



Baseball Basics for Brits

Volume 3. Players: Development, Contracts and Transactions

In this volume of *Baseball Basics for Brits* we will be looking at the standard career path of MLB players. This includes:

- The amateur player draft
- How players make their way to the Majors
- The contracts they can receive when they get there
- How players move between different teams.

Player development

In Britain, it is the professional clubs themselves that predominantly coach, develop and bring through young players. Players can start with a club from an early age ('under eights' teams are common) and, if good enough, a player will move into a team's Academy at sixteen years old before 'graduating' as a professional.

In baseball, Major League franchises draft players when they have finished high school (aged 18) at the earliest, although occasionally overseas players are signed at 16 or 17 years old. Their development up to that point is the responsibility, both in coaching and financial terms, of schools and colleges rather than the teams themselves.

The Amateur draft

Most players enter the ranks of professional baseball via the amateur player draft, which takes place in June each year.

The draft is open to players in America, Canada or an American territory who have just graduated from high school, or college players

once they have reached 21 years old (players at junior or community colleges, somewhat equivalent to sixth form/colleges in Britain, can be drafted at any age).

The draft includes 50 rounds and the general order in which teams pick in each round is determined by the final standings from the previous season. The team with the worst regular season record picks first, the team with the best record goes last (pick number 30). This order can change in the first couple of rounds. If a team loses one of the better players in the game via free agency, they will receive a draft pick as compensation from the team that signed the player.

The players don't really get a say in who they are drafted by. Once a team picks a player they still have to agree a signing bonus with them, so some players can make it clear they are looking for a significant sum and end up falling to a richer team as a result. However, the draft is often the only way for the so-called lesser teams to acquire top talent and this means that they are usually prepared to pay the going rate in all but extreme cases.

If a player doesn't come to an agreement with the team he is drafted by, he cannot simply negotiate with another team. He has to wait another year for the next draft to come along.

If a player is drafted out of high school, he (more specifically his agent) has more leverage in the negotiations because he can opt to go to college instead of signing with the team. Although a team that 'loses' a player in this way will receive an extra pick in the following year's draft, teams try to avoid this situation if at all possible.

Ultimately the decision to sign out of high school or go to college instead will depend on each individual case.

Some simply don't want to carry on in the education system and want to focus on baseball full-time at 18 years of age. It's generally considered that dedicating yourself in this way alongside all the support (coaching, playing opportunities etc) a professional organization brings is the best way to develop.

However, others will want to go to college for more than sporting reasons. Additionally, some players develop at different rates and signing at 18 would be selling themselves short.

That's what happened to pitcher Stephen Strasburg. By his own admission, he wasn't ready to be drafted out of high school, being overweight and needing to mature both on and off the field. After his time in college, he was one of the most talked about prospects in recent memory and was selected with the first pick of the 2009 draft by the Washington Nationals. They gave him a record-breaking \$15.1m contract.

Players signed in the first round can expect a draft bonus of between \$1m and \$2m, with the very top picks getting even more.

The crucial point to note from a team perspective is that they typically get the rights to the player for seven minor league years and six major league years.

International players

Players from other countries that were not resident and educated in North America are not currently subject to the draft and are free to negotiate with all teams.

The most notable country that supplies players in this way is Cuba. This is a baseball hotbed, but the political regime in the country doesn't allow players to make their way over to the States. Cubans have to defect, often in secret escapes leaving behind family members in the knowledge that they will not be allowed back into the country.

Some players are signed out of Europe. The current record signing bonus for a European youngster is \$800k. This was the sum paid by the Minnesota Twins to 16 year old German outfielder Max Kepler-Rozycki in 2009.

Japanese players

Players from Japan deserve their own section as there are specific rules that apply in their case.

A Japanese player cannot move to MLB as a free agent until he has played for nine years in the Japanese Nippon Professional Baseball (NPB) competition. They can only move to MLB before this if their Japanese team agrees to put him through the 'posting' process over the offseason. MLB teams have four days to submit a blind bid as part of an auction and if the Japanese team finds the highest bid acceptable, the player then has 30 days to negotiate a contract with the MLB team.

It's often not a great system for the player. Not only does the player have just one team to negotiate with, by this point the team has already allocated several million dollars to win the rights to the negotiations. Much as the player and his agent wants them not to, they will consider this expense when it comes to deciding how much they are prepared to offer the player in his contract (all of the posting fee goes to the Japanese team). Consequently only a few players go through the posting process each year.

Moving through the minors

A player's development from draftee to Major Leaguer will be different for each individual. In fact the majority of players that are drafted never make it to the Majors, such is the standard required. Most will spend two to four years developing their game in the minors, progressing through the different levels, before getting the call. Occasionally a player can make it within a year or so.

Factors that can play a part include ability, work ethic, injuries slowing down progress, and the player's age when they were signed. A player signed straight out of high school may need more development years in the minors than a player who has spent an extra 3 or 4 years playing college baseball, for example.

Salaries within the minors are understandably much lower than even the Major League minimum and are negotiated on an individual basis. As a rough guide, players in Single A (the main lowest level) receive \$1050 per month, \$1500 in Double A and \$2100 in Triple A (the highest minor league level). On top of these salaries, players get \$20 meal money per day.

