

**FOR IMMEDIATE RELEASE**

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## **MLB, MLBPA REACH NEW FIVE-YEAR LABOR AGREEMENT**

Major League Baseball Commissioner Allan H. (Bud) Selig and Major League Baseball Players Association Executive Director Michael Weiner announced today that MLB and the MLBPA have agreed to a five-year collective bargaining agreement that will allow play to continue uninterrupted through the 2016 season.

The announcement was made today at a joint press conference at Major League Baseball's offices in New York City. Commissioner Selig and Weiner were joined at the press conference by Rob Manfred, MLB's Executive Vice President, Labor Relations and Human Resource; Tony Clark, Director of Player Relations for the MLBPA; and Major League players Andrew Bailey of the Oakland Athletics, free agent David Bush, Andrew Miller of the Boston Red Sox, and Carlos Villanueva of the Toronto Blue Jays.

The five-year agreement matches the previous labor contract, which is to expire on December 11, 2011, as the longest in baseball history. By the end of the new contract, baseball will have gone 21 years without a strike or a lockout, which continues the longest period of labor peace the sport has had since the inception of the collective bargaining relationship.

"I am thrilled for the fans that the Clubs and the Players of Major League Baseball, together, have the opportunity to further build on our game's unprecedented popularity," Commissioner Selig said. "Labor peace has proven essential to the best interests of baseball and its millions of fans, who have attended our ballparks in historic numbers over the last eight years. During this remarkable era, we have seen outstanding competitive balance, record business performance and a seamless transition to the new modes in which fans want to embrace our sport. I truly believe the best is yet to come for the game we love."

Weiner said: "I am proud to announce, on behalf of the MLBPA and its members, our new collective bargaining agreements with the Clubs – the Basic Agreement, Benefit Plan Agreement and Joint Drug Agreement. These agreements address nearly every facet of our collective bargaining relationship and will benefit all involved

with our great game – players past, present and future; each of the 30 Clubs; and our legions of loyal and enthusiastic fans. These agreements would not have been reached without the broad and personal involvement of our membership – roughly 250 different players attended at least one bargaining session – and without the dedication, leadership, determination and patience of the players on our negotiating committee. Player engagement has long been the key to the MLBPA's efforts; this generation of players was as engaged in the bargaining as much as any that I've been privileged to represent.”

Commissioner Selig said: “On behalf of Major League Baseball, we thank Michael Weiner, his colleagues, and all the players for their shared commitment. I appreciate all of the hard work of Rob Manfred, Dan Halem and the Labor Relations staff, and I am especially grateful for the guidance of Arte Moreno and Jerry Reinsdorf, who devoted their time and expertise to representing the Clubs. I believe that the diligence and creativity of all those who participated in this agreement will take our sport to new heights in the years ahead.”

Weiner added: "I thank Commissioner Bud Selig and his committee for their contributions to these successful negotiations. I would be remiss if I didn't also thank and commend Rob Manfred, Dan Halem and the LRD staff for their professionalism and their commitment to the collective bargaining process. "

A summary of many features of the new Basic Agreement follows.

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**Contact:** Patrick Courtney or Michael Teevan, Major League Baseball, (212) 931-7878, [twitter.com/mlb\\_pr](https://twitter.com/mlb_pr); Greg Bouris, Major League Baseball Players Association, (212) 826-0808.

# **SUMMARY OF MAJOR LEAGUE BASEBALL PLAYERS ASSOCIATION- MAJOR LEAGUE BASEBALL LABOR AGREEMENT**

## **I. TERM**

- a. Five-year contract
- b. December 1, 2016 termination date

## **II. SCHEDULING, REALIGNMENT, AND POSTSEASON PLAY**

- a. Beginning no later than the 2013 Postseason, Postseason play will be expanded for the first time since 1995. A second Wild Card will be awarded to the Club in each league with the second-best overall record among Clubs that do not win a division. The two Wild Card Clubs will play a single Postseason game, the winner of which will advance to the Division Series. A decision on adding two Wild Cards for 2012 will be made no later than March 1, 2012.
- b. The Houston Astros will move to the American League West starting in 2013, creating two leagues of 15 Clubs each.
- c. Starting in 2013, Interleague games will be played throughout the entire schedule, rather than exclusively in specific inter-league segments.
- d. Active Roster limits will be expanded to 26 for certain regular or split doubleheaders.

## **III. RESERVE SYSTEM INCLUDING AMATEUR PLAYERS**

- a. Free Agency
  1. All eligible Players will become free agents as of the end of the World Series, with no election required, and the "quiet period" will be five days.
  2. The tender date will be December 2 beginning in 2012.
  3. Article XX(B) free agents signing minor league contracts who are not added to the Opening Day roster or unconditionally released 5 days prior to Opening Day shall receive an additional \$100,000 retention bonus and the right to opt out on June 1.
- b. Draft Pick Compensation
  1. Starting in 2012, "Type A" and "Type B" free agents and the use of the Elias ranking system will be eliminated.
  2. The current system of draft pick compensation will be replaced with the following system:
    - A. Only Players who have been with their Clubs for the entire season will be subject to compensation.
    - B. A free agent will be subject to compensation if his former Club offers him a guaranteed one-year contract with a salary equal to the average salary of the 125-highest paid Players from the prior season. The offer must be made at the end of the five-day free agent "quiet period," and the Player will have seven days to accept the offer.
    - C. A Club that signs a player subject to compensation will forfeit its first round selection, unless it selects in the top 10, in which case it will forfeit its second-highest selection in the draft.
    - D. The Player's former Club will receive a selection at the end of the first round beginning after the last regularly scheduled selection in the round. The former Clubs will select based on reverse order of winning percentage from the prior championship season.

