

With Strasburg, It May Be the Years, More Than Money, That is the Focus

Written by Maury Brown
Sunday, 16 August 2009 09:08



UPDATE: See The Biz of Baseball poll for this article: [Will Stephen Strasburg Be Signed by the Deadline?](#) **Vote to the right**

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Tick, tick, tick... by midnight on Monday, the Washington Nationals will have either gotten San

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Diego State pitching phenom Stephen Strasburg under contract, or not.

It's contract talk, and it's considered one of the best pitching prospects, maybe ever, and it's Strasburg's agent, Scott Boras, and, well... it's really all about the structure of the deal.

I've done a couple of columns on the topic now, most notably [Valuating Stephen Strasburg](#) which took a possible 6 year, \$30 million deal and used the average annual value (AAV) of \$5 million to compare him against the last crop of salary arbitration-eligible starting pitchers. As noted in the

[corresponding table within the article](#)

, Strasburg's AAV would rank him 7th out of 22 before throwing a single pitch at the professional level, let alone the majors.

But, looking closer, there is a missing component that needs tending to with the negotiations of the contract, that if it comes to fruition, will blow past the 5 year, \$10.5 million deal given Mark Prior: ***The years in the deal.***

[Valuating Stephen Strasburg](#) was based on a lengthy 6-year deal, a deal that if Strasburg remains healthy, and pitches remotely close to his hype, would come off as a shrewd investment by the Nationals. By using a lengthy contract, the Nationals would avoid the extra salary increases that accompany virtually every player that enters salary arbitration. So, let's say the deal isn't 6/\$30M. Let's say, the deal is 3 years, \$21 million, a dollar figure that is exactly double Prior's record setting contract, and that Strasburg signs before the deadline. First off, if the deal were consummated with that structure, the contract's AAV jumps from \$5 million to \$7 million, [check that table again](#) to see where Strasburg would then rank. Mr. NLCS and World Series MVP will most likely not be pleased.

So, the ink is dry on the contract at 3 years, and the Nationals, looking to get some fannies in the seats and create some much needed buzz in a dismal year, call up Strasburg in September. If that were to occur, Strasburg would most assuredly become a Super Two in salary arbitration.

As a reminder, here's how MLB salary arbitration functions:

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- 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.

So, if Strasburg were to stay on the ML roster, he will hit salary arbitration at just over 2 years of major league service time (if called up in September 0.040 - '09, 1.040 - '10, 2.040 - '11 meaning he would be salary arb eligible by end of '12 season). [Go](#)

[ng back to the table](#)

, you'll see why players love salary arbitration, while management abhors it: it works almost entirely in favor of steep salary increases for the player.

Of the starting pitchers that were first year salary arb eligible last year, the *smallest* raise was Shawn Hill of the Nationals who saw his salary increase from \$402,000 to \$775,000, an increase of 93 percent. So, that's Shawn Hill. What was the average increase in salary from 2008 to 2009 for this crop of first time salary arb players? A whopping 408 percent. The highest increase? Bobby Jenks of the White Sox who saw his salary increase from \$550,000 to \$5,600,000 a staggering leap of 918 percent.

So, coming back to Strasburg and his agent Scott Boras, less is more. A 3-year deal would allow Strasburg to drag the Nationals through salary arbitration not once, not twice, but three times before hitting free agency, each time dinging the Nationals in the pocketbook.

If the Nationals do sign Strasburg, and if they're smart, they would be looking to avoid dealing with salary arbitration or possibly the first or second year of free agency eligibility. Look at deals such as Evan Longoria's, Robinson Cano, or Troy Tulowitzki for examples (see [Youth is King. Let's Wrap Up Them Up Through Arbitration](#)

). In the case of Longoria's deal signed in April of 2008, it was a \$17.5 million, six-year contract. The deal could be worth up to \$44.5 million over nine seasons. Longoria signed the deal after playing just 6 major league games. At this point in his career, the Rays pulled off an incredible deal by wrapping up Longoria through salary arbitration and early free agency, based upon his play. Think of what Longoria would be getting in salary if he had hit salary arbitration.

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So, back to the Strasburg deal, it may not be the total amount that is a key sticking point (don't kid yourself, it still matters greatly to both sides), but for Boras and Strasburg, it may be the total years of the contract that matter most; that 3-year mark allowing Strasburg to enter into salary arbitration at his earliest convenience.

For the Nationals, they're looking at the trend of wrapping up young talent and avoiding the sharp salary increases associated with salary arbitration. Look for them to get out of as many of those years as possible.

Get some sleep on Sunday night. You'll need it as the deal, if it gets done (we're saying it will), will most likely not happen until right up to that Monday-at-midnight deadline.



Maury Brown is the Founder and President of the [Business of Sports Network](#), which includes The Biz of Baseball, The Biz of Football, The Biz of Basketball and The Biz of Hockey. He is contributor to Baseball Prospectus, and is available as a freelance writer

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He looks forward to your comments via email and can be [contacted through the Business of Sports Network \(select his name in the dropdown provided\)](#)

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