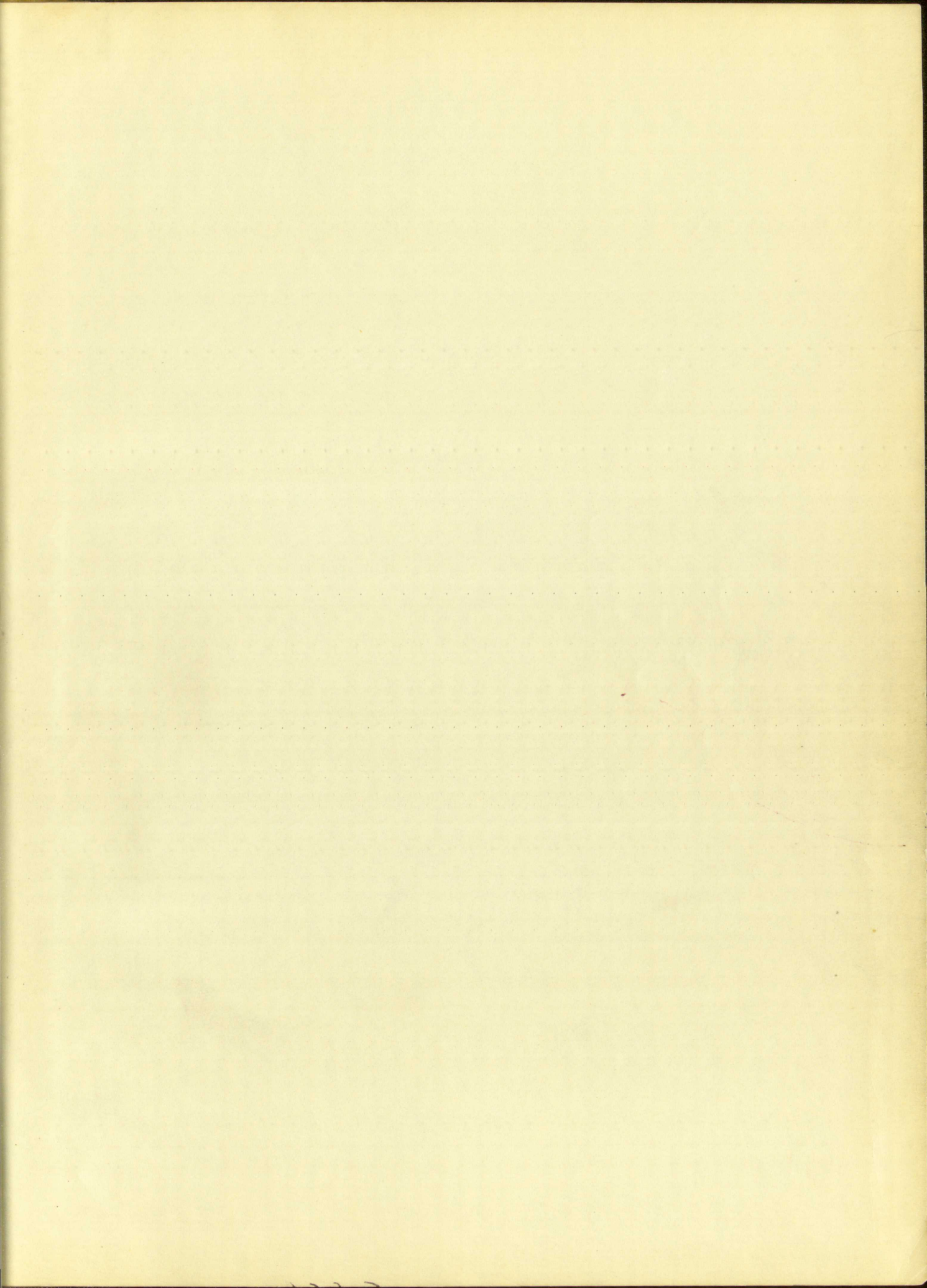
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