

Dallas Cowboys: 2014 Financial Scouting Report

Written By: Jason Fitzgerald, Overthecap.com

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e-mail: Jason@overthecap.com

Introduction

Welcome to one of the newest additions to the Over the Cap website: the offseason Financial Scouting Report, which should help serve as a guide to a teams' offseason planning for the 2014 season. This report focuses on the Dallas Cowboys and time permitting I will try to have a report for every team between now and the start of free agency in March. If you would like copies of other reports that are available please either e-mail me or visit the site overthecap.com

The Report Contains:

- Current Roster Overview
- 2013 Team Performances Compared to NFL Averages
- Roster Breakdown Charts
- Salary Cap Outlook
- Unrestricted and Restricted Free Agents
- Potential Salary Cap Cuts
- NFL Draft Selection Costs and Historical Positions Selected
- Salary Cap Space
- Extension Candidates
- Positions of Need and Possible Free Agent Targets

Any names listed as potential targets in free agency are my own opinions and do not reflect any "inside information" reflecting plans of various teams. It is simply opinion formed based on player availability and my perception of team needs. Player cost estimates are based on potential comparable players within the market.

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Thank you for the continued support.

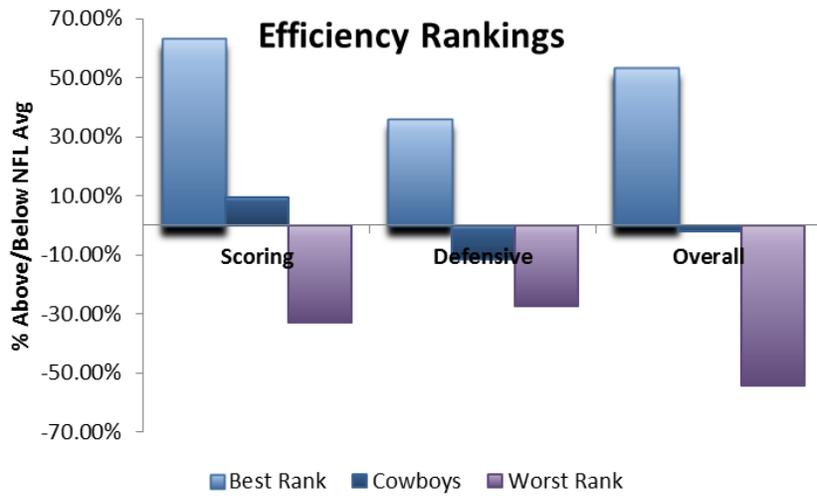
Sincerely,

Jason Fitzgerald

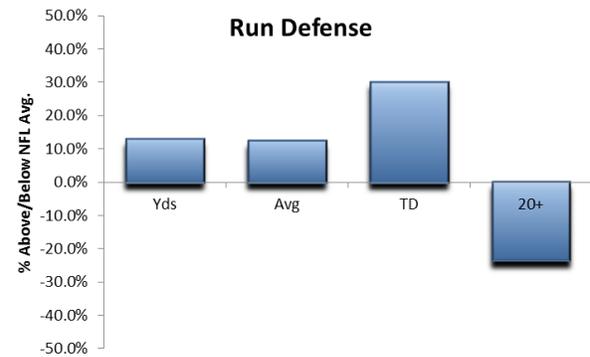
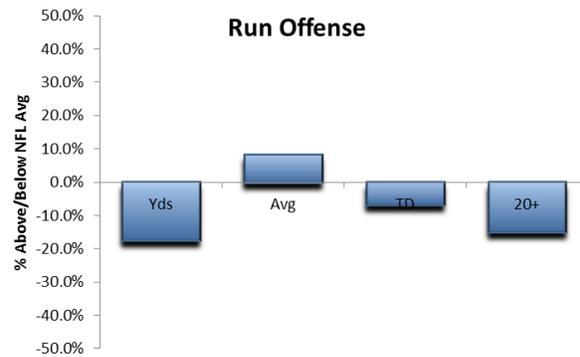
Current Roster: January 4, 2014