Major League contracts

When a player gets promoted to the Major Leagues, he is effectively under contract for six full seasons before he becomes a free agent. Of course, his contract may be cancelled or extended during this time for various reasons.

In the first year, players receive the **minimum salary** as set by MLB (\$400,000 in 2010, equivalent to £250k). For the next two years, most players receive a salary close to, if not a little higher, than the minimum salary set for those years.

During the final three years, a player is said to be **arbitration eligible**. This means that each year the team and the player will negotiate a one-year contract. If they cannot come to an agreement on the salary, an arbitration hearing is held where each side will put forward their case. The arbitration panel will choose one of

the two figures on the table (they cannot just split the difference between the two offers) and their decision is final.

Example: Cincinnati Reds first baseman Joey Votto earned \$390,000 in his full rookie season in 2008 (he played 24 games at the end of 2007), \$437,500 in 2009 and \$525,000 in 2010. During the latter, he won the National League Most Valuable Player award.

In 2011, Votto's first year eligible for arbitration, he agreed a salary of \$5.5m: ten times his previous year's figure.

At the end of these six years, the player becomes a **free agent** and is able to sign for any team they like (the equivalent of a 'Bosman' free transfer in football). This is the stage at which players can command lucrative multi-year contracts worth millions of dollars.

The player once again becomes a free agent when each subsequent contract he signs runs out.

Example: Injuries disrupted the early stages of Jayson Werth's career and he only became a regular starting player in 2008 at the age of 29. He earned \$2.5m in 2009 and then \$7.5m in 2010, his final year before free agency.

During the 2010/11 offseason, Werth signed a seven-year/\$126m contract with the Washington Nationals. The length and value of the contract was something of a surprise, but it shows just how much money the best players can make when they hit free agency.

Exceptions

Some players will reach arbitration at the end of their second year. They are known as **Super 2** players and details on how a player qualifies for

this distinction can be found on the Cot's Baseball Contracts website. In short, it means the very top young players can earn a salary more in line with their contribution to the team.

The process of arbitration can be disruptive for both the club (who don't know how much they will have to pay the player year-on-year) and the player (who, via his agent, has to go through the hassle – particularly the media interest - of agreeing a new deal each year).

Therefore many teams will come to an agreement with their top young players over a multi-year contract that covers all of their arbitration years and often some of their potential free agent years as well. This is becoming ever-more popular as the cost of signing players via free agency increases.

***Example:** Votto's Reds team mate Jay Bruce signed a six-year/\$51m contract during the 2010 season. Bruce would have become arbitration eligible in 2011 (as a super two player), so the deal covers his four arbitration years and buys out his first two years of free agency. The deal also includes a club option for a seventh year worth \$13m.*

Trades

One of the biggest differences between MLB and British sports is the way in which players are traded, rather than bought or loaned.

In many cases, the players involved get no say in whether they want to be traded, never mind where to. A player can be part of a division-leading club on the east coast one day and then find himself playing for a west coast team at the bottom of the standings on the next.

The crucial point is that the player will not lose out financially: his existing contract will simply be carried over and honoured by his new team. The Players union understandably would not accept the idea of a player having his salary slashed when being traded without his consent. So that is how things stand: the contract stays the same regardless of who is paying it.

As an off-shoot, players do not agitate to move to a new team simply to earn more money, as is the case in Britain where a transfer means a new contract for the player (and a slice of the transfer fee as well).

In fact it is often the other way around: a team may try to trade a player part-way through a multi-year deal because they can no longer afford (or want) to pay the salary remaining on the contract. If the contract is particularly burdensome (in length and dollars), a team can face difficulties in agreeing a trade for the player and they may have to agree to pay part of the salary remaining on the contract.

They may also have their hands tied in regards to who they can trade the player to. When a player is a free agent, they can use their bargaining position to insert **no-trade clauses** into their contracts (this can also happen when a player agrees a deal to cover their arbitration years). Occasionally these will be complete no-trade clauses (i.e. the team cannot trade the player, without his consent, to *any* team), but more often the no-trade clause will relate to a list of teams chosen by the player (for competitive and geographic reasons).

You can see that there is a certain amount of give-and-take to the process. In a player's early Major League years, he will receive less money (relative to free agents of a similar talent) and has less rights in regards to being traded. In return, after six years the player has earned the right to be a free agent and can 'sell' his services on the free market, giving him the opportunity to seek a lucrative contract and more control over his future. Don't forget though that the player is often 29 or 30 years old by this point.

Veterans

Regardless of whether they are negotiating a free agent contract, players earn extra rights if they play in the Majors for a number of years. In particular, a player who has been in the Majors for ten years, and five with his current team, cannot be traded without his consent. These players are referred to as '**five and ten**' players (sometimes '**ten and five**').

Additional Information

This is just an introduction to the subject of player contracts. To find out more, visit the Cot's Baseball Contracts site and consult the outstanding '[Glossary](#)' section.

Sources

Cot's Baseball Contracts:
<http://mlbcontracts.blogspot.com/>

ESPN MLB Transactions Primer:
<http://assets.espn.go.com/mlb/s/transanctionsprimer.html>

National Sports and Entertainment Law Society, article on the Minor League pay structure:
<http://nationalsportsandentertainment.wordpress.com/2010/03/17/pay-structure-of-minor-league-baseball-players/>

