

The Parker-Hughes Audit

More on 'the Bottom Line' in the CoB's School of Accountancy

The recent USMNEWS.net report, "How is Hiring Michael Dugan a Good Deal?" sparked a great deal of interest among readers. That report explained how incoming CoB accounting professor Michael Dugan (from the University of Alabama) will actually *generate a net Fall 2010 loss* to the CoB of anywhere from **\$45,000** to **\$57,000**, given what is expected to be Dugan's fall 2010 salary + fringes (about \$94,000) and the tuition revenues generated by Dugan's fall 2010 teaching assignment (about \$36,000 to about \$48,000). This report provides similar analyses of "the bottom lines" pertaining to relatively new SoA faculty Paula Parker and Skip Hughes.



Paula Parker

Skip Hughes

According to the USM Registrar, Parker is scheduled to teach two courses for CoB-H. The relevant data for these are shown below.

Table 1 – Parker's Fall 2010 Teaching Data

Course	Days & Times	Enrollment	Cap	RevEnroll	RevCap
ACC 409	MW, 2-3:15	26	35	\$17,784	\$23,940
ACC 610	W, 10-12:45	2	25	\$1,824	\$22,800

The figures above indicate, using USM's new 2010-11 tuition fee schedule for in-state students, that Parker's tuition revenue production for the SoA during fall 2010 will be anywhere from \$19,608 to \$46,740. Given Parker's initial salary of \$100,000 per year, her fall 2010 compensation (salary + fringes) will be about \$62,500. This means that the CoB's SoA will face a *loss* ranging from **\$15,760** to **\$42,892**, using the figures above, from employing Parker in the fall of 2010.

Hughes' case is even more interesting, as he is not scheduled to teach during fall 2010. Assuming Hughes earns the same sum as Dugan during fall 2010 – \$93,750 in salary and fringes – then the CoB's SoA faces a *loss* of **\$93,750** from having Hughes around from August-2010 through December-2010. Thus, the loss range from the combination of Parker and Hughes is **\$109,510** to **\$136,642**. If Dugan is thrown into the mix, the loss range jumps to **\$154,000-\$194,000**.