

Do You Want the 1st or 43rd Pick in the NFL Draft?

Each year the National Football League (NFL) conducts a draft in which the 32 teams take turns picking the best college players. Most people assume that the players picked earlier are the better football players. For this reason, where a player is picked in the draft largely determines that player's starting salary: the earlier chosen, the higher the salary.

After studying the NFL draft, two economists argue that how valuable a player is to a team depends on how productive the player is, and how much he is paid. For example, player 1 might perform better than player 2, but be paid twice as much as player 2. But unless player 1 is twice as valuable on the field as player 2, then either he is being "overpaid" or player 2 is being "underpaid."

The economists collected data from the last 17 drafts and tried to figure out which draft picks were the "best" for the amount of money they were paid. The economists tried to identify not the best overall player, but the "best per dollar" player.

What did they discover? The best per dollar player is not usually the first pick in the first round. Instead, the best pick per dollar is usually the 43rd person picked, which is the 11th pick in the second round. In 2004, this pick went to the Dallas Cowboys, who took running back Julius Jones. Jones ran for 819 yards and scored seven touchdowns in eight games. Cost to Dallas for Jones's six-year contract: a very reasonable \$4.37 million (the first pick that year, Eli Manning, received a six-year, \$54 million contract).

The strategy outlined by the economists – go with lower-priced players in the second round rather than higher-priced players in the first round – is

said to have been the strategy employed by General Manager Bobby Beathard of the Washington Redskins in the 1980s. He often traded away his first round picks for lower priced picks in later rounds. The team Beathard built using this strategy won three Super Bowls. In more recent years, the New England Patriots won three Super Bowl titles in four years led by quarterback Tom Brady, who wasn't drafted until the sixth round.

So, if the economists are right, why are many teams paying too much for some of the early picks in the draft? Some have speculated that it is difficult to correctly estimate an athlete's worth over time, as compared to other types of employees. For example, could you estimate a typist's productivity over time? A typist who types 60 words this year is likely to type 60 words next year and 60 words the year after. His or her work environment and skills might improve modestly, but will probably be fairly constant from one year to the next.

The productivity of football players, on the other hand, seems to be very different. A football player usually plays with different team members and for different coaches from one year to the next, both of which impact the player's performance. It is also the case that injuries and age can have a major impact on a player's performance, much more significantly than in other occupations.

Since the two economists published their research, a number of NFL teams have contacted them for advice. It will be interesting to see which teams, if any, continue to overpay top picks. And by the way, how has your favorite team done in recent drafts?

Questions for Discussion *(2 sentence minimum each)*

1. How does this article relate to our recent discussions about economics? Explain.
2. What is your personal opinion about this article? Do you agree with the author? Why or why not?
3. Can this concept apply to areas outside of sports? Give some examples.