Analyzing NFL Player Value vs. Compensation

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Abstract

The NFL is headlined by its superstar players. Players like Patrick Mahomes, Justin Jefferson, and Myles Garrett dominate media coverage and their contracts make up a massive percentage of the salary cap. Due to this, the players in the NFL's middle class – dependable starters and skilled specialists – go underdiscussed and underpaid. It is the responsibility of the NFLPA to help correct this by adding and expanding equitable provisions in the Collective Bargaining Agreement (CBA).

Methods

- Contract data from OverTheCap (filtered for 2010-2024)
- Divided NFL salaries into quintiles
- Central 3 quintiles represents "middle class"
- Using common measures of performance by position, such as passing yards for QBs, we compare performance share to compensation share by year.
- ❖ Identify provisions in the 2020 CBA that have expanded prosperity for the middle class
- ❖ Brainstorm new provisions that would further stimulate the middle class.

Results

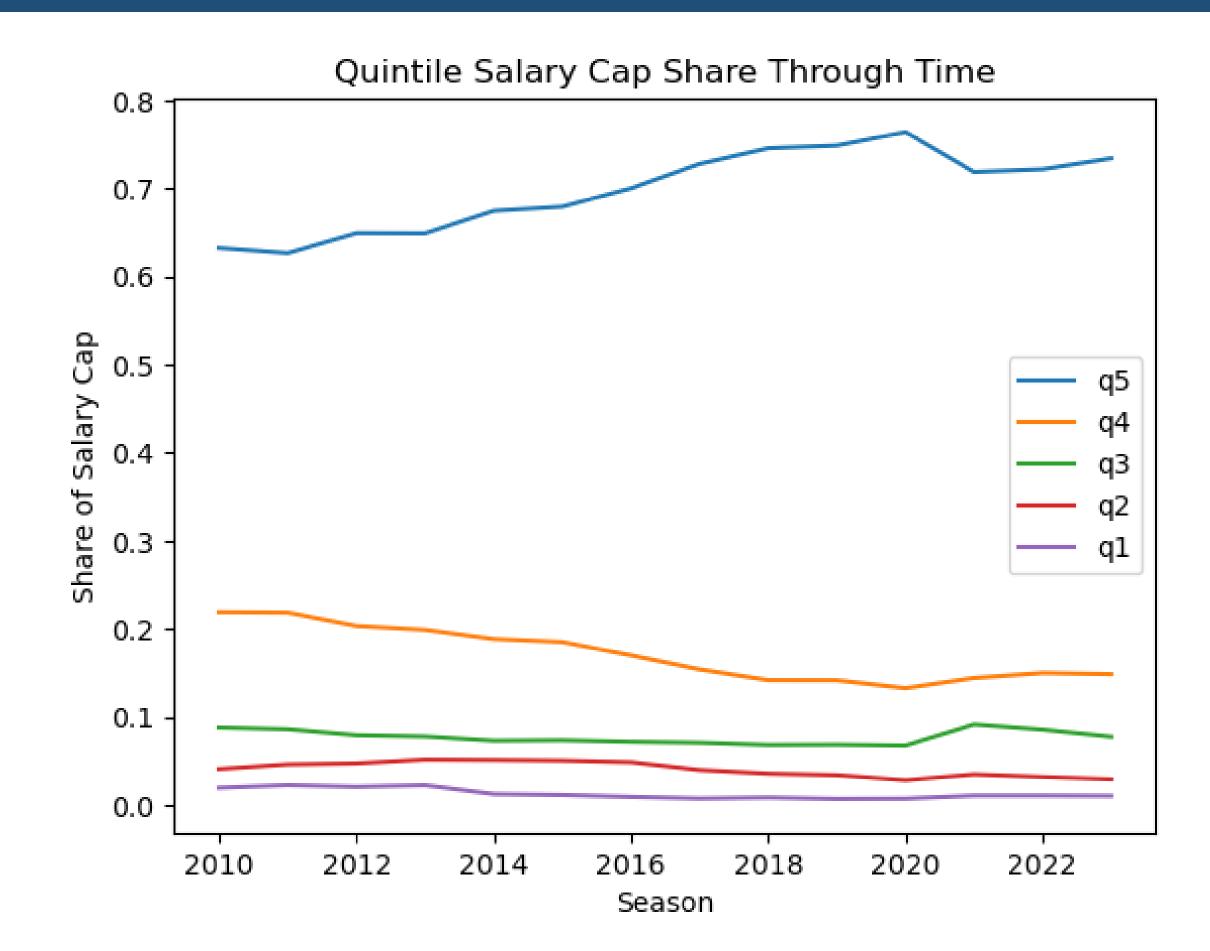


Figure 1: Over time, the total share of the salary cap for the richest 20% of the NFL has increased.