Player	Position	Age	Potential Starter	Remaining Contract	Cap Charge	Cash Salary	Cap Savings
Tony Romo	QB	34	Y	6	\$21,773,000	\$13,500,000	(\$19,908,000)
DeMarcus Ware	43DE	32	Y	2	\$16,003,750	\$12,750,000	\$7,432,250
Brandon Carr	CB	28	Y	3	\$12,217,000	\$7,500,000	(\$4,651,000)
Jason Witten	TE	32	Y	4	\$8,412,000	\$5,000,000	(\$236,000)
Miles Austin	WR	30	Y	3	\$8,249,400	\$5,500,000	\$393,800
Sean Lee	ILB	28	Y	6	\$7,500,000	\$5,500,000	(\$6,000,000)
Orlando Scandrick	CB	27	N	5	\$6,601,250	\$4,500,000	(\$3,602,500)
Doug Free	RT	30	Y	1	\$6,520,000	\$3,500,000	(\$480,000)
Morris Claiborne	CB	24	Y	2	\$4,435,773	\$1,868,591	(\$5,175,069)
Kyle Orton	QB	32	N	1	\$4,377,500	\$3,250,000	\$995,000
Mackenzey Bernadeau	G	29	Y	2	\$4,074,166	\$2,750,000	\$1,425,832
Tyron Smith	LT	24	Y	1	\$3,976,031	\$2,079,013	\$0
Dez Bryant	WR	26	Y	1	\$3,148,500	\$2,030,000	\$1,250,000
Jermey Parnell	RT	28	N	1	\$1,833,334	\$1,500,000	\$1,500,000
Phil Costa	C	27	N	1	\$1,725,000	\$1,500,000	\$1,500,000
Travis Frederick	C	23	Y	3	\$1,561,370	\$717,274	(\$2,717,740)
Bruce Carter	ILB	26	N	1	\$1,544,645	\$1,036,991	\$1,036,991
Barry Church	S	26	Y	3	\$1,500,000	\$1,000,000	\$0
Justin Durant	43OLB	29	Y	1	\$1,450,000	\$1,250,000	\$1,250,000
LP Ladouceur	LS	33	Y	4	\$1,005,000	\$885,000	\$525,000
Gavin Escobar	TE	23	N	3	\$956,931	\$596,386	(\$721,090)
DeMarco Murray	RB	26	Y	1	\$946,094	\$780,469	\$780,469
Tyrone Crawford	34DE	25		2	\$733,813	\$590,000	\$446,187
Corvey Irvin	DT	29	N	1	\$730,000	\$730,000	\$730,000
Everette Brown	43DE	27		1	\$730,000	\$730,000	\$730,000
George Selvie	43DE	27	Y	1	\$730,000	\$730,000	\$730,000
Nick Hayden	DT	28	Y	1	\$730,000	\$730,000	\$730,000
Terrance Williams	WR	25	Y	3	\$684,868	\$530,000	\$220,264
Dwayne Harris	WR	27	N	1	\$682,515	\$655,000	\$655,000
Kyle Wilber	43DE	24	N	2	\$679,805	\$570,000	\$460,195
JJ Wilcox	S	23	Y	3	\$661,517	\$515,000	\$221,966
Matt Johnson	S	25	N	2	\$645,146	\$570,000	\$494,854
Frank Kearse	DT	26	N	2	\$645,000	\$645,000	\$645,000
Martez Wilson	43DE	26	N	1	\$645,000	\$645,000	\$645,000
Sterling Moore	CB	24	N	1	\$645,000	\$645,000	\$645,000
Tyler Clutts	FB	30	N	1	\$645,000	\$645,000	\$645,000
B.W. Webb	CB	24	N	3	\$605,845	\$495,000	\$273,310
James Hanna	TE	25	Y	2	\$596,213	\$570,000	\$543,787
Cole Beasley	WR	25	N	1	\$570,500	\$570,000	\$570,000
Darrion Weems	LT	26	N	1	\$570,000	\$570,000	\$570,000
Lance Dunbar	RB	24	N	1	\$570,000	\$570,000	\$570,000
Orie Lemon	ILB	27	N	1	\$570,000	\$570,000	\$570,000
Joseph Randle	RB	23	N	3	\$542,220	\$495,000	\$400,560
DeVonte Holloman	43OLB	23	Y	3	\$521,055	\$495,000	\$442,890
Jakar Hamilton	S	25	N	2	\$504,333	\$495,000	\$485,666
Ben Bass	43DE	25	N	1	\$500,747	\$495,000	\$495,000
Jeff Heath	CB	23	N	2	\$495,666	\$495,000	\$494,332
Cameron Lawrence	43OLB	23	N	1	\$495,000	\$495,000	\$495,000
Jeff Olson	G	26	N	1	\$495,000	\$495,000	\$495,000
Ronald Leary	G	25	Y	1	\$495,000	\$495,000	\$495,000