- c. Salary Arbitration Eligibility
1. The percentage of players with two years of service who will be arbitration eligible will be increased from the top 17% to the top 22% in terms of service.
  2. All players tied at the 22% cutoff will be eligible for arbitration.
- d. Minimum Salaries
1. Major League will increase from \$414,000 in 2011 to: \$480,000 in 2012; \$490,000 in 2013; and \$500,000 in 2014; COLA in 2015 and 2016.
  2. Minor League will increase from \$67,300 in 2011 to: \$78,250 in 2012; \$79,900 in 2013; and \$81,500 in 2014; COLA in 2015 and 2016.
- e. Rule 4 Draft
1. The draft will continue to be conducted in June, but the signing deadline will be moved to a date between July 12 and July 18 depending on the date of the All-Star Game.
  2. Drafted players may only sign Minor League contracts.
  3. Signing Bonus Pools
    - A. Each Club will be assigned an aggregate Signing Bonus Pool prior to each draft. For the purpose of calculating the Signing Bonus Pools, each pick in the first 10 rounds of the draft has been assigned a value. (These values will grow each year with the rate of growth of industry revenue.) A Club's Signing Bonus Pool equals the sum of the values of that Club's selections in the first 10 rounds of the draft. Players selected after the 10th round do not count against a Club's Signing Bonus Pool if they receive bonuses up to \$100,000. Any amounts paid in excess of \$100,000 will count against the Pool.
    - B. Clubs that exceed their Signing Bonus Pools will be subject to penalties as follows:
 

<b>Excess of Pool</b>	<b>Penalty (Tax on Overage/Draft Picks)</b>
• 0-5%	75% tax on overage
• 5-10%	75% tax on overage and loss of 1st round pick
• 10-15%	100% tax on overage and loss of 1st and 2nd round picks
• 15%+	100% tax on overage and loss of 1st round picks in next two drafts
  4. Proceeds generated by the tax will be distributed to payee Clubs under the Revenue Sharing Plan that do not exceed their Signing Bonus Pools. Draft picks that are forfeited by Clubs will be awarded to other Clubs through a lottery in which a Club's odds of winning will be based on its prior season's winning percentage and its prior season's revenue. Only Clubs that do not exceed their Signing Bonus Pools are eligible for the lottery.
  5. Competitive Balance Lottery
    - A. For the first time, Clubs with the lowest revenues and in the smallest markets will have an opportunity to obtain additional draft picks through a lottery.
    - B. The ten Clubs with the lowest revenues, and the ten Clubs in the smallest markets, will be entered into a lottery for the six draft selections immediately following the completion of the first round of the draft. A Club's odds of winning the lottery will be based on its prior season's winning percentage.
    - C. The eligible Clubs that did not receive one of the six selections after the first round, and all other payee Clubs under the Revenue Sharing Plan, will be entered into a second lottery for the six picks immediately following the completion of the second round of the draft. A Club's odds of winning the lottery will be based on its prior season's winning percentage.
    - D. Picks awarded in the Competitive Balance Lottery may be assigned by a Club, subject to certain restrictions.
    - E. Top 200 prospects will be subject to a pre-draft drug test and will participate in a pre-draft medical program.

- f. International Talent Acquisition
1. By December 15, 2011, the parties will form an International Talent Committee to discuss the development and acquisition of international players, including the potential inclusion of international amateur players in a draft or in multiple drafts.
  2. For the 2012-13 signing season, each Club will be allocated an equal Signing Bonus Pool.
  3. For each signing period after 2012-13, Clubs will be allocated different Signing Bonus Pools, based on reverse order of winning percentage the prior championship season (i.e., the Club with the lowest winning percentage the prior season shall receive the largest Pool).
  4. Bonus Regulation of International Amateur Players
    - A. Beginning in the 2013-2014 signing period (July 2, 2013 - June 15, 2014), Clubs may trade a portion of their Signing Bonus Pool, subject to certain restrictions.
    - B. Clubs that exceed their Signing Bonus Pools will be subject to the following penalties in the 2012-2013 and 2013-2014 signing periods:
 

<b>Excess of Pool</b>	<b>Penalty (Tax on Overage/Draft Picks)</b>
• 0-5%	75% tax
• 5-10%	75% tax and loss of right to provide more than one player in the next signing period with a bonus in excess of \$500,000.
• 10-15%	100% tax and loss of right to provide any player in the next signing period with a bonus in excess of \$500,000.
• 15%+	100% tax and loss of right to provide any player in the next signing period with a bonus in excess of \$250,000.
    - C. The penalties for exceeding the Signing Bonus Pool will increase beginning with the 2014-2015 signing period if a draft or drafts is not agreed to by July 2014.
  5. All international amateur players must register with the Scouting Bureau to be eligible to sign, and the top 100 prospects will be subject to a drug test.
  6. The Office of the Commissioner and the Union will form a joint committee to assist international players with their transition to educational/vocational programs after their baseball careers are over.

