Faculty-Talk Post: Wed. Sept. 12th.
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Preamble: The following is over 2,500 words. Given the importance of the issue, I have attempted to be as thorough as possible.

This post offers some reflections on the dispute playing out in the pages of the Las Cruces Sun News between NMSU’s Regents and former senior administrators Garrey Carruthers, Dan Howard, and Bernadette Montoya. The dispute concerns cost overruns associated with a new scholarship program designed to attract more high academic achieving freshmen. The 2017 projected budget was 9.5 million. The Regents claim an estimated cost of 14.8 million, thus an estimated shortfall of 5.3 million. The former senior administrators contend the actual shortfall is 4.1 million. So, both sides agree the difference is more than 4 million and the shortfall is a result of the new scholarship program introduced in 2016. Regent Hicks is quoted in the Las Cruces Sun News as saying, "We were not adequately or accurately informed of the financial impact of this 2016 decision.” The substance of Hicks’ charge is that former senior administrators withheld relevant information from the Regents about the shortfall. In other words, Hick’s charge is one of a conspiracy at the highest level. Let that sink in for a moment. Consider further that if there is such a conspiracy, it would have had to go much further than the former senior administrators, since many individuals are involved in tracking the information at the heart of this dispute and communicating it to the Regents. This includes personnel in both Enrollment Management and Administration and Finance.

The greatest concern for the NMSU community is that one of these two groups is not telling the truth. Both sides cannot be right. If the NMSU community is committed to truth and justice, then we should demand that those who are not telling the truth relinquish their positions and offer a public apology. For on the one hand, if there has been a conspiracy, then the harm is obvious: The Regents are ultimately responsible for the stewardship of NMSU’s resources and a conspiracy involving a budget overrun would seriously interfere with their fiduciary responsibility. On the other hand, if there is no conspiracy, then the reputation of three long-serving members of the NMSU community has been willfully and wrongfully damaged.

To anticipate my conclusion, everything that I have uncovered confirms the former senior administrators’ side. As noted, this document is rather long. This is mostly a function of the fact that I have attempted to be as charitable as possible in reconstructing the Regents’ remarks and (putative) evidence.

An analogy may help parse some of the dispute. Suppose there is a fatality in one of NMSU’s parking lots. The victim was run over by a car doing 14.8 mph in a parking lot with a posted speed limit of 9.5 mph. (The speeds in mph are, coincidentally, the same as the Regents’ estimated budget numbers above in millions.) The NMSU police chief, Chief Hicks, lays the blame at her deputies’ feet in the local newspaper, “My deputies, Dan and Garrey, knew people were speeding, but I was not adequately or accurately informed.” There are two questions we can ask of Chief Hicks:

i. Did the deputies provide any information about speeding?
ii. Did the deputies provide accurate information about speeding?

The first question is at least as important as the second. After all, if the Chief knows that there is speeding, then the Chief should pay special attention to the problem.
Interestingly, it may be that Regent Hicks does not deny knowing there was a budget overrun, perhaps as far back as July 2017, the time when President Carruthers claims the Regents were first advised about the situation. (Although the letter was signed by Carruthers, Howard, and Montoya, I shall refer to ‘Carruthers’ in the singular to avoid repetition.) Unfortunately, Hick’s language is far from clear on this point. So, one possibility is that when Hicks says she was not “adequately or accurately informed,” she means that she was informed that there was some cost overrun, it is just that information about the size of the overrun was concealed. Let me call this the “partial knowledge interpretation”: Hicks admits she knew there were some cost overruns prior to March 2018, but the full extent of the overruns was kept secret by the conspiracy perpetrated by the former administration.

The partial knowledge interpretation seems quite damaging. If Hicks knew about cost overruns, why wasn’t the situation monitored more closely? One would think that it would be a top priority to analyze what happened and figure out how to avoid the same problem in the future. This is even more surprising given Carruthers’s contention:

> Typically the Regents Budget committee would meet 4 to 6 times in the spring to discuss budget priorities and to make a Budget recommendation to the Board of Regents at their May meeting. For whatever reason, Regents Budget Committee Chair Kari Mitchell did not call any meetings of the Committee after February 2018, hence there were no opportunities to brief the Regents in a public forum regarding the status of the scholarship program.

If Hicks knew about at least some cost overruns, then there is no excuse to cancel the regularly scheduled meetings. If the former senior administrators’ claims about the frequency of these meetings can be verified, it seems the NMSU community should investigate whether the current Regents are up to the task of managing NMSU’s resources effectively. And indeed, Carruthers’s contention is that his team was proactive in revising the scholarship program to avoid a similar problem in the future. The Regents, according to their version of events, played no part in this.

