

Pay them (salaries of  
pro ball players) 1667



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## Pay Them

There was a time when men played for the love of the game; when competition alone satisfied the male ego. This age of basketball featured greats such as Wilt Chamberlain, Bill Russell, and Oscar Robinson. These gladiators, and those like them, battled repeatedly winning league championships, MVP's, scoring titles, and other accolades. Then, the product of James Naismith moved into an era where the love continued, but money was added. Clyde Drexler, Charles Barkley, Reggie Miller and Tim Hardaway have become league "postmodern" boys" for commercials and shoe contracts. Each of them has continued the competitive fire's burning while adding a flare of green. Today, the league seems to be completely entrenched in money. Multi-million dollar contracts, million dollar endorsements, and billion dollar television deals are the focus of the league now. Some criticize on the players for being so concerned about money while others argue the players should be compensated for their God given talents. These "some" are mostly owners" of NBA franchises and the "others" are the players. There are some that petition that the players bring in the money, so they should receive it while others say that they are already compensated enough for a game. In this instance, the "some" are pro player fans and the "others" are allies of the owners. With the large amounts of money that pass through the hands of the owners of NBA franchises and the precedent that has been set by other professional athletic leagues, NBA players should receive substantial compensation for their services.

Employee's Employer relations have been rigid since the beginning of time. For this reason, laborers started labor unions to rectify the problem. Labor

unions, are associations of workers for the purpose of improving economic status through collective bargaining, formed out of the Industrial Revolution of the 19th Century (Labor). Collective bargaining is defined as the negotiation between the representatives of organized workers and their employer(s) to determine wages, hours, rules, and working conditions. The conditions under which these former farmers had to work were unbearable. The farmer got tired of the treatment and banded together. Labor unions sprouted in the US around the 1830's; however, the first major group was the Knights of Labor that organized in 1869 (Labor).

Within the last six years there has been much discussion about the National Basketball Association and its labor agreement. The NBA labor agreement, the cause of the current lockout, does not meet the approval of the owners. The details are tedious, but the overall discrepancy looms over how much the players are worth and how much the owners should pay them. In the summer of 1995 the owners opened the collective bargaining agreement. Their fear, the same fear that caused this year's lockout, is that the players are receiving too much of the BRI, or basketball related income. In 1988 the collective bargaining agreement allotted the players forty-eight percent of BRI, they earned fifty-two percent. The owners, not happy with these figures, locked the players out until a better contract was agreed upon. The players, eager to play and start the season, accepted a six-year deal that stated:

■ The average daily salary will increase from \$1.7 million to \$3 million over six years ("NBA Votes").

■ The minimum salary will increase from \$150, 000 to \$225, 000 next season and will increase by ten percent each season thereafter (" NBA Votessa^|").

■ The creation of a \$1 million exception for those teams exceeding the salary cap (" NBA Votessa^|").

■ The retention of the Larry Bird exception, which states that players completing two seasons with a team can re-sign with that team for any amount regardless of the salary cap (" NBA Votessa^|").

■ The elimination of the luxury tax (" NBA Votessa^|").

■ The players shall be allocated forty-eight percent of BRI and the owners have the option of opening the agreement if it reaches over fifty-one point eight percent (" Sterna^|").

Sixty-three percent of the ninety percent of the player's union who were present at the meeting voted for this agreement. Two members of the player's union, union lawyer Jeffrey Kessler and Michael Jordan, foresaw the problems of this agreement. In an interview after the signing, Kessler says, " I still believe it was a terrible vote for the players and they are going to regret it for a long time,"(" NBA Votessa^|"). Jordan had similar, but different thoughts. " I am with the majority as long as two years down the road they can live with the repercussions of what this deal is going to give them" (" NBA Votessa^|").

Michael Jordan and Jeffrey Kessler jinxed the agreement. On Tuesday June 30, 1998 at midnight the NBA Board of Directors locked the players out. The <https://assignbuster.com/pay-them-salaries-of-pro-ball-players-1667/>

owners, once again frustrated over the percentage of BRI that the players received shut down all personnel transactions, workout facilities, and summer camps (" NBA Lockout"). The immediate cause of the lockout stems from the \$995 million in total salaries, or fifty-seven percent of BRI that the players received instead of their contractual forty-eight percent (" NBA Lockout"). Still, there are other issues that caused the lockout. The league wants:

- A firm salary cap that cannot be broken (" NBA Lockout").
- The Larry Bird clause to be phased out in two years (" Stern").
- The annual increase for veterans limited to five percent (" Stern")
- A guaranteed five-year rookie contract with the right of first refusal for one year (" NBA Lockout").
- A drug policy that includes heroin, cocaine, alcohol, and marijuana (" NBA Lockout").