2013 Performance Charts

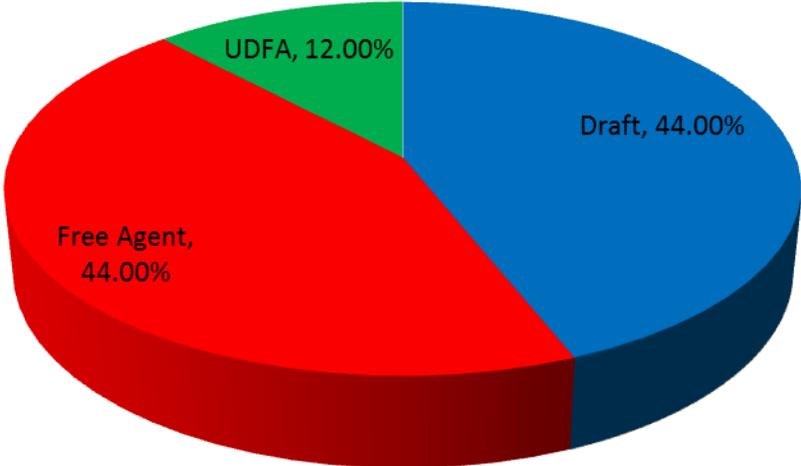


* Efficiency rankings calculate points scored and allowed compared to their 2013 schedule. A negative ranking means they scored less or allowed more points than their opponents' average. A positive ranking means they scored more or allowed less than the opponents' average.