Results

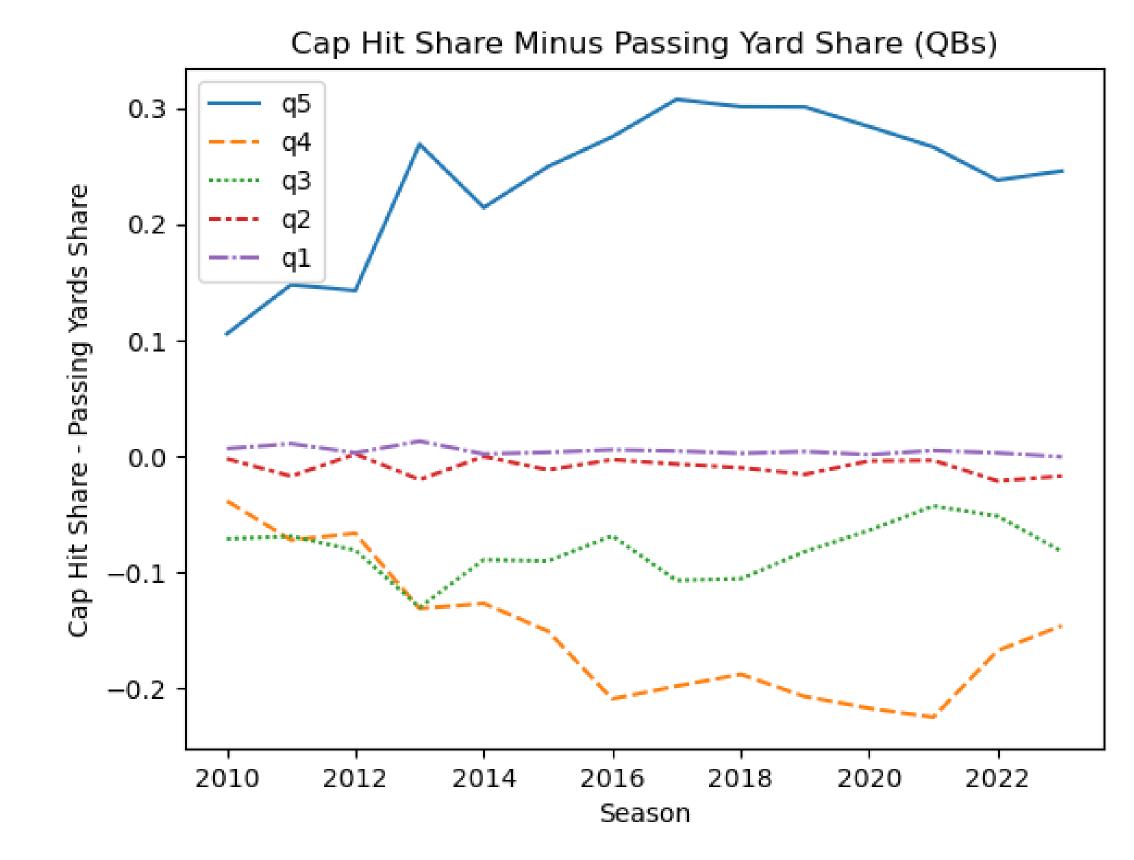


Figure 2: Performance vs compensation for QBs. The 5th quintile of QBs make more money relative to their production, while the 3rd and 4th quintiles are underpaid.