#### **IV. REVENUE SHARING**

- a. The net transfer value of the Revenue Sharing Plan will be the same as the current plan. Net transfer amounts will continue to grow with revenue and changes in disparity.
- b. The fifteen Clubs in the largest markets will be disqualified from receiving revenue sharing by 2016. The revenue sharing funds that would have been distributed to the disqualified Clubs will be refunded to the payor Clubs, except that payor Clubs that have exceeded the CBT threshold two or more consecutive times will forfeit some or all of their refund.
- c. The Commissioner's Discretionary Fund will increase from \$10 to \$15 million per year.

#### **V. COMPETITIVE BALANCE TAX**

- a. The threshold level of \$178 million in 2011 will remain unchanged in 2012 and 2013. The threshold will increase to \$189 million for 2014, 2015, and 2016.
- b. The tax rate will decrease to 17.5% for Clubs that exceed the threshold for the first time, and the rate will increase to 50% for Clubs that exceed the threshold for the fourth time or more. Rates will remain the same for Clubs that exceed the threshold for the second time (30%) and third time (40%). The CBT rates in 2012 will be subject to a transition rule.
- c. The Competitive Balance Tax structure under the 2006 Basic Agreement will be modified so that a team that moves below the threshold will be treated as going over for the first time when it next exceeds the threshold.

## **VI. DEBT SERVICE RULE**

- a. The Debt Service Rule will be maintained, but the default EBITDA multiplier has been lowered from ten to eight, and from fifteen to twelve for Clubs incurring stadium-related debt in the first ten years of a new or renovated stadium.
- b. Debt of a Club's owner or related party will be covered by the Debt Service Rule if the debt is serviced, in whole or in part, using Club funds or assets.
- c. Debt Service Rule certification process for new ownership has been modified.

## **VII. BENEFIT PLAN**

- a. Players will continue to receive the maximum allowable pension benefit under IRS rules.
- b. Owners will make a \$184.5 million annual contribution.
- c. Waiting periods for life insurance and disability insurance for active players have been eliminated.
- d. Pension benefits and life insurance benefits for certain classes of retired players and widows have been improved.
- e. The payments to the former non-vested players that began in 2011 will continue for the term of the Basic Agreement.
- f. Access to health coverage has been improved for international players and their families.
- g. Health care benefits have been improved while managed care initiatives have been introduced to help with costs.

## **VIII. HEALTH AND SAFETY**

- a. Players, managers, and coaches will be prohibited from using smokeless tobacco during televised interviews and Club appearances. In addition, at any time when fans are permitted in the ballpark, players, managers and coaches must conceal tobacco products (including packages and tins), and may not carry tobacco products in their uniforms or on their bodies. Individuals who violate the policy will be subject to discipline. The parties also agreed upon an extensive program of education and public outreach regarding the dangers of smokeless tobacco.
- b. The parties agreed on a program of mandatory evaluation by a trained professional for Players who are suspected of an alcohol use problem (including Players who are arrested for DWI or other crimes involving alcohol), and for players who are arrested for crimes involving the use of force or violence.
- c. The parties agreed that no new players will be permitted to use a low density maple bat during the term of the agreement.
- d. By 2013, all Major League players will wear a new batting helmet developed by Rawlings that protects against pitches thrown at 100 miles per hour. The new version of the helmet is significantly less "bulky" than prior versions of the more protective helmet.
- e. The concussion policy that was implemented prior to the 2011 season has been improved and will remain in effect for the duration of the Basic Agreement.

## **IX. DRUG PROGRAM**

Commencing in Spring Training 2012, all players will be subject to hGH blood testing for reasonable cause at all times during the year. In addition, during each year, all players will be tested during Spring Training. Starting with the 2012-2013 off-season, players will be subject to random unannounced testing for hGH. The parties have also agreed on a process to jointly study the possibility of expanding blood testing to include in-season collections.

## **X. OTHER**

- a. Participation in the All-Star Game will be required unless the Player is unable to play due to injury or is otherwise excused by the Office of the Commissioner. Players Trust will receive an increased contribution and players will receive additional benefits.
- b. All Players will be subject to a policy governing the use of Social Media.
- c. Weekend waivers during the regular season will be implemented beginning in 2012.
- d. The parties will agree upon a comprehensive international play plan in which Clubs and Player will visit countries in which games have not been staged in the past.
- e. Non-discrimination protections based on sexual orientation were added to Article XV.
- f. Instant Replay will be expanded to include fair/foul and "trapped" ball plays, subject to the Office of the Commissioner's discussions with the World Umpires Association.
- g. Modifications to Fourth Option and Outright Assignment rules.
- h. The parties agreed to an improved process for challenging official scorer decisions.