



New Orleans Saints Salary Cap Analysis

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About the New Orleans Saints

The New Orleans Saints is a professional football team located in New Orleans, Louisiana that competes in the National Football League (NFL). New Orleans was awarded the NFL's 16th franchise on November 1, 1966.

Since competing in the NFL, the Saints have **won one National Championship in 2010, and have been to the playoffs 14 times in their 56 seasons.** The New Orleans Saints' current owner is Gayle Benson. Gayle Benson has hired many executives, including Mickey Loomis who has been the General Manager of the Saints since 2002, to help compete in the NFL.



Mission and Core Objective

Mission

The New Orleans Saints are a football team and compete to win, but it is important to remember that they are also a business that also **competes for market share and profit**. **Generating cash flow and growing profits** are the priority of the Saints, but these two objectives are largely driven by success of the football team.

Core Objective

The New Orleans Saints' core objective is to **maximize and balance the short-term and long-term success of their football team** by providing the best possible players and staff within a set budget.

About the National Football League (NFL)

The NFL contains 32 professional football teams spanning the United States. These teams compete in a hyper-competitive league not only for wins, but for revenue. The NFL is in the sports entertainment industry and is the most prolific sports entertainment league in the United States.

The 32 teams make profits in two broad categories. The first is a **pool of revenue that is split equally amongst all teams** no matter any team's individual performance. The revenue streams that go into this pool include, but are not limited to, national merchandise, licensing, and TV contracts. Second, each team also has its **own local source of revenue** that is driven by concession sales, ticket sales, corporate sponsors, and other sources of revenue.



Player and Position Salary Evolution from 2012-2023

Peak Salary Comparisons:

After analyzing data from several sources, it is apparent that player salaries in the National Football League (NFL) have increased significantly over the past decade. Since 2012, the **NFL salary cap has increased by 86.5% reaching \$224.8 million in 2023.**

As a result, player salaries across various positions have also **risen significantly**. The data from Pro Football Reference shows that top-paid players have experienced greater salary increases than the typical NFL player. For instance, Drew Brees was the highest-paid player in the NFL with an annual salary of \$20 million in 2012. On the other hand, Aaron Rodgers, the current highest-paid player in the NFL, earns an astonishing \$50.3 million annually. This substantial increase is a clear indication of the upward trend in player salaries over the past decade.

Moreover, the data suggests that the salary distribution has become more polarized over time, with the highest-paid players earning a larger proportion than the average player. The top-paid quarterbacks such as Patrick Mahomes, Aaron Rodgers, and Russell Wilson make up a large portion of the total salary cap. Specifically, the **top 10 highest-paid players account for approximately 17% of the total salary cap in 2023.**



Player and Position Salary Evolution from 2012-2023

Avg Salary Comparisons:

Based on the figure below, it is evident that there has been a considerable increase in the average salary of NFL players between 2012-2023. For the most part, each year, the average NFL player's salary has increased aside from 2015, 2018, and 2019. **In 2012, the estimated average salary was \$1.88 million, and by 2023, it had risen by more than 133% to \$4.40 million.** Although this may not be a complete picture of the NFL's salary structure, it is a positive step toward ensuring the financial stability of players and the league as a whole.

The increase in average salary can be attributed to several factors, including the rise in salary cap and revenue sharing agreements, revenue growth, media deals, sponsorship, and the new collective bargaining agreement (CBA) that raised the minimum salary in the NFL. As a result, teams have been able to spend more money on player salaries. Furthermore, the NFL's growing popularity has resulted in higher demand for players and games, leading to the league valuing individual players more, resulting in higher pay. Moving forward, we should continue to expect these factors to influence player salaries.



Player and Position Salary Evolution from 2012-2023

Positional Spending Average Comparisons:

There have been notable changes in the average salary spent on each position by NFL teams from 2012-2023. The **most obvious is that of the quarterback, which has more than doubled from \$3.10 million in 2012 to \$6.70 million in 2023**. This is not surprising, given the importance of the quarterback position in football, and the NFL's shift towards a pass-first league. Another notable change is the increase in average salaries for running backs/fullbacks, wide receivers, tight ends, offensive linemen, defensive linemen, linebackers, and defensive backs. The average salary for each of these positions has increased by at least \$1 million since 2012.

