



Minor League Baseball Position on Key PBA Issues December 13, 2019

During this week's Baseball Winter Meetings in San Diego, representatives from Minor League Baseball (MiLB) and Major League Baseball (MLB) engaged in formal and informal discussions regarding the Professional Baseball Agreement (PBA) that were cordial and productive. Following those meetings, MLB has repeatedly and inaccurately stated the position of MiLB with respect to several key areas under consideration in the PBA negotiations. To correct the record, Minor League Baseball's positions on the key areas are as follows:

Facilities – Under the current standards outlined in the PBA, there are few, if any, facilities deemed to be non-compliant. MLB pays an architectural firm to inspect each and every MiLB facility at least once every three years. Written reports of their findings are in the possession of MLB and MiLB. MiLB has stated its agreement that there are facilities in MiLB that do not meet the changing player development needs MLB has identified, but that does not make those facilities being non-compliant. **MiLB has offered on multiple occasions to discuss and negotiate reasonable facility standards in the next agreement to address any unmet needs of MLB.** Minor League Baseball has never expressed to MLB an unwillingness to address new standards and improvements in facilities. To state otherwise is untrue and a misrepresentation of the facts regarding the position of MiLB on facilities improvements.

Player Health and Welfare – While not clearly defined, MiLB understands player health and welfare to include matters such as: game schedules, team travel, hotel and clubhouse conditions and amenities (weight training areas, training rooms space and amenities, dietary needs). MiLB has **NEVER** stated a reluctance or refusal to discuss these areas with MLB and to suggest otherwise is false.

Schedules - In the current agreement, MLB teams have the right to review ALL Minor League Baseball schedules, veto non-compliant schedules and suggest changes to a league's proposed schedule. If MLB has issues with a league schedule that is in compliance, they should come to the table and discuss changes to the PBA guidelines. MiLB **has never indicated an unwillingness to review scheduling and schedule formats and has, in recent years, worked closely with the player development personnel of the individual MLB teams to adjust schedules and rethink scheduling philosophies to produce more desirable league schedules.** MiLB is also troubled by MLB's current position of wanting to cut the number of playing dates, which limits the club's ability to generate revenue to cover what will likely be an increased cost of doing business under the next agreement.

Team Travel – Under the current agreement, MLB teams review and approve travel itineraries for ALL MiLB affiliates. The current agreement has guidelines addressing mileage, commuter trips and departure/arrival times. The current agreement allows for "waivers" to the guidelines **in the sole and absolute discretion** of the MLB team. **Any alleged inconveniences endured by the players have been experienced with the consent and approval of their employer.** MiLB has advanced ideas that would improve player travel, to which MLB has not responded. Despite the Commissioner's repeated misleading statements to the contrary, no minor league player in affiliated baseball is transported on a school bus. **The only situation where MLB-contracted players travel by school bus or passenger van occurs in MLB-owned and operated leagues** in Florida (Gulf Coast League), Arizona (Arizona Summer League) and the Dominican Republic (Dominican Summer League).

Hotels – Hotel accommodations for MiLB teams on the road are the financial responsibility of the MiLB team. Under the current agreement, the MLB affiliate in each city is to review and approve the host hotel in each city. MLB identified 37 hotels of the 160 hotels used in 2018 as being "unacceptable" (often because, in the view of some player personnel, the hotels were not sufficiently close to restaurants). Fifteen of those hotels were rated acceptable by the majority of MLB team personnel who actually stayed at the property as a member of a visiting team or travel party. Ratings and



comments were available through annual surveys conducted by the MiLB league office. In the balance of the cases, MiLB immediately addressed and corrected the situation deemed to be unacceptable.

