

MAJOR LEAGUE PROFESSIONAL BASEBALL

Issue: Free Agents' Salaries - 1983

One of the major issues confronting the owners of Professional Major League Baseball Clubs today is money -- money committed to players' salaries. A One million dollar per year contract signed with a Major League Club is not considered unusual in the 1983 free agent market. Major League salaries have increased substantially since 1975 when Messersmith and McNally, during a grievance proceeding, challenged the reserve clause rule and became free agents pursuant to an arbitrator's decision that modified the reserve clause which bound a player to a team for life unless the team decided to sell, trade, or release him.

According to current information available, the average salary of Major League players has risen from \$46,000 to \$122,000 as of 1980. In 1973, the minimum salary was \$15,000. In a ten year period, the minimum salary has more than doubled to \$35,000 in 1983. Contracts won by star performers have caused the minimum and average salaries to escalate.

Existing uncontrollable Major League free agent salaries create a twofold problem:

1. Clubs continue to out bid each other to such escalating heights that free agent salaries become uncontrollable and seriously distort the economics of club ownership and the game itself.
2. Salary Arbitrators, often with no baseball background or expertise, use free agent salaries as a fair comparison for making their decisions; thereby inflating the basic pay scale of the game.

If the Major Leagues would adopt a classification rule, an amendment to the Major League Rules, to the effect that a ceiling be placed on Major League salaries, excluding emoluments, beginning with "rookie" contracts for the 1986 playing season, escalating free agent salaries could be controlled.

A major league salary scale could be created showing the adjustable salaries awarded major league players who meet the criteria for specific levels of performance. Players would be graded according to ability from class A to E, corresponding salaries to range from \$1,750,000 down to \$95,000. Special consideration would be given for qualities of leadership, public appeal, and special awards such as Most Valuable Player, Cy Young Award Winner, Rookie of the Year, World Series and Pennant participants. After six years when the player becomes a free agent, as per the reserve clause, his salary would continue to be regulated by the salary scale. However, the following conditions would apply.

CONDITIONS:

1. **Emoluments:**
Emoluments can be used as leverage in free agent-Club negotiations.
2. **Arbitration:**
The proposed rule would not alter or change the Salary Arbitration procedure of the Basic agreement (Article V, Sec. F). Club and player would submit to arbitration an unalterable bid reflecting an amount within the player's performance class level. Earned class level amount fixed and emoluments not to exceed 100%.
3. **Free Agent Offers:**
The free agent may sign with the Club of his choice in the event two or more Clubs proposed the same offer. Clubs with the current year's lowest standing would have priority in bidding. Seniority of bid done by lot.

4. **Multiyear Contracts:**
The proposed rule would not alter or change a signing Club's ability to negotiate an- extended contract including emoluments. Salary of renewed contract to reflect current year's performance level.
5. **1984 Basic Agreement Renewal:** The proposed rule would allow for flexibility in the event the Players Association demands are the sharing of the television and gate revenues.

Under a proposed classification rule, the terms and conditions of the Basic Agreement between the Major League Professional Baseball Clubs and the Major League Baseball Players Association are a major consideration.

1. The Basic Agreement does not regulate the maximum rate of payment to a major league player for each day of service to a Major League Club (Article V), except as it applies to the Maximum Salary Reduction condition (Article V, Sec. C).

2. The American or National League is not required to notify and negotiate with the association in the event of a proposed change or adoption of a rule or regulation unless that change or adoption would alter a Player benefit under an existing rule or regulation, or impose an obligation upon the Players which had not previously existed. (Article XVI). All terms and conditions including the Grievance Procedure (Article X), and all Sections of the Reserve System (Article XVIII) of the Basic Agreement, would not be altered.

The attached salary scale reflects amounts over and above the salaries paid to a player for the 1984 playing season in order to improve rather than reduce benefits due to the Maximum

Salary Reduction Rule of the Basic Agreement (Article V), and also to place a ceiling on runaway salaries.

Salaries shown for each class level A through E were created from a study of the information available on major league player salaries 1981 to 1983.

The performance category figures for Class A, represented in the salary scale are the highest level reached by a player of both leagues since the free agent market of 1975.

The batting averages, and earned run averages performance categories in each class were not calculated according to the method presented, but are comparable figures for player achievements in each salary class for 1983 contracts. All other performance figures of Class levels B, C, D, and E were derived by applying a ratio formula of each batting average figure to the batting average of Class level A or .400. The ratio derived for each class level was multiplied to the highest level reached in each performance category.

The monetary increase between the class level attained by the major league player and the class level above was divided by the difference between the number of points in each performance category of the class level attained and the class level above. The quotient was multiplied by the number of points the player achieved above the class level attained. Other performances that are of a lower class level would not be considered. Each point of achievement above Class level A would equal \$7,600 or one hundredth of \$1,750,000.

Special consideration for special fielding abilities, special qualities of leadership, public appeal, and specific

awards, would be an adjusted amount between the Class level attained and the class level above attainment.