While the average salary for kickers/punters/long snappers has increased slightly in comparison to other positions (\$1.30 million in 2012 to \$2.00 million in 2023). This is likely a result of the NFL viewing this position as less important than other positions in football. Thus, teams aren't willing to allocate large portions of their salary cap toward them.

Overall, these changes in average team spending by position reflect the progressive nature of the NFL. Over time, they have prioritized certain positions such as quarterback, wide receiver, and defensive back as a result of the pass-heavy league. Assessing the value of players and positions will continue to be a challenge, as the league evolves.

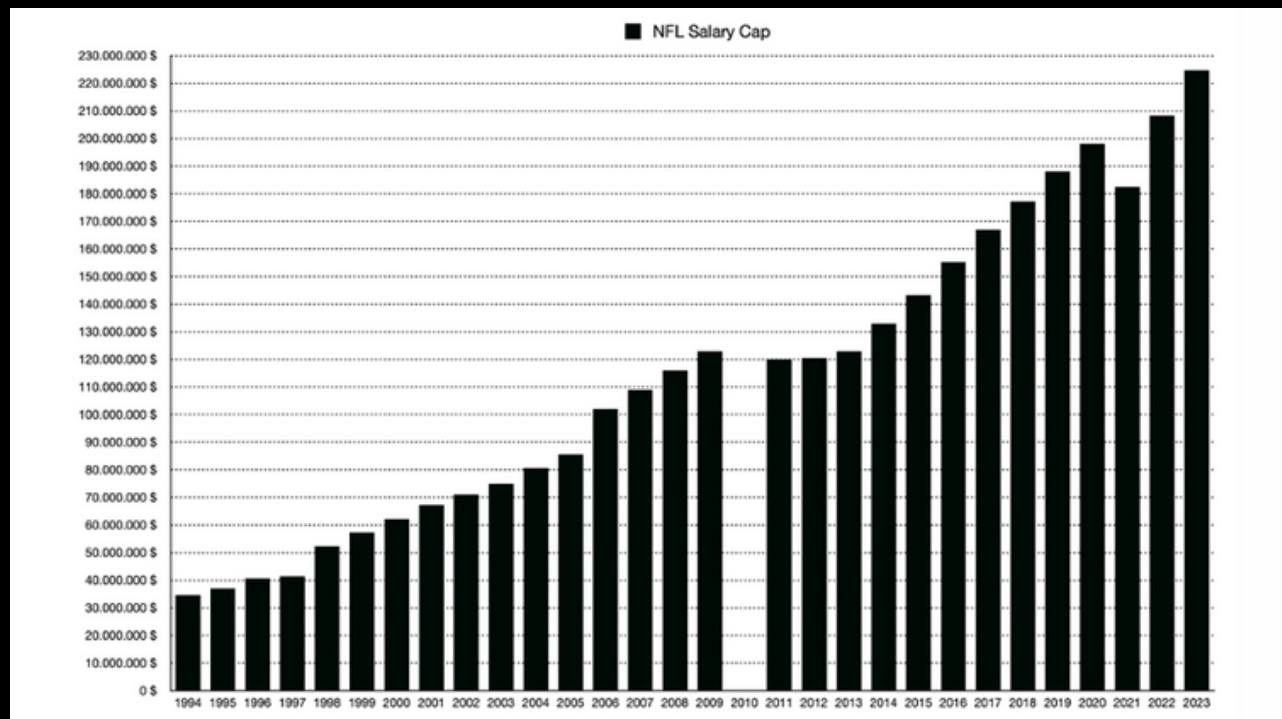


Player and Position Salary Evolution from 2012-2023

Salary Cap:

In regards to the salary cap, this is something that has been growing since the year 2012 very steadily. When looking at 2012, you can see that the salary cap was a little under \$121 million, and the previous two years have had little or no increase to the salary cap. **Looking at today's NFL, it has almost doubled in the 11 years** since then. This year, the NFL is looking at a \$224.8 million cap. After 11 years of continuous growth and more and more players getting major contracts, NFL executives have had to work around it and find ways to use this growth to their advantage on the field as well as in-house. As the average wages rose, so did the salary cap. Teams were taking risks on talent and once one player got their payday so did others in that same position. Thinking creatively is what Khai Harley and his team have been doing for quite some time as there are many moving parts in this industry.