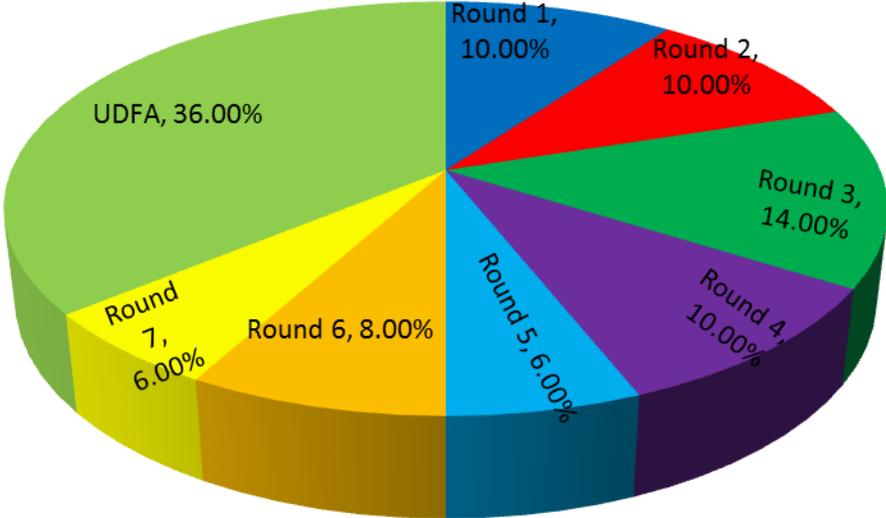


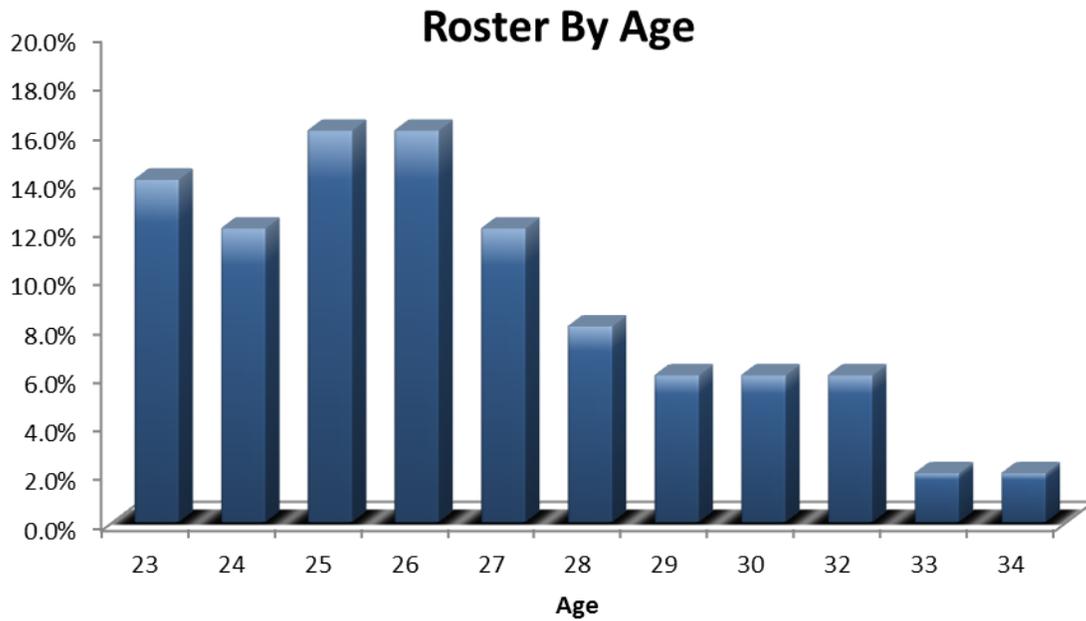
Roster Overview

Acquisition Strategy

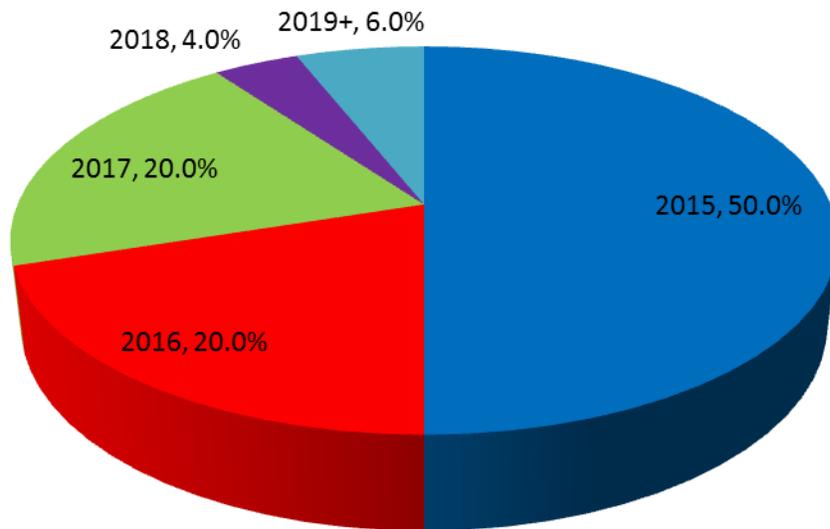


Roster By Draft Round





Turnover: Free Agents By Year



Salary Cap Overview



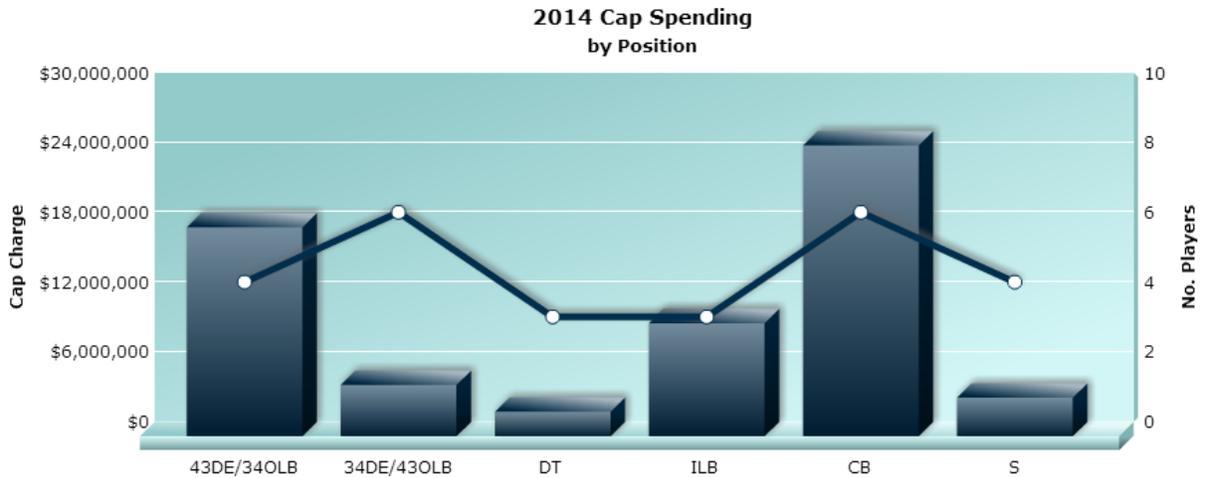
The Dallas Cowboys have more money committed to the 2014 NFL salary cap than any team in the NFL. The Cowboys are a team that is not afraid to spend big and modify contracts to allow that spending to continue. 63.4% of their active salary cap is tied up in 8 players. They are well above average spending on both offense and defense as well as dead money. The Cowboys already have \$11.8 million allocated to the 2014 cap for players no longer on the roster, a number that is third highest in the NFL. Most of the money is attributed to DT Jay Ratliff who was released during the 2013 season. Dallas is low in special teams spending because they have no Punter or Kicker currently under contract in 2014.

