



# 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:

- 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

The amateur player draft takes place in June each year and probably deserves its own BBfB volume to cover it in sufficient detail. For our purposes here, the crucial point to note is that if a drafted player signs with a team, he is generally signed to a contract that covers seven minor league years and six major league years.

The top draft picks will receive lucrative signing bonuses (the highest ever at time of writing was received by the 2006 number one pick, Justin Upton. He pocketed a \$6.1m – about £3m – bonus) and can negotiate extra contract privileges.

### 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 never make it to the Majors, such is the standard required. Some will spend three years developing their game in the minors, progressing through the different levels, before getting the call. Some might make it within a year. 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 2/3/4 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 years 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 (\$390,000 in 2008). 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: Oakland Athletics pitcher Joe Blanton earned \$316,500 in his 2005 rookie season, \$327,000 in 2006 and \$380,000 in 2007. These sums represented the minimum salary for each season.*

*2008 marked the first year that Blanton was eligible for arbitration. He avoided arbitration by agreeing to a one year/ \$3.7m contract (i.e. virtually ten-times the amount he earned in 2007)*

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 when they start

earning the big bucks! If a team loses a player *via* free agency, they receive a draft pick (or picks, depending on the player concerned) as compensation.

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

*Example: Barry Zito, Blanton's team mate in 2006, signed a seven year/ \$126m contract with the San Francisco Giants prior to the 2007 season. His contract includes a full no-trade clause as well as the potential to earn various bonuses and to receive perks such as getting a hotel suite during road trips. As Zito was considered one of the most valuable free agents on the market, he was classified as a Type A free agent. Oakland therefore received two compensatory draft picks for the 2007 amateur draft.*

### 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.

### 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**', just to confuse you!).

### **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://espn.go.com/mlb/s/1999/0908/46397.html>

CanadianBaseball.com :

[http://www.canadiansbaseball.com/minor\\_league\\_101.php](http://www.canadiansbaseball.com/minor_league_101.php)