A much better defense for the Regents seems to be the “no knowledge interpretation”: The Regents knew nothing about the budget shortfall until March 2018. Perhaps this is what Regent Hicks means when she says she was not “adequately and accurately informed.” On this interpretation, to be “adequately informed” means to be informed at all. Carruthers acknowledges knowing about a shortfall well before this time, going back at least to July 2017. If it is true that the Regents weren’t informed at all, the Regents could rightly claim they are victims of a conspiracy.

The counter claims by Carruthers are:

A. The Regents were informed about cost overruns of the new scholarship program at a meeting at the NMSU residence on July 31, 2017. The Enrollment Management presentation at this meeting began with that preliminary data indicated “good news and bad news”: projected enrollment for the fall indicated a bumper crop of new students, but it looked like scholarship awards would also be above projections. (No dollar amount was indicated.)

B. At a Regent’s Budget Meeting in the fall of 2017, the Senior Vice President for Administration and Finance shared the cost overruns with the Regent’s Budget Committee. (A preliminary estimate of an overrun of 2.0 million was provided.)
C. Two Regents on the Regent’s Budget Committee, Mitchel and Hutchinson, were told on or before Feb. 2018 that the cost overrun was estimated at 3.8 million dollars.

If Regent Hicks claims that no information was given about the cost overruns, and if any of A to C can be confirmed, then we have a straight-out inconsistency. Unfortunately, there are no detailed public records of these meetings. There are minutes from the July 2017 meeting, but they are very scant. A meeting that stretched into a second day is summarized in about two pages. Clearly, much was left out. There is no public record I can find of the budget meetings. To the best of my knowledge, the only way to confirm what was said at these meetings is to ask those in attendance.

This is what I have done. I have independently confirmed that A through C are very likely true. In particular, I have spoken to individuals (Deepthroats I and II) who are not party to the dispute to corroborate A to C. (That is, the individuals are not Garrey Carruthers, Dan Howard, or Bernadette Montoya.) So, through independent investigation, I have good evidence that A to C are true, and that Regent Hicks is not speaking the truth when she claims, “It was not until the week prior to the March 28, 2018 Regents Strategic Investment Summit meeting that a budget line item was disclosed at 2.0 million.” Instead, the 2.0 million number comes from a meeting in the fall, and a figure of 3.8 million was presented to the Regents’ Budget Committee on or about February 2018.

As you can imagine, Deepthroats I and II prefer to remain anonymous given the enormous power that the Regents wield. Nevertheless, it would be very easy for the Regents to provide the opportunity for independent corroboration of their version and put this whole dispute to bed: they could give their permission for an independent source, like the Las Cruces Sun News or the Albuquerque Journal, to interview all the parties at the various meetings and provide written assurance that the parties will suffer no punitive action. This would be a very powerful way for the Regents to confirm their version of events. I, for one, would be more than willing to change my mind should a reporter confirm the Regents’ version, when such an assurance is provided. Of course, if the Regents’ version of events is false, then they have a very powerful reason not to encourage or permit such an investigation.

To pursue the claim about “accurate information” further, we must first clarify a facet of the epistemology of budget forecasts. Forecasts are made under epistemic uncertainty, which means there will often be a discrepancy between projected overruns and actual overruns. In administrating this new program, some educated guesses had to be made about how many scholarship offers would be taken up by students, and what the retention rate would be. Further complicating matters is the fact that scholarships were offered at different amounts. It would be impossible for anyone to have given an entirely accurate estimate of the cost overruns in July 2017. It would have taken an omniscient being, or at least superhuman powers, to come up with the exact amount of the overrun in July 2017.

Thus, the dilemma for Regent Hicks is clear: Either her claim that the Regents were not ‘accurately informed’ means (i) the early projections were not accurate, or (ii) ‘accurately informed’ means ‘the best estimate available at the time’. The former asks the humanly impossible: no one could precisely calculate the full budget impact of the new scholarship program prior to collecting all the relevant data. To make such an accurate projection would have required knowledge of, among other things, how many scholarships would be accepted, how
many would attend NMSU in the fall after accepting, how many would maintain the required GPA, and what the retention rate would be until the spring semester of 2018.