Salary Cap - 1994-2023



Player and Position Salary Evolution from 2012-2023

Salary Cap continued:

From the previous graph, you can see that after 2012 there was a steep incline on the salary cap. While the salary cap was going up, so were the wages so most of the time the salary cap was going up because of the wages. Then in 2021, the salary cap went down a little due to COVID-19, and then back up to about the same pattern of incline as before the dip. The resurgence of football was massive after COVID as many people wanted to go back to games. The bounce back, in large, was a major success, however, the wages were still going up even with COVID.

As the salary cap increased, so did the rosters of every team. With the **salaries going up, it was more and more difficult for teams to compete in free agency**. Free agency became more competitive and teams were striving to sign players for less. This also meant the contracts were shorter because that meant that teams could spend less guaranteed money on players and focus on short term goals. They could also take advantage of signing veterans for short contracts to mentor the new guys coming in from college.



Player and Position Salary Evolution from 2012-2023

Salary Cap continued:

In regards to Khai and his team, they were successful in achieving a very difficult task in managing their salary cap. The Saints are in the conversation of having very little salary room when the offseason rolls around and they always manage to go out and get guys like Derek Carr while still keeping their budget under the salary cap. It is extremely impressive especially with the amount of money many quarterbacks are getting in the NFL right now. Contract restructuring has been the main reason this all can be done without having to wait out contracts to open space. This is challenging to do because players want to make money and convincing some players to receive the money later or to take a pay cut is not a small task at all. In order to restructure most of these contracts, teams also must make moves through trades to be at a place where restructuring makes sense. However, in the end **restructuring means the back end of contracts are more expensive causing there to be a lot of guarantees by the end of the contract.** Dead money is the major problem many teams run into. Having to pay the extra money by the end of the contract while they may or may not be signed to the team is a difficult price to pay. However, the **upside of restructuring far outweighs the cons.** Bringing in talent that will help the team succeed is the priority here. Each season is a new season and you have to have the end in mind. Being a team that is constantly in the mix, Khai and his team have leveraged this to their advantage.



Shifts in Player Position Spending as a Percentage of the Cap

The NFL is a hyper-competitive league that involves a vast amount of talented athletes and a vast amount of smart and strategic coaches. Strategies, formations, and head-coaching/coordinator styles are ever-changing. This competitive and fluid environment causes multiple shifts year after year in player personnel choice to either gain a competitive advantage, exploit a current trend, or to create a mismatch for a top level contender. Below are two separate heat charts containing position group spending data as well as cumulative offensive and defensive spending from all 32 NFL teams from 2013 to 2023.

Year	Max Cap of NFL*	QB	RB	WR	TE	OL	Offense
2023	\$7,193,600,000.00	8.01%	4.57%	11.76%	4.75%	18.44%	47.53%
2022	\$6,662,400,000.00	8.51%	3.77%	9.52%	4.13%	15.56%	41.49%
2021	\$5,840,000,000.00	8.75%	4.19%	9.83%	4.63%	16.84%	44.24%
2020	\$6,342,400,000.00	9.45%	4.00%	10.00%	4.58%	17.06%	45.09%
2019	\$6,022,400,000.00	9.55%	3.54%	10.01%	4.14%	17.19%	44.42%
2018	\$5,670,400,000.00	10.35%	3.58%	9.90%	4.48%	16.45%	44.75%
2017	\$5,344,000,000.00	9.68%	4.11%	9.88%	4.81%	15.84%	44.31%
2016	\$4,968,640,000.00	10.57%	3.89%	9.95%	4.45%	14.73%	43.58%
2015	\$4,584,960,000.00	8.98%	4.18%	9.48%	4.76%	14.77%	42.17%
2014	\$4,256,000,000.00	8.90%	4.82%	9.38%	4.23%	15.57%	42.91%
2013	\$3,955,200,000.00	8.17%	5.51%	9.26%	4.44%	15.53%	42.91%