Our estimates place Dallas as the highest paid offense in the NFL, ranking first in salary cap charges for the QB position and top 10 in cap allocations for Tight End and Offensive Line. The offensive spending is tied up in three players- QB Tony Romo, TE Jason Witten, and WR Miles Austin, whose \$38.4 million in cap charges accounts for 52% of the teams' offensive salary cap allocation. Dallas also has modest cap charges for RT Doug Free, G Mackenzy Bernadeau, and backup QB Kyle Orton. Those six players will make up 72.7% of Dallas' spending on offense.

Considering the money and draft selections that the team has spent on this side of the football they likely expected better results. Besides the big money paid to Romo, Austin, Witten, and Free the Cowboys have 1st round investments in WR Dez Bryant, C Travis Frederick, and LT Tyron Smith, so seven starters should be considered premier talent. The passing game was basically average in 2013 and the team lost it's identity as an explosive team with big plays well below the NFL average. Dallas fell to 16th in yards after ranking 6th in 2012. Though they still ranked high in scoring this was in part due to the easy schedule that they played. In term of efficient scoring (points above their schedules' average) they ranked 9th in the NFL. The running game was the one real bright spot doing very well in yards per carry, but not often used so their overall yardage was below average.



The Dallas defense is built in a similar manner to the offense. The Cowboys have large investments in DE/OLB DeMarcus Ware, ILB Sean Lee, CB Brandon Carr, and CB Orlando Scandrick. Those four players account for 67.7% of Dallas' cap spending on defense. They also have a first round pick in CB Morris Claiborne on the team. The Cowboys switched their defense from a 34 base defense to a 43 base defense in 2013 and the results were a disaster. The Cowboys were well below average in yards allowed in both running and passing and were the 9th worst in the NFL in defensive efficiency. The only thing they did well was eliminating some of the big plays, which is a staple of the Rod Marinelli defense, but they were picked apart up and down the field.



Free Agents

The Cowboys have 9 unrestricted free agents from their 2013 roster:

Name	Position	2014 age	Cost Grade (10 scale)
Anthony Spencer	DE/OLB	30	★★★★★★
Jason Hatcher	DT	32	★★★★★
Ryan Cook	C	31	★★★
Brian Waters	G	37	★★
Jarius Wynn	DE	28	★
Jon Kitna	QB	42	★
Ernie Sims	OLB	30	★
Edgar Jones	DE	30	★
Danny McCray	S	26	★

Dallas has two premier free agents for the season, OLB Anthony Spencer and DT Jason Hatcher. The Cowboys franchised Spencer for the last two seasons and he was injured for essentially all of 2013 so the tag is no longer an option for Spencer as they would have to pay him at the level of an NFL QB to keep him under the tag. There were questions going into the season if Spencer was going to be able to play with his hand in the dirt and those questions were never answered. Because he is 30 and coming off injury it is hard to place a value on him but I would imagine he is going to aim for \$7 to \$8 million a season.

Hatcher found a new life in the Cowboys defensive system. He was one of the best Defensive Tackles in the NFL and notched 11 sacks after just 16 sacks in the prior seven seasons. Age also makes him a difficult valuation. There has been talk of the franchise tag being possible, which would be worth somewhere around \$8.5 million a season, but for most interior lineman at this age they are working on much lower cost one and two year contracts. Two contracts that could be looked at are the \$4.5 million per year deal given to 34 year old DE Justin Smith and \$5 million per year deal given to former Jets NT Sione Pouha at the age of 33.

While the Cowboys may not have the cap room necessary to sign either, the defense was so poor in 2013 that there has to be some internal push to keep both players. If Dallas remains playing a 43 defense I would think Hatcher is someone that they must retain. Contracts can be created that fit players under any salary cap scenario and Dallas is a “win now” team making it perhaps worth mortgaging the future even more to do so.