Clubhouse Conditions and Amenities – The unilateral MLB changes to roster limits (adding more players), coaching staffs (additional field personnel), support personnel (strength and conditioning, video, analytics, nutrition) have increased the need for space and amenities in MiLB stadiums. MiLB has acknowledged the need to address additional space to accommodate MLB’s changes. Matters of additional weight room space, additional training room space, separate commissary space to feed players and separate female clubhouse space are all legitimate issues to be addressed. In many cases MiLB teams have already worked with their MLB counterpart to address special needs despite no contractual obligation to do so. **As in many cases with MLB’s argument, they fail to acknowledge issues are not a matter of non-compliance but rather a point to be addressed in a new set of standards.** MiLB has made it clear that it is prepared to discuss changes to address these needs, which are created solely by MLB and not because of any failure to comply with existing standards.

Player Salaries – While MiLB supports the idea of salary increases for the players, MiLB has no employer/employee relationship with any player as they are employed by the MLB team. Players are not MiLB employees and we cannot legally authorize or give a pay increase to the players. Only MLB can do that. As part of the ongoing negotiations, it is not a question of MiLB agreeing to a player pay raise. Rather, the issue is the amount of the additional subsidy that MLB is seeking from MiLB to help offset the cost of the pay raise it is considering for MLB’s minor league players.

Subsidies – MLB’s stance that they are subsidizing MiLB teams is wildly inaccurate. MLB teams do pay for players, coaches and staff in MiLB along with certain player-related expenses of MiLB players and staff. MLB teams own these players’ contracts, assign where they should play, and realize the value of those future MLB players, either directly or as assets with value in a trade to another MLB organization. Ironically, almost 30 years ago, MLB demanded in a PBA negotiation that MiLB sever its employer/employee relationship with all players and took unilateral control of player contracts, benefits, rights and assignments, effectively removing MiLB from the player business.

What is overlooked in MLB’s argument about subsidies is the value of money, goods and services MiLB contributes to the relationship each year. As part of the current agreement MiLB annually incurs expenses in excess of \$60 million in cash, goods and services directly tied to players, coaches and staff. **In addition, over \$20 million a year is paid by MiLB to the commissioner’s office in the form of a “ticket tax” which is required under the current PBA, an amount equivalent to nearly 50% of player salaries below the Double-A level.** MiLB teams also pay for a portion of the bats and baseballs used each year, and MiLB teams pay transportation cost (air and ground) for MLB-employed players and staff. MiLB purchases batting cages, batting practice equipment and maintains first class playing surfaces in the overwhelming majority of its facilities. All uniform costs are paid by the MiLB team. Although not required, most MiLB teams provide free housing and automobiles to its coaching staff and support personnel at a considerable cost to the local team.

Furthermore, since 1997, MiLB has maintained an umpire development program designed not only to staff its leagues and train umpires to be the pool from which potential MLB umpires are selected. **MiLB pays all of these incremental development costs.** MLB utilizes MiLB umpires as regular season vacation and injury replacements in MLB games, and acquires the contract of MiLB umpires when added fulltime to the MLB umpiring staff, without reimbursing MiLB for these developmental costs. More than 35 umpires have advanced to full time MLB employment since this program was created.

For all of these reasons, it is untrue to claim, as the Commissioner has, that MiLB is a “heavily subsidized” industry. Indeed, a reasonable argument can be made that the reverse is true.



The Dream League scenario - MLB has sought to camouflage its Minor League contraction plan by claiming that baseball would continue in the 42 targeted communities in the form of so called "dream baseball leagues." However, in order to be eligible to join, the contracted teams would be required to agree to pay their players, manager, coaches, trainer, medical staff, and other baseball-related personnel, and assume responsibility for the significant workers' compensation, housing, and a number of other costs, all of which typically have been the responsibility of MLB clubs. The incremental costs which these teams would be required by MLB to assume would be well in excess of \$350,000 per year, which few, if any, of the contracted teams would be able to afford. Beyond that, many of the contracted teams are scattered in locations where it would not be feasible to play against one another. Thus, MLB's dream league is nothing more than a shell game designed to conceal the fact that its contraction plan will result in the elimination of professional baseball in 42 communities across the country.