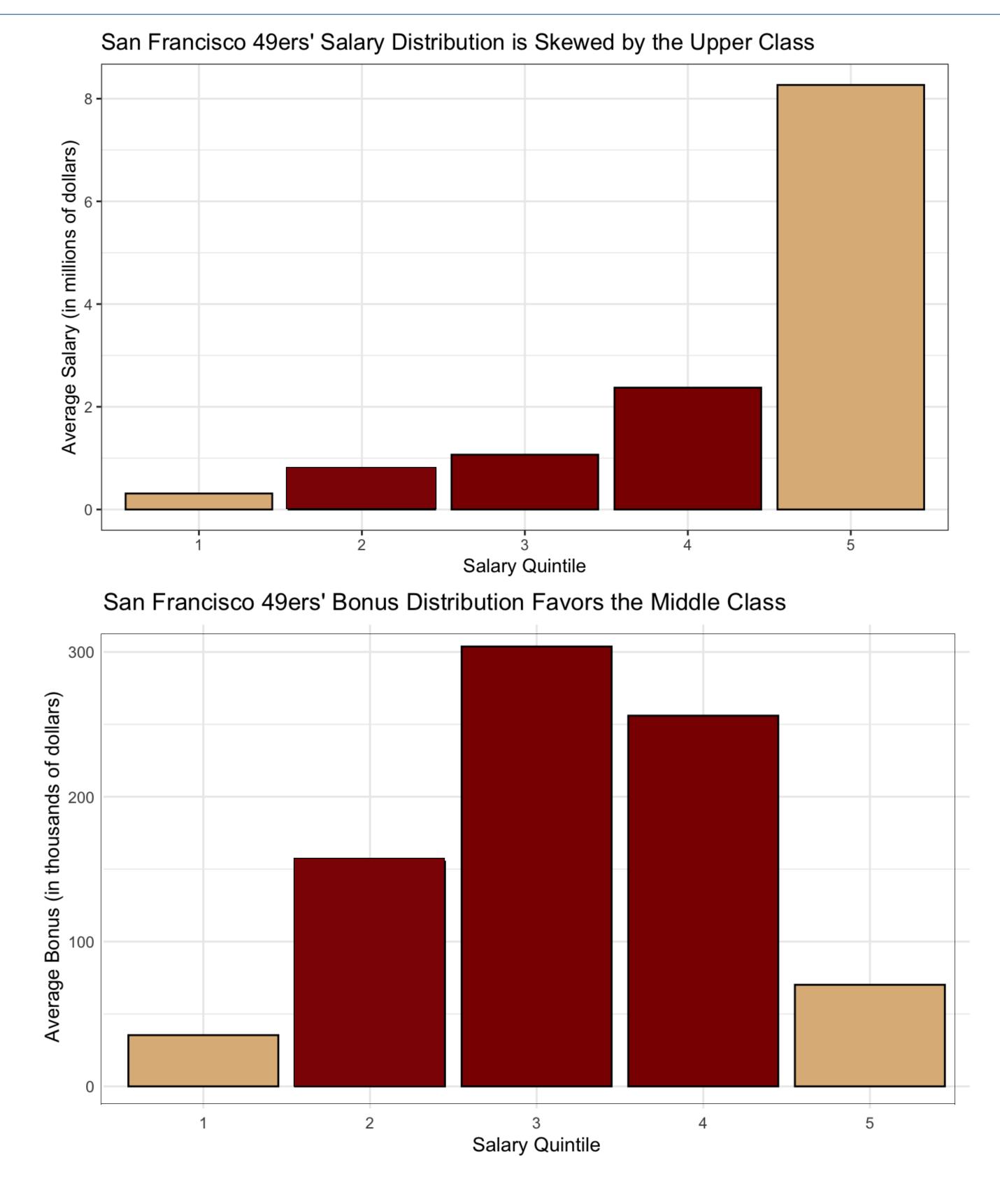


Figure 3: The performance-based pay system benefits the middle class of NFL players and expanding it would be beneficial.

Conclusions

- The middle class's share of revenue has declined 9.2% from 2010 to 2024.
- From 2010-2020, the middle class was increasingly under-compensated relative to their performance on the field.
- The 2020 CBA led to an **8.7% decrease** in the revenue share gap between middle and upper-class players in the immediately-following season.
- To increase the middle class, we propose strengthening existing policies implemented in the 2020 CBA, such as performance-based pay and minimum salaries.
- We also propose instituting maximum contract limits to help balance league revenue share.

Future Directions

- *Better measures of production such as Pro Football Focus' Wins Above Replacement could be used and expanded to other positions.
- * More advanced economic concepts such as antitrust and bargaining models could be used to analyze the relationship between the NFLPA and NFL owners.

Paper and References