For Spencer they are likely going to have to let him test free agency. The fact that they have been unable to come to a long term agreement with him for the last two years indicates a big difference of opinion on valuation. You run a risk by letting him hit free agency but with so many young pass rushers available Spencer could get passed over and the Cowboys could lock him up at the low end of the possible dollar figures. Players like Cliff Avril and Michael Bennett ended up taking such lower deals because of the

market conditions and Dallas may have already locked Spencer up had they not gone the franchise route with him.

Hatcher has spent his entire career in Dallas and I would not think that other teams would press the price on him much past that \$5 million level. They should work hard on locking him up on a three year contract for around that figure that will allow him to retire a Cowboy. I think that is a fair number. I would avoid using the franchise tag no matter how bleak the outlook is on re-signing him.

Beyond those two players there is little for Dallas to consider. Brian Waters is 38 years old, had been out of football for a full season, came back and got hurt. The offensive line played significantly better in part through coaching so I can not imagine Waters returning. Cook is a decent backup player but with Frederick set at center and Phil Costa on the roster there is really no need to bring back Cook.

In addition to the above the Cowboys have two restricted free agents:

Name	Position	2014 age	Proj. Tender
Dan Bailey	K	26	ROFR
Phillip Tanner	RB	26	None

I would anticipate that the Cowboys will tender Bailey with a Right of First Refusal tender which should be worth about \$1.358 million. They could also look to simply extend Bailey.

Potential Salary Cap Cuts

Due to the Cowboys heavy emphasis on restructured contracts there are few players who will likely be cut for salary cap considerations, despite the fact that the Cowboys are well above the 2014 salary cap limit.

The easiest cut is backup lineman Jeremy Parnell who will save the team \$1.5 million in cap room once released. He is rarely used so he is no big loss. Releasing backup C Phil Costa also saves \$1.25 million but he should serve an emergency role that saves his spot. The wise thing for Dallas to do is guarantee a portion of his \$1.5 million salary in lieu for a payout. This is not that uncommon in the NFL and they could reduce his cap by \$500,000 if they did such a move. Considering that \$420,000 is the cost of a replacement player it is worth doing. Releasing LB Justin Durant will also result in \$1.25 million in savings.

It would be hard to imagine WR Miles Austin being on the team in 2014. He is one of the most overpaid players in the NFL as the Cowboys fell victim to overpaying for a “one season wonder” type of season back in 2009. Releasing Austin only saves the team \$393,800, meaning they lose net cap space by releasing him. Still there is no reason to pay him \$5.5 million to play this year. If designated a June 1 cut the Cowboys will gain \$5.5 million in cap space on June 2, giving them the funds they need to sign their rookie draft class and have some cap relief during the season.

The Cowboys could approach Austin on a massive payout with a guarantee at free agency in 2015. By reducing his salary to \$1 million they would save \$4.5 million in cap room immediately and maintain his spot on the roster. Given Dallas' concerns are getting under the cap in March it is a possibility that this would occur and one that should be discussed as a better solution than a June 1 cut.

The other big decision has to come with pass rushing specialist DeMarcus Ware. Ware had signed a very reasonable contract years ago, but, much like Andre Johnsons' of the Texans, yearly restructures have made the cap charges far too high for a 32 year old player. Ware will count for just over \$16 million in cap charges in 2014 and the team will save \$7.432 million by releasing him. Ware physically is not the same player he once was, but he can still be an above average player despite producing just six sacks in 2013.

Restructuring Ware's contract will be a consideration, but the smarter approach is to discuss a payout with a threat of release. The danger with restructuring Ware is that the team would carry excessive dead money charges in 2015 if his decline proves to be rapid and 2014 he is ineffective. That should be a last resort.

2014 NFL Draft

The Cowboys will have either the 16th or 17th pick in the draft, depending on the result of a coin toss. The Cowboys traded their 6th round pick to the Kansas City Chiefs in the 2013 draft and they may receive a 7th round pick from the Bears for Dante Rosario. For our assumptions here we will assume Dallas loses the coin toss and also receives a 7th round draft pick.

Round	Pick	Salary Cap
1	17	\$1,597,818
2	16	\$796,891
3	15	\$571,594
4	14	\$533,288
5	19	\$466,813
7	14	\$434,856
7	18	\$434,212

The 2014 salary cap cost of the Cowboys rookie class should be \$4,835,472. However, each draft pick will be replacing a player already factoring in to the top 51 equation, so the net cost of the whole class will be, at the most, \$1,895,472.

