



NFL Report

Name

Institution Affiliation



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Description

a) Topic summary

The study will focus on the relationship between salaries paid to NFL and its economic stability after the players reach retirement. The topic mainly revolves around the remuneration received by NFL players and its economic sustainability. Previous research findings suggest that players get the bigger portion of incomes generated by their teams. Specifically, Burke (2010) suggests that teams pay their players up to 60% of the revenue generated. Thus, the pay the players receive is more than enough (Burke, 2010). In addition, a majority of players run into financial trouble few years after exiting the game. This paper describes the data and concepts to find use in analysing the problem identified, as well as, the implications on government/stakeholder responsibility and future research.

The main motivation for the study is the fact that NFL players are among the most paid professional football players in the United States. In addition, a majority of ex-players from this occupation have reported bankrupt only years after leaving the lucrative career (Carlson, Kim, Lusardi, & Camerer, 2015). According to Burke (2010), the average NFL league accumulates \$3.4 billion. Out of this figure, the team receives an average of \$105 million while the average player gets \$2.0 million on average (Burke, 2010). In the article, Burke (2010) convincingly argues that this amount is way beyond normal since players get much of the economic rent. The problem is not in the magnitude of money players receive, but the fact that much of this money does not seem to benefit the players at the end of their career (which in most cases is short lived). Similarly, Holstein, Jones, Koonce (2014), raises similar questions in their book by highlighting the financial unpreparedness of NFL players once they exit the game.

b) History of the Topic



According to Debra (2013), the disparity between the huge salaries paid to NFL footballers and what the average Americans receive has been contentious for the past 50 years. In particular, the author notes that in 1969, the players were being paid \$25,000 on average, which was equivalent to 4 times the average salary paid to the average citizen. More than 40 years later today as Bell notes, the players receive pay that is close to 50 times what the average American citizen receives (Debra, 2013). The only drawback to this is that NFL players are often college students who retire within 3 years on average (Burke, 2010). Despite the fact that salaries paid to these players have more than doubled in the past ten years, most retirees continue to file for bankruptcy protection (Holstein et al., 2014). This has continued to be a serious problem because most of the revenue generated by NFL teams goes directly to paying players. Thus, it is imperative to understand the economic implications of paying huge salaries to NFL players and its economic implications.

c) Expected Outcomes

Examining the salary trends within the NFL in the past 40 years reveals a skewed relationship between salaries in the NFL and economic sustainability of footballer lifestyles. Thus, this study expects to derive data that will evidence this relationship. After analysis also, it will emerge that the salaries allocated to players exceeds what the market could justify and is thus unjustified. Finally, the study hopes to establish that lifestyles adopted by NFL players is economically unsustainable especially by ex-players after retirement.

Data and Economic Concepts

The study will mainly collect data related to average player remuneration, average contract duration for players, and average cash collection by the league. It will also consider average cash collected by an average team in the NFL, average contract durations, and bankruptcy rates among ex-players in the NFL. The study will also make extensive use of the following economic concepts during the entire research process:



Economic Rent

This study will utilize concepts relating to economic rent as defined by Burke (2010). For the study, economic rent will denote the amount of money (as salary) paid to players that goes beyond the minimum amount required by the said NFL players to play in the league. According to Burke (2010), most players would accept \$80,000 as salary, but currently, the average player gets around \$8 million. Therefore, the surplus of \$ 7.2 is the resulting economic rent.

Remuneration

Remuneration will denote the monetary benefits received by players as benefit for participating in the game. In particular, the study will concentrate on the average salaries and benefits paid per player.

Economic Sustainability

In this study, sustainability will generally refer to the quality of using remuneration benefits while guaranteeing players the same in quality if utility in future.

Bankruptcy and Investments

The study will utilize the conventional meaning attached to these two term.

Analysis

How Government Policies Can Influence this Measures

The government has a hand in the regulation of player salaries, as well as, benefit programs for employees and for the purpose of this study, players. From the history section of this paper, it is clear that the salaries paid to NFL players are largely unmanageable (Holstein et al., 2014). Thus, the government can formulate policies to compel teams to pay lesser salaries that are manageable, of develop remuneration policies that regulate how players access their money. In this case, the government can put in place policies that ensure



that players receive a significant amount of their money after full completion of their education or fixed age limit.

Government policies can also influence these measures through legislation. Laws could be passed to compel teams and colleges that run the NFL to include better benefit programs that do not encourage players to waste their money. Here, the government can make it mandatory for teams to train and educate their members about investments and factors that contribute to bankruptcy. It is worth noting that a majority of NFL players usually get the hefty salaries at age 23, meaning that most of them lack the technical know-how on how to manage the huge sums of money (Holstein et al., 2014). Thus, the government can influence how the players use their money for economic sustainability through education.

Conclusion

a) Summary of Previous Topics

In conclusion, previous topics have focussed on justifying salaries paid to football players in the NFL, NBA, NHL, and MLB (Burke, 2010). The topics also covered issues relating to NFL contracts, and their impacts on the player's physical and financial wellbeing. Also, covered previously are topics related to the relationship between participation in the NFL and the academic achievements of NFL players.

b) Recommended Course of Action

The U.S. government and stakeholders in the NFL need to come up with ways of protecting players from their unsustainable lifestyles. Either, the relevant stakeholders should implement policies aimed at limiting the access players have to their huge salaries until they complete their academic courses. Reductions on salaries to include other benefit programs like education could find use in helping players. Finally, NFL teams need to educate their players on ways to invest their wealth and adopt sustainable lifestyles.

c) Impact Prediction



If the relevant stakeholders take the recommended course of action, players receive protection from their unsustainable lifestyle choices and their economic conditions after the game could improve. In contrary, the new regulations may generate conflict among players because the salaries have previously been justified. The government and stakeholders may therefore not find it easy to control the use of such salaries.

d) Unanswered Question

A question that still needs answering is whether NFL players should receive payments over a period as opposed to large lump sum payments. The understanding in this case is that smaller payments will give the players a more steady income stream at the end of their careers.

e) Further Study

Future research should focus on identifying what influences lifestyle preferences by NFL players. Outcome could find use in planning and developing education and training programs to equip the players with skills for making wise investments with their millions.



References

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