

Valuating Stephen Strasburg

Written by Maury Brown

Wednesday, 17 June 2009 02:50



UPDATE: See the **Sunday, Aug 16** article [With Strasburg, It May Be the Years, More Than Money, That is the Focus](#) for more leading up to the deadline deal.

NOTE: Follow [Maury Brown](#) and [The Biz of Baseball](#) on Twitter leading up to the signing deadline on the 17th

Over the past couple of weeks, a recurring question on radio and elsewhere posed to me has centered around the first overall pick in this year's MLB First-Year Player Draft, **Stephen Strasburg**. The pitcher that has been deemed by some as a "once in a lifetime" pitching prospect is being represented by Scott Boras, and with the Washington Nationals selecting him, the main question asked is, "Will he get signed, and for how much?" That is almost always followed by, "Do you think he's worth that much, and do you see changes coming to address the amount doled out to first-year drafted players?"

The first question involves how much Boras is seeking and where the deal might actually land. Reports have had Boras centering around a 6-year deal between \$25M-\$50 million.

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Boras has come up with the stratospheric figures based upon Daisuke Matsuzaka, who received a \$52 million contract from the Red Sox after doling out a \$51 million posting fee. The argument Boras is making is that the 21-year-old Strasburg is worth more than Matsuzaka at 28. Also, Boras believes that if Strasburg were on the free agent block, he might garner more still. Remember, the record to date is 5/\$10.5 million doled out to Mark Prior.

This sets up a clash of cultures as [Stan Kasten isn't exactly keen on player agents](#) to begin with. The Nationals are going to focus on the landmark Prior figure and surely will try to push the lofty \$50 million figure back and Boras isn't going to accept the \$25 million floor figure. As with most all contract negotiations, the agreed upon salary figure will be somewhere in the middle. One NL exec has predicted \$30 million. While the Nationals will certainly see that as exorbitant and will likely start at the Prior figure, the \$30 million figure appears to be a possibility and for the purposes of this exercise, let's say that the \$30 million figure is where the sides finally agree. How would Strasburg, a player that has never thrown one pitch as a professional, let alone the major leagues, compare with players that are able to engage in salary arbitration?

Comparing a Strasburg Contract to Last Year's Crop of Salary Arbitration Eligible Starting Pitchers

As a quick primer, here are the eligibility requirements for salary arbitration:

- Players with at least 3 but less than 6 years of Major League service time.
- The top 17 percent of players with at least 2 but less than 3 years of Major League service. (See Super 2). To qualify as a Super 2, a player must have accumulated at least 86 days of service in the previous year. (A year of service is 172 days. The historical cutoff point for Super 2 status is 2 years, 128 days of service, though the requirement has been as high as 2 years, 140 days.)
- Players who have filed for free agency and both received and accepted offers of arbitration from their former club.

Based upon the 6/\$30 million figure that we have assigned for Strasburg, we can calculate what his contract's average annual value would be (AAV):

6 years / \$30 million = AAV of \$5 million

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The following table shows the 21 starting pitchers that were part of the most recent salary arbitration eligibility class, plus the addition of Strasburg based upon the \$5,000,000 AAV projection. The table is ranked by highest AAV to lowest, with draft details, major league service time, club, 2008 salary, contract length, percentage of increase from 2008 to 2009 salary, total contract value, AAV, and any awards.

The data is designed to show what a player makes before hitting salary arbitration (in this instance the 2008 salary), how much they can earn through the process, and where Strasburg sits coming out of the draft without any professional service time (ML or MiLB).

Select [Read More](#) to see the rest of this article, including salary data for all starting pitchers in the most recent salary arbitration class

Starting Pitchers - 2009 Salary Arb Class + Strasburg

Rank	Name	Drafted	ST
1	Ervin Santana	'00 - Amateur FA	3.104
2	Zack Greinke	'02 - 1st round - 6th	4.057
		KC	\$1,400,000

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3	Erik Bedard		
'99 - 6th round - 13th	5.171	SEA	\$7,000,000

1

4	Cole Hamels	'02 - 1st round - 17th	2.143
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F

5	Bobby Jenks	'00 - 5th round - 10th	
3.09	CWS	\$550,000	1

9

6	Joe Blanton	'02 - 1st round - 24th	4.016
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F

7	* Stephen Strasburg	'09 - 1st round - 1st	0.000
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V

8	Paul Maholm	'03 - 1st round - 8th	3.037
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F

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9	Todd Wellemeyer	'00 - 4th round - 3rd	5.009
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10	Justin Duchscherer	'96 - 8th round - 26th	5.051
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11	Felix Hernandez	'02 - Amateur FA	
3.06	SE	\$540,000	1

12	Justin Verlander	'04 - 1st round - 2nd	3.002
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13	Scott Olsen	'02 - 6th round - 11th	
3.101	WA	\$405,000	1

Valuating Stephen Strasburg

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14	Wandy Rodriguez	'99 - Amateur FA	
3.105	HO	\$451,000	1