Compensatory selections are received following the completion of the 3rd, 4th, 5th, 6th, and 7th rounds of the draft. The round received is dependent upon the quality of free agent lost in 2013 versus the quality of free agent gained in 2014. Dallas lost a number of low level free agents and gained just a handful of low level free agents. At most I would assume they would gain one 7th round selection.

The following table lists the cost for each 2014 compensatory draft pick.

Round	Salary Cap
3	\$546,504
4	\$495,146
5	\$456,140
6	\$439,670
7	\$431,474

While every draft is unique there are certain patterns that usually emerge over time. The Cowboys will expect to find starters with their first two picks in the draft. Over the last ten years the predominant position available around the 16th pick in the first round (number 14 through 18) is the DE/OLB position which accounts for 26% of all selections. The next closest positions would be Defensive Tackle and Linebacker at 14% each. Defensive backs also make up about 14% of the draft selection so Dallas should come out of the draft with a defensive player with their first pick, which is also a major need given how the team played last year.

With the 46th through 50th picks in the draft the most popular picks are Linebacker (18%), Cornerback (12%), and Defensive Tackle (10%). Beyond that an equal amount of Wide Receivers, Running Backs, Defensive End's, and Tight Ends are selected. Again it probably will equal the Cowboys taking a defensive player but it is possible that they could grab a skill player.

Salary Cap Space

Assuming a salary cap limit of \$126.3 million for the 2014 League Year and carryover of just \$1.26 million from 2013 the Cowboys will go into the 2014 NFL season about \$22 million over the salary cap, before any escalators hit the salary cap. Even assuming they make a few of the minor moves discussed above by releasing backup players, Dallas will still be about \$20 million over the cap unless they release Ware and get Austin to take the paycut. Once again Dallas will need to restructure multiple contracts to get under the salary cap, though they have at least three major deals that were designed, upon signing, to do just that.

The big contract in question is that of QB Tony Romo who has two empty proration years at the end of his contract that are sitting there for the purpose of restructuring a contract. There could be a small bit of pause on restricting Romo's contract due to two back surgeries in 2013, but half of Romo's 2015 base salary becomes guaranteed in 2014, making it almost a certainty that he will be in Dallas for many more seasons and the team hoping he is healthy. Bringing Romo's base salary down to the minimum will save them nearly \$10 million in cap room.

ILB Sean Lee also has two empty proration years so it would be likely to see his \$5.5 million base salary reduced to \$730,000 and saving \$3.816 million in the process. This was another contract, like Romo's and Brandon Carr's the year before, that was designed to be restructured. Though just extended during

the 2013 season the Cowboys could also restructure the contract of CB Orlando Scandrick for more relief, as his contract also contains empty proration years.

Those three moves, which were designed to occur from the day the contracts were signed, will provide the Cowboys with \$16.868 million in cap relief. Taking into account the release of Parnell and Durant plus a restructure of Costa, the Cowboys are probably looking internally at their reported cap problems for 2014 to be in the ballpark of \$2 to \$4 million over the salary cap.

The Cowboys already added one voidable season to the contract of CB Brandon Carr for salary cap purposes and they could do the same this season. Carr is set to count for \$12.217 million in cap space this year but by adding another void year and bringing his salary down to the league minimum they can save \$5.4 million in cap space.

Depending on how many escalators are earned those four moves should bring Dallas into cap compliance for the new year, but also give them no money to spend. This likely makes a move with Ware more or less necessary. If he refuses a pay cut and they do not want to cut him then the team will likely go all in on a restructured contract. As things currently stand Ware's contract contains two void seasons, making 2015 his final year under contract. If they plan on restructuring his deal for cap relief they will need to add another void season and see if they can make his 2016 season stand at a \$13 million salary rather than void. This is a similar strategy that the Oakland Raiders used with DE Richard Seymour and while it is not ideal it may be necessary to do. If they convert his base salary to the minimum and keep his workout bonus in place the Cowboys can reduce his cap charge by slightly over \$9.1 million.

The final restructure candidate would be TE Jason Witten. Assuming they do not add a void year to his deal they can save \$3.03 million.

Those moves would give the Cowboys anywhere from \$13 to \$15 million to work with in the 2014 before the June 1 release of Austin would take effect and add another \$5.5 million to that total. That should give Dallas an effective spending limit in February and March of \$12 million with enough left over for rookies and 2014 in-season operations.