The owners wants are not unwarranted. They feel as though a stern salary cap will curb the large contracts that have recently taken precedence in the league. This will also help control the division of BRI. The rookie contract request stems from the amount of rookies who enter into the league and have excellent initial seasons. The rookies would then leave their drafting teams to the highest bidder where they eventually help their new team compete for a NBA Championship. The owners feel that the mandatory five-year rookie contracts will allow the drafting team to get the better years out of the rookie before he leaves for another team. Last, the owners feel that

players are passing the drug tests, but still enjoy alcohol and marijuana.

They feel that these substances are just as dangerous as heroin and cocaine and should not be tolerated.

On the other hand, the players have good reasons for their requests, which include:

- The continuation of the Larry Bird clause (" NBA Lockout").
- More freedom in free agency (" NBA Players").
- The ability to test their market - value (" NBA Players").
- Salary scale that increases with tenure (" NBA Lockout").

The players believe that the Larry Bird clause is essential. This clause allows players the ability to remain with their original team. Many players like the current team that they are playing for and wish to remain in the city where they started their career and raised their families. The players would also like more freedom to move. Players whose contracts expire would like the chance to test their market value instead of being trapped into re-signing with their original team (" NBA Players"). Last, too many players that have endured the National Basketball Association for over ten years are making \$500, 000 while players who have two-year tenures make millions. This is not ethical and the players feel that it needs to be addressed (" NBA Players").

As of November 20, 1998, the negotiation teams had reached a common ground. They agreed on some issues, but just needed to do some " tinkering"

to make them perfect. The league Deputy Commissioner Russ Granik, had this to say about the day's progress:

We concluded our negotiations I guess about forty-five minutes ago and we've been since that time meeting with our Labor Relations Committee. We started today at about ten in the morning and went through continuously until that time. It was something I guess over twelve hours of negotiations. I think we can say maybe for the first time that we feel we had a productive day. Unfortunately we are still far apart on a lot of issues but I think we did make some progress. We got closer together on some of the key issues and we just kind of concluded that we had gone about as far as we thought we were able to go for both of us today and that it didn't make any sense to push it any further (" NBA Lockout").

~ Russ Granik,

After examining the issues of both sides, any reasonable person would see that the players deserve the millions that they currently earn. If one looks at the basic attraction of the National Basketball Association, the single reason why fans watch the game is to see players. Without the players, the owners would have no product and therefore no revenue. Many ask the question, " Exactly how much money do players bring into the league?" The answer is found in the start of the 1979-1980 season. Two future Hall of Famers and emerging superstars entered the league and took it by storm. Earvin " Magic" Johnson and Larry Bird revolutionized the NBA. Magic and Bird defined the new ideal basketball player as the " versatile big man" (Kertes 63). Both men, six feet - nine inches tall, combined their size with great

shooting touch, outstanding ball handling, and tremendous passing. Magic and Bird excited the crowds with their new styles and spectacular plays, as they influenced the rest of the league to change into a league based on their styles of play. More and more fans wanted to see this new style first hand, which garnered more revenue in the ticket office.

Following the entrance of Magic and Bird was another individual who America immediately embraced. In the mid 1980's, Michael Jordan emerged as one of the most, if not the most exciting professional athlete ever to have competed in sports. His high-flying, acrobatic, and seemingly gravity-defying moves earned him such nicknames as Air Jordan and "Superman in Shorts" (Donnelly 50). Jordan's exciting style of play combined with his incredible talent for the game attracted great numbers of previously uninterested NBA fans. Many of these new fans did not care about the games; they just wanted to get a chance to see Michael Jordan in action. From the time that Jordan won the league's Rookie of the Year award for the 1984-1985 season, until the end of the '80s, the overall NBA attendance rose forty-seven percent; thus, the Chicago Bulls became the most popular road team in the league (Attendance). Also during this time, the NBA's gross revenues nearly doubled to \$300 million dollars, and the average attendance rose almost four thousand per game to thirteen thousand four hundred twenty. The Chicago Bulls alone sold out more games in an eighteen month period from 1987-1988 than they had in their twenty-two year history. Almost single-handedly, Michael Jordan's fame had brought the league from being mocked as the National Buffoon Association in the beginning of the decade, to one of the most popular sports attractions by the end of the decade (Donnelly 50).

At this time, because the media foresaw monumental opportunities ahead from the NBA, they began to reward the league with large amounts of money. The growing interest in the NBA from fans and advertisers caused the networks to shower the league with money. In 1988, the NBA's revenue from television exceeded \$130 million (Lambert, Stump, and Brown 36). The next year, Ted Turner paid \$275 million to keep the NBA on Turner Network Television (TNT) for the next four years (Stump 40). Then, in late 1989, NBC outbid CBS, the network that had broadcasted the NBA for the past seventeen years. CBS's last contract was a four-year, \$173 million deal. However, NBC offered a new four-year deal worth \$600 million. Although this seemed like a great risk for NBC, they were very confident in the NBA. As executive Vice President at NBC Sports, Ken Schanzer said, " Right now, we think the NBA can be enormously profitable for us." This confidence in the NBA continued throughout the 80" s and continues in the 90" s. However, today" s fan not only wants to see Michael Jordan, but also enjoys the likes of Shaquille O" Neal, Kobe Bryant, Stephon Marbury, Allen Iverson, and many more. It is evident that the players were, are, and will continue to be the reason why the owners grow wealthier.