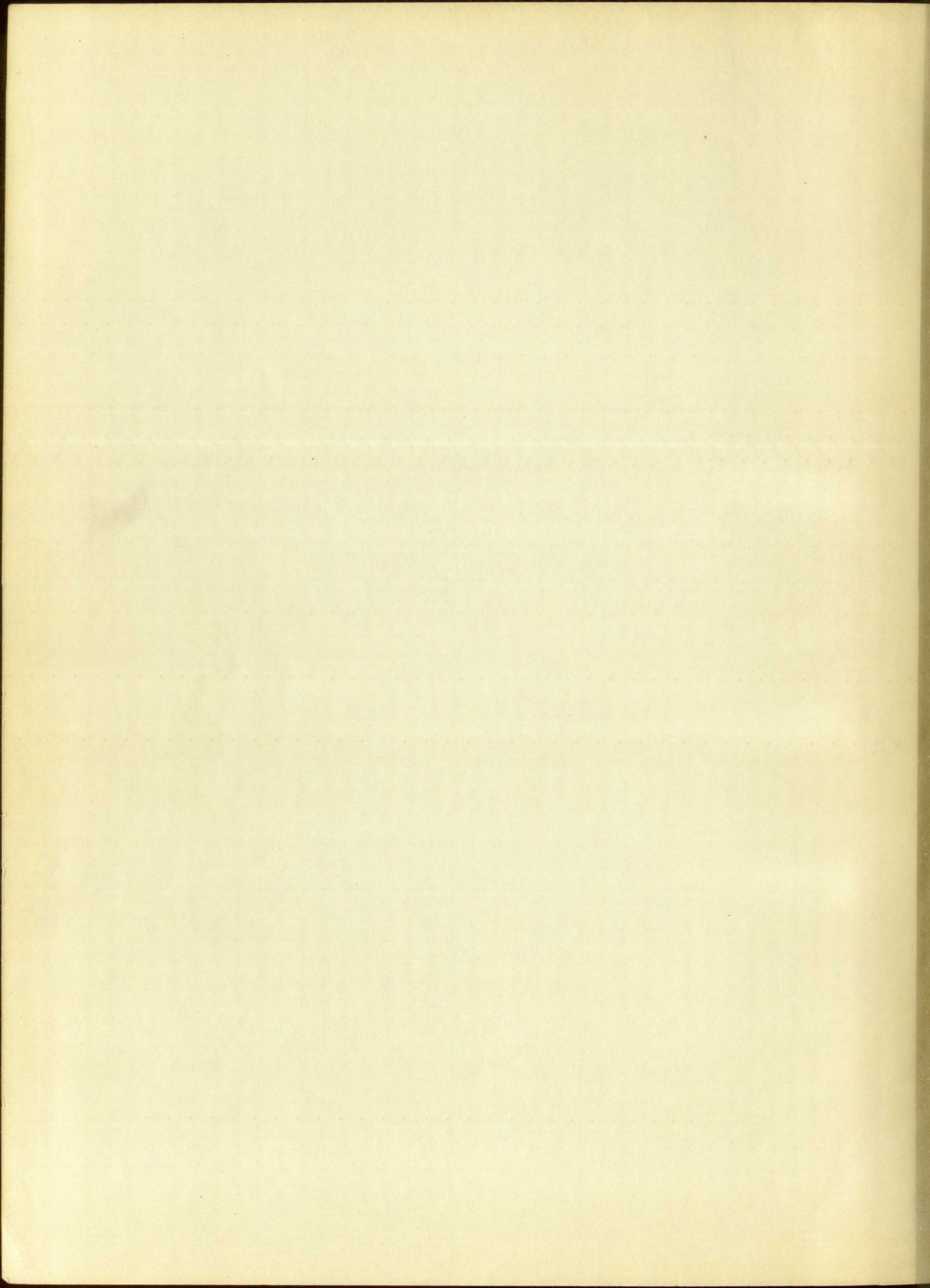




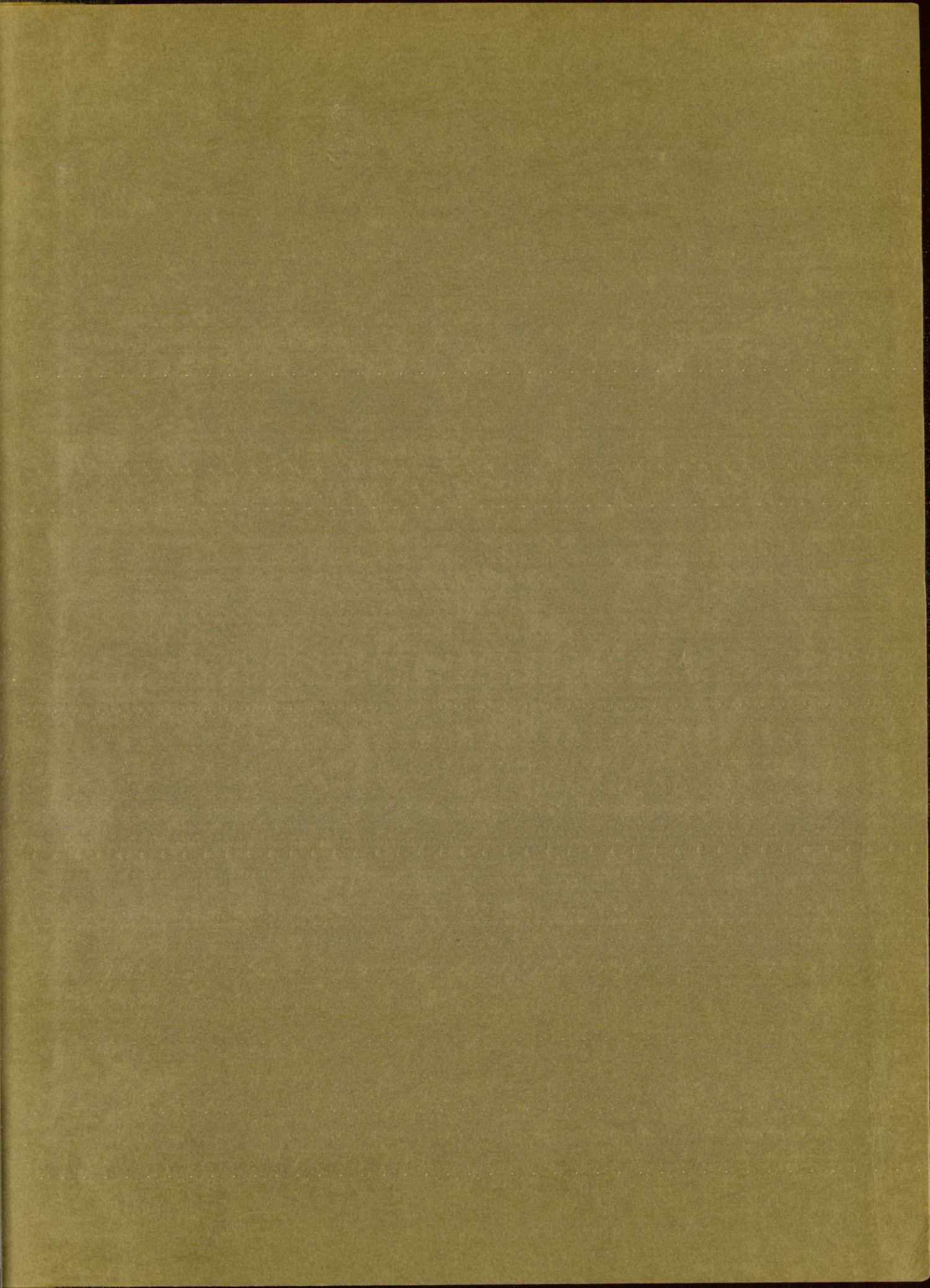














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