A pitcher's earned run average and a player's batting average are used as a guide to determine the salary class level. However, the point system does not apply to a player's batting average, but does apply to all other categories including a pitcher's earned run average. For example:

Pitcher: Rich Gossage - 1984 \$1.25 million a year of \$6.25
New York million for 5 years

1983	ERA	PW	SV	SO/IP
	2.27	13	22	90-87 (103%)

According to the salary scale presented, Rich Gossage has attained Class level B with an ERA of 2.27, and earned \$990,000. Each ERA point above level B has a value of \$9,382.72. He achieved 23 points above the ERA of 2.50 of Class level B; therefore, increasing his salary by \$215,802.56. His achievement in strike outs per inning pitched was four points above salary level A, \$7,600 per point, and increasing his income an additional \$30,400. His total income for contract renewal would be \$1,236,202.56, which corresponds very closely to his present income. The other categories would not be considered in calculating further increases for achievement, because they fall below the ERA Class level achieved.

Pitcher: Mario Soto - 1984 \$1,000,000
Cincinnati

1983	ERA	PW	SV	SO/IP
	2.70	17	0	242-273.2 (88.57%)

With an ERA of 2.70, Mario Soto is on Class level C, earning \$515,000. He attained ten points above the 2.80 ERA of level C. Each point has a value of \$15,833.33; therefore, Mr. Soto increased his salary \$158,333.30. On level C, he achieved 1.25 pitcher win points above 15.75; therefore, a further increase in income results of \$197,916.66. His strike outs per inning pitched were 88.57% and 14.32 points above level B of 74.25%. An increase of \$439,725.24 results. Total income: \$1,310,975.20.

Player: Lloyd Moseby - 1984 \$3,000,000 for 5 years plus \$400,000 for the first 3 years, \$750,000 for the fourth year, and \$850,000 for the fifth year. (1st year: \$1,000,000)

1983	BA	RS	RBI	H	HR	SB
	.315	104	81	170	18	27

Lloyd Moseby achieved Class level B, \$990,000 with a batting average of .315. According to the scale, he increased his salary \$97,142.85, because of 104 runs scored. The 104 runs scored achieved 4.25 points over level B of 99.75. Each point has a value of \$22,857.14. Total income: \$1,087,142.85.

Player: Julio Cruz - 1984 Between \$3.6 million and \$4.8
Chicago million for 6 years. (\$600,000 - \$800,000
per year)

1983	BA	RS	RBI	H	HR	SB
	.252	71	52	130	3	57

Julio Cruz attained Class level C of \$515,000. No other performance by Mr. Cruz meets the criteria for level C performance or above; however, because of Mr. Cruz's outstanding defense abilities, an adjustment between level C attained and level B above to \$990,000 could be the additional \$85,000 to \$285,000 of his present contract for 1984.

As evidenced by the examples shown, major league players for 1984 contract renewals are receiving comparable salaries to the salaries reflected in the salary scale presented. As explained earlier, salaries appear to be slightly higher due to the factor of increasing salaries for 1985.

The point system of the salary scale may appear unbalanced for the pitcher versus other players. The scale shows the pitcher with fewer performance categories in which to strengthen salary increase. However, the point difference in the pitcher performance categories between each level are proportionately fewer than the player's performance points between levels; thereby increasing the point value of the pitcher categories.

Also, in fairness to players in both leagues, other categories of player performance for the pitcher are not considered, because of the designated hitter rule.

The salary scale is submitted with the intent that adjustments could and should be made by those more qualified than I to make those adjustments in order to reflect the possibility of a more true and workable scale.

The Classification rule, I believe, could harness the ever growing free agent salaries and create a method of benefits based on Major League players' skills and abilities which would be economically fair for both the Clubs and players.

It is important that the Major League owners consider seriously this proposal as one of the possible solutions to one of the more serious issues confronting Baseball for I firmly believe that Baseball will not survive as a sport if the owners do not at least attempt to find and employ a workable solution.

SALARY SCALE

<u>Class</u>	<u>Amount</u>	<u>Increase Per Class</u>	<u>Categories of Performance</u>									
			<u>BA</u>	<u>RS</u>	<u>RBI</u>	<u>H</u>	<u>HR</u>	<u>SB</u>	<u>ERA</u>	<u>PW</u>	<u>SV</u>	<u>%SO/IP*</u>
A	\$1,750,000		.400	133	149	239	52	100	1.69	25	37	99
		\$760,000										
B	\$ 990,000		.300	99.75	111.75	179.25	39	75	2.50	18.75	27.75	74.25
		\$475,000										
C	\$ 515,000		.250	83.79	93.87	150.57	32.76	63	2.80	15.75	23.31	62.37
		\$315,000										
D	\$ 200,000		.225	74.48	83.44	133.84	29.12	56	3.30	14	20.72	55.44
		\$105,000										
E	\$ 95,000		.200	66.5	74.5	119.5	26	50	3.60	12.5	18.5	49.5

*Special qualities of leadership, public appeal, special fielding abilities and specific awards: Most Valuable Player, Rookie of the Year, Cy Young Award, World Series and Pennant Winners.