The Romo, Lee and Scandrick restructures are essentially built into the contract but the other moves will add millions in cap charges to the teams' 2015 salary cap. 2015 is a dangerous year for Dallas as 50% of their current roster is set to become free agents and spending is already over \$120 million on the year. But for a team with what looks like a short window there is really no other option but to keep trying and the cap only allows it to occur with the current group of players. The cap space that would be created would definitely be enough to keep either Hatcher or Spencer if not both.

Extension Candidates

The big extension candidate should be WR Dez Bryant, though it the team will not get any cap relief by doing so. Bryant is set to make \$2.05 million in 2014 so there is almost no true cap relief reduction they could receive on an extension. Bryant is going to look for an deal that surpasses the \$12.85 million earned by Percy Harvin of the Seahawks and I guess its possible that Dallas could do it in a way that has

a negligible impact on the teams cap space in 2014, but I would think that it would happen during the season or summer months rather than before Free Agency begins. Waiting on Bryant gives the team more flexibility with other contracts that they could consider.

Doug Free had a very good 2013 season which was one of the big surprises of the season. Free had taken a pay reduction in 2013 to stay on the team and in return his salary will guarantee in 2014 if he is on the roster early in the year. He makes \$3.5 million in 2014, which is a fair price but his deal voids in 2015. Dallas could look to push off that void by a season and extend his contract by a year if they feel he has more in the tank. He can be valuable in that he could play both Guard and Tackle. Free should be paid between \$3.5 and \$4 million a year so it's really just extending a contract for a year or two and guaranteeing some added money to make it work. They may wait to see how he plays in 2014 before opting for this move.

LT Tyron Smith is extension eligible, but he has a low salary cap charge and Dallas should simply invoke his 2015 option and deal with an extension in 2015.

Free Agent Positions of Interest

Despite the fact that a large percentage of Dallas' roster is made up of free agents most of those free agents are in-season pickup type players rather than starting quality players. Dallas has only signed one premier free agent on the roster (Brandon Carr) and is more apt to look for free agent bargains and then extend them if they excel as a Cowboy. Between the Cowboys' lack of cap room and possible desire to retain Spencer and Hatcher it would be very difficult seeing them active in free agency. Players who they do look for would essentially be minimum salary types, but we'll look at some other options as well in the following section.

Outside Linebacker

The defense on the outside left much to be desired in 2013 as players like Ernie Sims never really stood out for the Cowboys. There are not many players available so the names would be players like Jo-Lonn Dunbar and James Anderson. The best available player could be the ancient James Harrison if the Bengals were to decide to cut him loose. The teams best course of action might be to sign one low cost player and then target the position in the draft.

Safety

Safety always is a deep position and will be flush with veteran names. James Ihedigbo of the Ravens could be someone that the Cowboys could hope to pry away. Yeremiah Bell is a quality veteran though Dallas passed last season in favor of Will Allen, who lasted just a few games before being released. Safety also have some big name players who will be available including Jairus Byrd and TJ Ward, but that would require very creative financing at a position Dallas has not really been very active in finding in the past.

Defensive End

Though there could be dreams of some of the big pass rushers coming to Dallas, they would need to release Ware and not re-sign Spencer for that to really make sense. I doubt that is likely so they will need to be bargain hunters here as well to improve the pass rush. An intriguing name could be the Lions' Willie Young who is not a big name but a solid player, especially if lining up alongside a good cast of rushers. An estimate might be coming in a bit lower than the Vikings Brian Robison at \$5.6 million a year.

Dallas could also see what some of the veteran rushers looking to get some playoff success might be willing to take. This would include Jared Allen, Justin Tuck, and Michael Bennett. My assumption is all three players will be left waiting for a contract while the young guys get signed by other teams. Tuck could stay in New York but the other two should definitely see free agency.

Defensive Tackle

Even if the team re-signs Hatcher they can use another player on the interior to add to the rotation. There are a number of moderate cost veterans like Pat Sims and Vance Walker hitting the market and Kevin Williams of the Vikings might also be a consideration. Williams will be 34 so the cost should not be too high and Dallas could be an intriguing option for him since they do have talent. Williams has stated he wants to remain in Minnesota but with the Vikings rebuilding there is no guarantee that the feeling is mutual.

If Hatcher signs elsewhere Dallas could look a bit higher in the market at Henry Melton of the Bears or one of the Dolphins players, Randy Starks and Paul Soliai. I would think Melton and Starks could be over the budget, though Melton is coming off injury which could push his cost down if the Bears choose to let him walk. The Patriots could also release one of their DT's which could put a few more names in the market for the Cowboys to consider.