47

15	John Maine	'02 - 6th round - 4th	3.013
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N

16	Ricky Nolasco	'01 - 4th round - 2nd	2.142
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F

17	Edwin Jackson	'01 - 6th round - 24th	3.07
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D

18	Zach Duke	'01 - 20th round - 8th	3.094
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F

19	Jorge de la Rosa	'98 - Amateur FA	4.015
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C

Valuating Stephen Strasburg

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20	Brian Bannister	'03 - 7th round - 12th	2.158
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21	Brandon Backe	'98 - 18th round - 29th	5.088
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22	Shawn Hill	'00 - 6th round - 5th	2.153
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** Figures based upon projections*

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As noted in the table, Strasburg would wind up 7th out of 22 players when using the 6/\$30 million projected contract figures. In looking at a salary arb SP that most closely resembles Strasburg in terms of their place in the draft selection, Justin Verlander was selected 2nd overall in the 2004 draft. He was signed to a five-year deal with a \$3.12 million bonus. At the time, the deal was worth a guaranteed \$4.5 million with a maximum value of \$5.6 million, so at the max

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figure, the AAV for Verlander heading out of the draft was \$1.12 million, a fraction of what Boras is looking to get for Strasburg.

If the moon and the stars were to align and Boras were able to extract the \$50 million figure out of the Nationals, Strasburg would match the highest AAV figure out of most recent class of starting pitchers in salary arbitration in Ervin Santana (\$10 million). That would place him above All-Star and NLCS and World Series MVP Cole Hamels (2009 AAV of \$6,833,333).

Also consider this: of the 14 pitchers selected as the first overall pick in the MLB draft dating back 40 years to 1968, only 3 of them were All-Stars (Floyd Bannister in '76, Mike Moore in '81, and Andy Benes in '88). On the other end of the spectrum, Brien Taylor, who was selected first overall by the Yankees in 1991 never played a single MLB game.

There have been some compelling arguments that assigning large sums of bonus money to draft picks in MLB should be no different than in the NFL, with [one of the best made by Kevin Goldstein of Prospectus](#) [Baseball](#). Kevin writes, "I'm sticking with my prediction of a \$8-10 million bonus as part of a total package worth \$20-30 million." Kevin's values stick closely to the figures being used in this analysis. Kevin then adds:

"But I'm watching baseball highlights on ESPN the other day and on the ticker at the bottom, it flashes that the New York Jets have signed their first-round pick to a \$50 million deal, of which \$28 million is guaranteed. Talking to somebody who follows the game, I learn that this guy is not the first pick in the draft, or even the first guy at his position selected this year, yet anything close to anything someone would describe as historical.

And yet, nobody blinks an eye.

There's certainly a level of truth to Kevin's assertion, especially when it comes to just bonuses. But as I commented in his article, I made the assertion that drafted players in football translate faster to the NFL, and therefore guaranteed money is a lesser risk. As mentioned that was an assertion, but I was not entirely sure when it came to quarterbacks, a position that closely

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resembles the starting pitcher in MLB in importance.

For comparison sake, looking at overall first picks in the NFL over the same 40-year period, there are three Hall of Famers (Terry Bradshaw in '70, John Elway in '83, and Troy Aikman in '89).

[Going over the list of first overall picks in the NFL](#) , and examining the QBs selected, I could only find one that was not looking to start in 2009 (JaMarcus Russell of the Raiders, although Matthew Stafford, the first pick this year by the Lions could be added to the list), with the rest of the field all having decent career lengths -- some much longer. To add further, Eli Manning, the first overall pick in the 2004 draft was the MVP of Super Bowl XLII. To date, there has not been a single Cy Young winner or World Series MVP that was selected as the first overall pick in the First-Year Player Draft. So, I'm sticking to my comment that first overall picks in the NFL draft have a lower risk value when it comes to actually being "major league ready", and that the talent level is a smaller jump for collegiate players to the NFL, when compared to players drafted for baseball.

But all that said, as Boras has mentioned, it seems a near certainty that Strasburg would garner \$50 million, maybe more on the free agency market. One wonders what 2007 first overall pick David Price would have garnered on the FA market, as well. Free agency has the capacity to overvalue prospective talent.

In closing, the comparison here with the salary arb pitchers is simply that: a comparison. For the Washington Nationals, who have lost on a historical level in the standings, and are drawing abysmally in attendance, signing and calling up Strasburg in September would certainly give the fans, and most likely, the team a lift. If the deal winds up at 6/\$30 million, then averaging \$5 million over the course of contract seems a small investment to gain some much needed traction in the buzz department for the Nationals, regardless of the past history as it pertains to contract values for first-year drafted players. All eyes should watch the calendar with the August 17 signing deadline date the focus. The battle between Boras' lofty figure for Strasburg against the pressure of signing their first pick after being unable to reach a deal with their first pick last year in Aaron Crow will make for good drama.

SOURCE DATA FOR SALARY ARBITRATION TABLE:

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[The Biz of Baseball - Salary Arbitration Figures \(2009\)](#)

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