Year	Max Cap of NFL*	IDL	EDGE	LB	S	CB	Defense
2023	\$7,193,600,000.00	10.49%	10.05%	6.24%	6.82%	8.84%	42.44%
2022	\$6,662,400,000.00	9.20%	9.31%	5.64%	5.89%	8.29%	38.32%
2021	\$5,840,000,000.00	9.43%	9.89%	6.89%	6.15%	8.69%	41.06%
2020	\$6,342,400,000.00	9.49%	10.27%	6.69%	6.01%	8.67%	41.14%
2019	\$6,022,400,000.00	8.39%	9.24%	6.66%	6.03%	9.22%	39.53%
2018	\$5,670,400,000.00	8.74%	9.93%	6.93%	6.02%	9.12%	40.73%
2017	\$5,344,000,000.00	9.06%	10.04%	6.43%	6.20%	8.81%	40.55%
2016	\$4,968,640,000.00	8.58%	9.98%	6.76%	6.31%	9.26%	40.89%
2015	\$4,584,960,000.00	8.82%	10.35%	7.15%	6.20%	9.15%	41.68%
2014	\$4,256,000,000.00	9.52%	10.41%	7.56%	5.77%	8.44%	41.70%
2013	\$3,955,200,000.00	8.97%	10.02%	7.17%	5.97%	8.54%	40.68%

" = Increase in spending from last year in terms of percentage of max cap"

" = Decrease in spending from last year in terms of percentage of max cap"

*Max Cap of NFL is calculated as the set Max Cap of each year multiplied by 32 (number of teams in the NFL).

*Percentages may not add up completely to 100% due to a variety of reasons such as special teams players, teams not using all of their cap space, or re-negotiations of players' contracts.

Shifts in Player Position Spending as a Percentage of the Cap

There are some interesting takeaways from these two heat maps. The first interesting metric I found using this chart is that, in 2023, **teams on average spent a larger percentage of their cap on defensive players, with a greater than 4% increase than 2022**. While increases and decreases happen each year in spending in defense, this was by far the largest increase in the past 10 years, and this is the only year where all defensive position groups experienced an increase in spending relative to the cap. While all position groups did experience an increase in spending relative to the cap, the **Interior Defensive Linemen and Edge rushers experienced the largest increase in spending relative to the cap**. It is likely that the increase in defense spending overall, as well as a focus on IDL and EDGE players, is due to the elevated passing game in the NFL relative to the previous years in the NFL. Quarterback talent across the NFL is arguably at an all time high while also being utilized at a higher rate than ever before due to the implementation and complex development of the spread offense. Patrick Mahomes, Joe Burrow, Josh Allen, Aaron Rodgers, and many other quarterbacks are able to thrive under the spread offense and it has been increasingly more difficult to stop these offenses, hence the spike in defense spending. The focus on IDL and EDGE players may be attributable to trying to rush the passer quicker as this is arguably the most effective way to stop a high-powered offense due to either rushing a quarterback's decision making, breaking up a play, or sacking the quarterback.



Shifts in Player Position Spending as a Percentage of the Cap

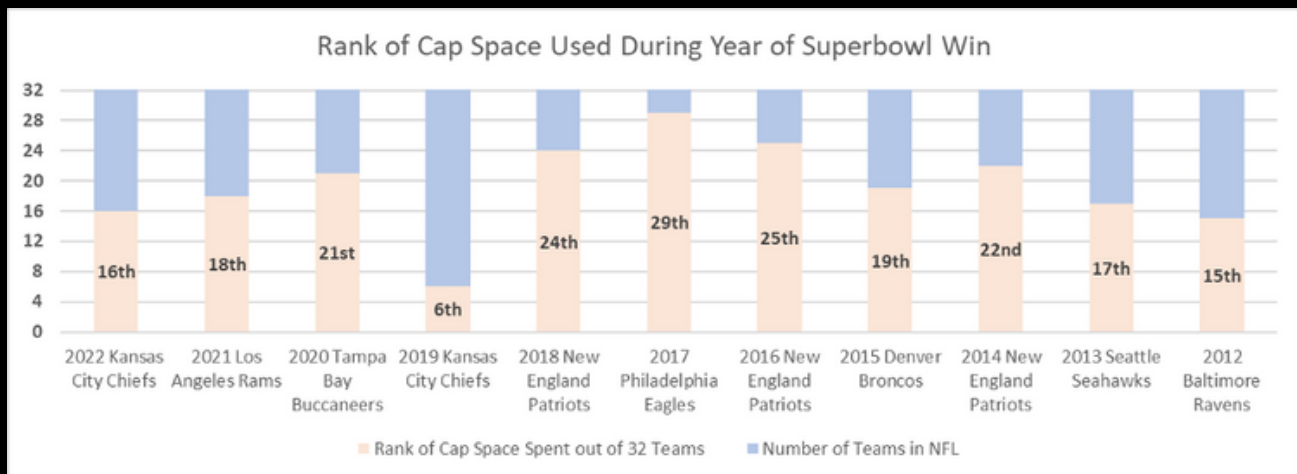
Building off of the previous statements on the spread offense, it is interesting to see that, in 2023, the **highest increase in offense spending occurred, around 5.5%**, but this included an increase at every offensive position except quarterback. This is likely attributable to the complex offensive schemes and versions of a spread offense that offensive coordinators/head coaches implement with their teams and quarterbacks. There are 32 starting quarterbacks in the NFL, and all of these quarterbacks are extremely great at what they do. Because of this fact, teams can take a marginally less talented quarterback and let them flourish in a spread system. The key to getting the spread offense to work, and the whole goal of the spread offense, is to get the ball into the hands of the skill players. To maximize this system, teams must invest into the most elite skill players which is most likely why you see the largest increase in Wide Receiver spending since 2013.