Moreover, the NBA owners are not suffering financially, but insist on claiming poor and exercising their greed. Every NBA owner has more than enough money to pay these athletes what they want and deserve. A recent article by Forbes Magazine analyzes the entire money situation with all professional athletic teams. The article lists all NBA franchises and their total values. The Chicago Bulls ranked first at \$303 million, the New York Knicks ranked second at \$296 million, the Los Angeles Lakers ranked third at \$268 million,

and the Portland Trailblazers ranked fourth at \$245 million (Ozanian). The last place franchise, the Milwaukee Bucks, was estimated at \$94 million. These values are relatively high and do not correspond to the owners' claims of poverty. The article also ranked the revenues that each franchise earns annually based on last year's statistics. The Portland Trailblazers ranked first with \$34.2 million, the Detroit Pistons ranked second with \$30 million, the Los Angeles Lakers ranked third with \$24.8 million, and the Utah Jazz ranked fourth with \$20.7 million (Ozanian). These figures show that owners are earning large amounts of money; enough to pay their players.

Nevertheless, the Board of Directors reported that sixteen owners claimed losses in revenue last year. Why does this math, not add up? It does not add up because owners do not report all their sources of revenue. According to Forbes, which states that only ten NBA franchises actually lost money, many owners discount revenue from corporate naming rights, advertising, luxury suites, and team merchandise stores (Ozanian). Two examples of this "fraud" are Jerry Reinsdorf, owner of the Chicago Bulls, the Chicago White Sox, and the United Center, and Phillip Anschutz who owns the LA Lakers, the LA Kings, and the LA Clippers. Reinsdorf beats the system by excluding part of the revenue from United Center, the state of the arena that the Chicago Bulls call home. The United Center houses two hundred sixteen luxury suites that procure \$12.7 million in revenue; sixty percent, or \$7.6 million, of which he can exclude from revenue (Ozanian). Phillip Anschutz is in the process of building a new arena in downtown Los Angeles. This new arena will house the Lakers, the Kings, and the Clippers. Staples Inc. is giving Anschutz \$100 million over twenty years to put their name on the arena. The one hundred sixty luxury suites should accumulate \$40 million in revenue

and corporate advertising should gain \$5 million in revenue; all of which Anschutz will credit to The Staples Center (Ozanian). In addition to those revenues, the NBA and its television partners have agreed on a contract worth at least \$2.4 billion over four years, more than double the current deal (Dubow). The contract breaks down to at least \$1.6 billion for NBC and \$800 million for Turner Sports. Under the current four-year contract, which expires at the end of this season, NBC paid \$750 million and Turner paid \$350 million (Dubow). This deal also included a revenue-sharing provision that will net the NBA additional revenue. It is a shame and a disgrace for NBA owners to be "tightfisted" with its players when it is evident that a plethora of money is available for contracts.

The owners of the National Basketball Association handle monumental amounts of money that can be evenly distributed amongst the players and themselves. There is not a reason why already half, and possibly the whole season is in jeopardy of being lost. The Board of Directors and the NBAPA, NBA Players Association, need to research other professional athletic leagues and examine their respective collective bargaining agreements for ideas. For example, the National Football League enforces a complicated, but well thought out collective bargaining agreement. In their system, which expires in 2000, each NFL team is allowed to designate one franchise player and one transitional player within the years of the agreement. Clubs retain exclusive negotiating rights to a franchise player by committing no later than Feb. 13 to a minimum offer of the average of the top five salaries at the player's position, or a twenty percent salary increase, whichever is greater. This offer must be presented before the end of the restricted free-agent signing period

on April 14. Franchise players offered a minimum of the average of the top five salaries at their position in the 1996 season were able to negotiate with other clubs. In the latter case, the original club may match the offer and retain the player or receive two first-round draft choices as compensation if the original club elects not to match. A transition player designation gives the club a first-refusal right to match an offer sheet given to the player by another club. In addition to the transition player option of franchise designation, each club was permitted a total of three transition designations -- two in 1993 and one in 1994. To designate a transition player, the club must offer a minimum of the average of the top ten salaries of 1996 at the player's position or a twenty percent salary increase, whichever is greater. This system, as well as others, seems to work well. The NBA needs to find a remedy for their problem so the players can do what they do best; PLAY BALL!!!