

# ***PERSONALLY SPEAKING***

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## **IN BASEBALL AND BUSINESS SCHOOLS, MONEY DRIVES THE COMPETITION**

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**High-budget teams like the New York Yankees and Boston Red Sox are proof that with lots of money a baseball team can become a consistent contender. At the same time, low-budget teams like the Milwaukee Brewers and Pittsburgh Pirates are proof that without that kind of financial support a team is reduced to believing in miracles.<sup>1</sup>**

**The same is approximately true for accredited business schools in the four-state region of Arkansas, Louisiana, Mississippi, and Texas. Tulane University disburses on average \$523,077 in operating funds for every full-time member of its business school faculty, or nearly \$135,000 more than its closest rival -- the University of Texas-Austin.<sup>2</sup> Just as with the Yankees and Red Sox, Tulane is better positioned financially to hire talented faculty away from virtually every accredited business school in the four-state region and retain them, and to recruit promising young graduates from prestigious doctoral-degree programs across the United States.**

**There are 54 accredited business schools in the four-state region. The table below displays average operating-budget expenditures per full-time faculty in rank order for all but two.<sup>3</sup> While there are important differences between these schools such as public vs. private, doctoral degree granting vs. master's/bachelor's degree programs any school attempting to enhance its degree programs will necessarily compete against schools higher in the rank ordering. To illustrate, Louisiana Tech budgets \$132,922 per full-time faculty and is at the mid-point in the distribution. To compete effectively with Tech, McNeese State would have to double its budget. For Tech to compete with Tulane it would have to increase its budget nearly four-fold.**

**There are several well-known ways that the low-budget business school can survive. First, by limiting itself to low-cost programs at the bachelor's or master's degree**

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<sup>1</sup> Total payroll in 2004: Yankees (\$184M), Red Sox (\$127M), Pirates (\$32M), Brewers (\$28M). Source of information: *USA Today* baseball salaries database.

<sup>2</sup> This and the following information on business school operating budgets are taken from the database maintained by AACSB International that accredits business schools. The information in that database is supplied by the accredited schools themselves.

<sup>3</sup> Information on Jackson State University and Texas A&M – International is not available from AACSB.

## Operating Funds per Full-Time Faculty: Accredited Business Schools

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\$ 523,077	Tulane
388,472	UT Austin
383,319	Rice
369,116	SMU
314,128	Texas A&M
272,876	Baylor
249,640	UT Dallas
227,660	Houston
224,974	Arkansas Little Rock
214,105	UT San Antonio
213,808	Arkansas Fayetteville
213,211	TCU
209,308	Texas Tech
171,529	Millsaps
170,991	LSU Baton Rouge
152,174	Mississippi
151,714	Loyola
147,485	UNO
143,102	Trinity
141,926	UT Artlington
140,984	Southern Mississippi
140,530	Southeast Louisiana
139,647	St. Mary
133,309	Houston Clear Lake
132,969	Arkansas State
132,922	Louisiana Tech
128,766	UT Pan Am
128,235	North Texas
125,116	Texas A&M Corpus C
122,478	Abilene Christian
122,181	Texas So San Marcos
113,708	Southern
113,503	Houston Downtown
109,590	LSU Shreveport
109,338	Lamar
107,937	Louisiana Monroe
107,920	Central Arkansas
104,073	Louisiana Lafayette
103,353	Mississippi State
103,289	UTEP
99,084	Texas Southern
97,229	Sam Houston
95,641	SFA
94,592	Arkansas Tech
88,916	Henderson State
88,809	Ouachita Baptist
80,712	Grambling
80,078	Texas A&M Commerce
79,178	Nichols State
63,579	Northwestern State
62,486	McNeese
30,556	UT Tyler

level, it avoids the much more costly doctoral degree programs where faculty requirements especially in terms of research and publication are much more demanding. In baseball terminology, this way means competing at the minor-league level. All of the 12 accredited programs in the region with average operating costs per full time faculty below \$100,000 are classified as master's degree institutions. An interesting anomaly is Millsaps College that has a \$171,529 average operating budget but is a bachelor's degree granting institution and is positioned financially to attract faculty from several doctoral degree institutions in the region.

Second, the low-budget school survives by recruiting new graduates from less-than prestigious doctoral programs and replacing them as they move on to better-paying jobs at other business schools. This way resembles the farm system in baseball coupled with free agency for prime-time players. Third, the low-budget school can hire much older faculty who are receiving retirement benefits under some other system and simply want to supplement their income. This way is similar to free agency with a veteran player whose salary is split between the team for which he used to play and the one that just hired him.

Fourth, piling lots of undergraduate students into larger sections of classes generates the funds necessary to cover the cost of expanding the school's offerings to include the very expensive courses required at doctoral degree level. This way is like increasing seating capacity at the ballpark by installing narrower seats and bilking fans for parking and concessions. Fifth, the low-budget business school can staff its faculty with its own graduates or with persons whose academic credentials are less than ordinary. This is like league expansion in baseball where players are promoted to the major leagues who in the past would not have been competitive at that level. In like manner, the quality of instruction and research deteriorates at low-budget business schools with faculty who are inbred, teach outside their areas of specialization, or make little effort to extend themselves to their students or invest in their own professional development. Probing questions about program quality can be finessed with the perfectly valid claim that "we're accredited."

The problem for university-age students whose parents are affluent is that the most expensive business school programs are not always the best. For other students the problem is that the best often are simply out of reach. The University of Chicago, for example, which is known for its Nobel laureates, budgets more than \$1 million dollars per faculty. However, not even counting tuition the cost of attending its Graduate School of Business is more than \$22,000 per nine months. Stanford spends more than \$800,000.

Students just embarking on their college education are well-advised to look carefully at smaller colleges and universities where resources are poured into undergraduate-degree programs rather than the very costly doctoral-degree programs, and faculty treat students with respect because nothing distinguishes an educated person more than how that person treats others. If those students decide later to continue on to graduate school or professional school, they will have the added benefit of a faculty mentor who will help them find the best program available for their unique talents and special interests and the financial support necessary to advance their education.

**There is some very good baseball played in St. Louis and Atlanta where their combined players' salaries are less than the Yankees' payroll. Just ask their fans.**

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