Taking the other horn of the dilemma—interpreting ‘accurately informed’ to mean that the previous administration and their management team withheld their best estimates of the overrun—Hicks provides no evidence to substantiate this claim. Consider the putative evidence that Hicks offers: “At no time during the last two budgets did the former administration disclose the full financial impact of this scholarship program.” This ignores the aforementioned point about uncertainty in budget estimates. She claims that the estimated amount is not the same as the present administrations’ estimated amount, but this provides no evidence that the previous administration failed to provide the best available evidence at the time. This would be like your Dean arguing that you withheld information in July, before your fall class began, when you estimated there would be 10 “A”s in your new class, given that the actual number in December at the end of the course was 15. This is an obvious non-sequitur. The reply to the Dean would be that the evidence at the time indicated 10, and it would have been epistemically irresponsible to estimate higher. Hick’s evidence—the discrepancy between predicted and actual projections of the budget shortfall—follows the same pattern: a mere gap between estimate and actual cost is no evidence at all that the estimate did not use the best available evidence at the time. Rather, this demonstrates an elementary error in reasoning.

To the best of my knowledge, the Regents were provided with an increasingly accurate estimate as the financial year, July 2017 to June 2018, progressed. As indicated above, an initial, somewhat vague, warning of “bad news” was given less than a month into budget year at the July 31, 2017 Regents’ meeting. In the fall, the first concrete estimate was provided to the Regents’ Budget Committee: 2 million dollars. Finally, in early 2018, the Regents were told the shortfall was estimated at 3.8 million. This is very close to the actual shortfall of 4.1 million. This pattern fits perfectly with what we know about making projections under uncertainty, and the expectation that such estimates should become more accurate as data is gathered.

The problem with the Regents’ reasoning can be further elucidated by considering this possibility: suppose the senior administrators claimed that they provided a projection of a budget overrun of 4.1 million on July 31st, the exact amount of the overrun calculated about a year later. This would be evidence that they are lying. Given the paucity of data at the time, this would mean that they had made a very lucky guess, or that they lied. I would bet on the latter. But this shows again that the standard cannot be to have guessed the correct amount in advance of collecting all the data, rather, the standard must be to provide the best estimate. Again, the Regents have provided no evidence that this standard was not met by the former administrators.

I have gone through these different interpretations of what Regent Hicks might mean in order to be as fair as possible. I harbor no personal animosity to the Regents. I can’t even say that I am particularly upset about the cost overruns. The additional expenditure went to funding student scholarships. I’m sure most of us can think of ways that the university spends its money much less wisely than supporting students. I’m not surprised in the least that the program went over budget. It was a new program so there was no base rate to use. Outside consultants advised on the new program using base rates from other universities. (This, incidentally, is a revelatory message for those who think that consultants offer the services of an oracle rather than merely high-priced opinions. We see this now where our new consultants criticize programs endorsed by the previous consultants—high-priced opinion criticizing high-priced opinion. Good work, I suppose, if you can get it.) It turns out that the new scholarship program was much more successful than anticipated. That should have been the end of it: lesson learned. And as
Carruthers intimates, the lesson is a happy one; NMSU is more desirable to high achieving students than we thought. Furthermore, according to the previous senior administrators, the possibility of an overrun was even anticipated in the projected budget in terms of a contingency fund. I’m not an expert in budget matters, but those who are could fact-check this claim.

The Regents’ attacks on the former administration raises concerns about the integrity of those at the very top. I am far from convinced that the Regents have told the truth. I am far from convinced that they responded in the way that good stewards of NMSU’s resources should. I am far from convinced that publicly attacking former senior administrators is a good means to manage NMSU. After all, future senior administration candidates may be wary of signing on, knowing they may be attacked by the Regents—especially if the Regents cannot provide evidence for their view.

My conclusions here are provisional: The relevant areas of expertise I bring to this report are logic and epistemic reasoning. Although I have done my best to fact-check with independent anonymous sources, I do not claim to be an expert in this area. As mentioned, it would be good if some of the claims made could be verified by those more qualified, e.g., the Las Cruces Sun News, or the Albuquerque Journal.

Going forward, I ask the Regents involved to seriously consider either:

(I) Proving their side by permitting an independent investigation of events by a neutral party with assurances of no reprisals for any who offer pertinent information.

(II) Apologizing to the former senior administrators and resigning from the board.

Those of us who enjoy the privilege of academic freedom and the relative safety of tenure ought to not sit by and let these charges go unproven, for otherwise we are complicit in either a conspiracy or a breach of fiduciary responsibility at the highest level.