The last interesting trend is utilizing the heat maps above was more of a higher-level shift in the league's style of play. In the late 2000's and early 2010's, the NFL was viewed as more of a defensive league. Teams did not throw as often as they do in more recent years; rather, they relied on a superior run game. A common phrase was repetitively used in those previous years of the NFL: "Defense wins championships." Stopping the run and getting to the quarterback were deemed the key drivers to winning the Superbowl, so that is what teams always spent money on. Starting in about 2014, we see three consecutive decreases in defense spending while also seeing two consecutive and rather large decreases in spending in relation to the cap on IDL, EDGE, and LB players. These trends highlight the shift in offensive style and play-calling in the NFL and likely the birth of the spread offense.

This heat map is a great visual tool to spot trends in the NFL in player personnel spending. It can be utilized in many ways, such as to see which player groups are hitting a ceiling of percentage of cap space being spent on them, predicting shifts in NFL schemes, and possibly spotting competitive advantages by getting high impact players at a lower price due to the league-wide focus on other position groups.

Impact on Team Performance

While looking at the increase in salary cap and player wages over the last 11 years, you have to ask yourself are teams maximizing their salary cap space. When looking at the last 11 years, only two Super Bowl Champions were in the bottom half of the league in available cap space. Those two being the Baltimore Ravens in 2012 and the Kansas City Chiefs in 2019. This is an interesting statistic when looking at cost effectiveness from a broad view. This means that nine of the last 11 Super Bowl Champions were filling cap space more than half the league the year they won the Super Bowl.



Salary Cap to Start the Year for Past Eleven Super Bowl Champions

While looking at those statistics, most of the teams are in the middle of the pack on salary cap space. So the question still remains, **does spending more money determine success?**

Impact on Team Performance

On average the teams that spend more succeed more, however it is more complicated than that. Only three of those nine teams were in the bottom ten amount of cap space. Not only is it important to spend money but to spend it the right way. Utilizing core players that have built a culture at the franchise but finding guys that fit the mold of the franchise is precedent. Many teams on the list of eleven teams are in a variety of positions on their year's list of salary cap space. That just goes to show you that spending money isn't always the way to succeed in the NFL in today's game. Team fit, play style, and skill are among the most important ideals when forming a team. Money is part of the picture in the long run because there are certain guys that deserve the big expense and require the big expense to keep the team rolling. However, finding the right group of guys to start the year and filling the gaps in the year prior is always going to be a challenge. The quarterback is the highest paid position in the league, and the Saints know who to bring in for that role. Derek Carr, QB 1 this upcoming year, is a name that is well known around the league. They bring top talent to that position and use this to build around.

What the Saints have done very well is maintain their position on cap. They spend money and get success year in year out. However, the right group of guys is the challenging part. They have come very close to being on this list many times over the last eleven years. They manage to keep bringing in guys that bring success to the franchise, and they are on the right trajectory. Paying the players in key positions and pushing guys in other positions to the next level are very important to the Saints organization.



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