Furthermore, when looking at the sustainability of independent baseball teams, a 20-year look (1999-2019) at independent baseball's five largest leagues shows that just over 100 teams participated in those leagues during that span, and that **just 11 of the cities that fielded teams in 1999 still had a team in 2019**. The 11 clubs that were in business all 20 of those years were Bridgewater (NJ), Crestwood (IL), Evansville (IN), Fargo (ND), Quebec City (QUE), Sauget (IL), Schaumburg (IL), Sioux City (IA), Sioux Falls (SD), Saint Paul (MN) and Winnipeg (MAN). It's worth noting that Bridgewater is outside of Newark, Crestwood and Schaumburg are Chicago suburbs, Evansville was once a Triple-A market, Fargo is the largest city in North Dakota, Sauget is across the river from St. Louis, Sioux City has over 80,000 residents, Sioux Falls is the largest city in South Dakota (over 175,000 residents) and Winnipeg has over 750,000 residents. In many of the independent cities in the five largest leagues, the lifespan of the independent franchise was less than five seasons, and just because the team survived that long certainly doesn't mean it was profitable in each of those years (in many cases they certainly were not). A significant number of independent teams have folded leaving substantial unpaid bills in their communities. **It is clear the independent model does not work in smaller markets and is NOT a viable long-term option for the markets where MLB is looking to contract teams.**

Public financing of ballparks - MiLB teams have worked with many communities across America to develop stadium financing plans that include public, team and developer financing. Over time, many of these financing plans have shifted from primarily public funds to public/private and joint venture projects which benefit the entire community. The Commissioner and Deputy Commissioner are quick to point out that MiLB benefits from public subsidies, suggesting we add "no intrinsic value" to our host communities. **Yet MLB has benefitted in much the same way over the years with new stadiums and new spring training complexes which in many cases are funded primarily from sources other than the MLB team.**

Relocations – Over the past 30 years MiLB has approved a number of relocations. Despite MLB's contention these relocations were solely for the benefit of the MiLB owner, many of the relocations occurred in the early 1990's when existing MiLB cities were unable or unwilling to meet the new facility standards imposed by MLB in the 1990 PBA negotiations. **In each case, regardless of the circumstances, the MLB affiliate realized improved and upgraded player amenities and player development assets.** Additionally, under the current agreement MLB has the right to review each relocation request and void a Player Development Contract ("PDC") if it disagrees with a relocation. To date, MLB has never voided a PDC in objection to the relocation of a MiLB team. **An accurate review of the history discloses several MiLB relocations in the past few years have been requested by, and approved, for MLB-owned MiLB teams.** In the past 25 years MiLB has facilitated six team relocations expressly intended to address a stated need of MLB (Florida State to South Atlantic, South Atlantic to Midwest and California to Carolina).



During the Baseball Winter Meetings, MLB shared with the media an internal Carolina League email that offered existing Carolina League teams an opportunity to **explore** relocation to Wilmington, NC, and a proposed new facility. The facts are that MiLB discussed with the Carolina League MLB's proposal to expand that league, and suggested that the league research viable sites to accommodate MLB's proposal. It was not an offer for teams to relocate, but rather a request for an expression of interest. **What MLB failed to disclose (after making the assertion that MiLB team owners jump from city to city in search of a better deal), were the responses to the very email they shared, which were that more MLB-owned teams reported an interest in relocating than non-MLB owned teams.** The Carolina League never intended to leave an existing city as it would potentially backfill a current city in the event Wilmington, NC panned out. Several of the MLB owned clubs seeking to relocate had very recently received significant public investment in the facilities they would be leaving.

League realignment – MLB's proposed realignment of MiLB leagues lacks applicability, practicality and totally disregards Major League Rules, MiLB's constitution as well as individual league rules of governance. **MLB fails to disclose that MiLB has nevertheless expressed its willingness to consider how it could accomplish league realignment in order to address MLB's travel concerns.**

The observation by the Commissioner that MiLB has in any way adopted a "take it or leave it" position, on any issue is, to put it gently, demonstrably inaccurate.