

Who's Picking Up the Tab When it Comes to Player Salary?

Written by Jeff Euston
Thursday, 19 April 2007 01:00



With baseball awash in cash, the stakes have never been higher for general managers.

The game is “enjoying a golden age of fan support and excitement,” as Commissioner Bud Selig is fond of saying. With Major League Baseball projecting 2007 revenues of \$5.6 billion, it also enjoys record amounts of cash.

The rising tide has lifted the players, who will earn nearly \$2.5 billion in salaries this season. The average wage has jumped to nearly \$3 million, according to MLB figures.

But for general managers charged with spending all that cash, more money can mean more problems. The lofty salaries have put a premium on smart financial decisions and inevitably present a challenge: What’s the best way to handle a bad contract?

One creative way to limit the damage: trade the player and pay some or all of his salary, essentially paying him to play somewhere else.

The trade market, once reserved for pure “baseball trades” where similar talent was exchanged, now also serves as a “secondary market” for bad contracts, where one club’s disappointing free agent signing becomes an opportunity for another club to acquire a proven talent at a reduced price.

The practice has become so common that USA Today’s annual baseball payroll and salary

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survey includes an entry for "Adjustments" to account for payments teams receive as compensation in player trades and for waived players.

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One general manager active in the "secondary market" is White Sox GM Ken Williams, who has acquired two key contributors, Jim Thome and Javier Vazquez, at discounted prices.

Philadelphia dealt Thome to Chicago after his injury-filled 2005 season, just three years into a 6-year, \$85 million contract. As part of the trade, the Phillies agreed to pay \$22 million of the \$43.5 million left on his deal. As a result, Thome is under contract through 2008 at a price of just \$7 million a year for the White Sox, a relative bargain compared to the 8-figure salaries commanded by free agents this past off-season.

The White Sox also are getting \$2.5 million from Arizona to cover a portion of the salary of Vazquez, who demanded a trade from the Diamondbacks after the 2005 season.

Trades involving a transfer of more than \$1 million require approval from the commissioner's office. But, according to one general manager, "other than that approval, the way the money is exchanged - timing and amount - is all part of the trade negotiation and is different in every case."

"Everything is negotiable," said another GM. "Typically the money is paid out over time or every two weeks during the season when players get paid."

But "getting paid" sometimes can be another stumbling block for potential trades because, under baseball's labor agreement, the value of an existing contract may not be reduced unless the player receives an additional added benefit.

This was the sticking point that ultimately doomed Texas' proposed trade of Alex Rodriguez to

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Boston. ARod eventually came to the Yankees at a discounted price, with Tom Hicks and the Rangers paying \$67 million of the \$179 million in salary left on his contract. In 2007 alone, Texas is paying \$7.1 million of his \$27 million salary, plus an additional \$1 million, which is a portion of his signing bonus.

On the other hand, the Yankees are paying \$9 million to Jaret Wright, Javier Vazquez and Randy Johnson, three starting pitchers who have been traded away from the team.

Across town, two Mets will receive portions of their 2007 salaries from other clubs. Arizona will pay outfielder Shawn Green \$5.8 million this season, and the low-budget Marlins are responsible for about \$2 million of first baseman Carlos Delgado's 2007 salary.

Payments to former players and from other clubs:

Arizona

Payments to former players:

- \$7,120,000 (Russ Ortiz, released)
- \$5,800,000 (Shawn Green, traded)
- \$1,000,000 (Jorge Julio, traded)
- \$2,500,000 (est.) (Javier Vazquez, traded)

Payments from other clubs:

- (\$2,000,000) (Randy Johnson, acquired in trade)
- (\$3,000,000) (Javier Vazquez, acquired in trade)

Atlanta

Payments from other clubs:

- (\$3,000,000) (Edgar Renteria, acquired in trade)

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Baltimore

Payments from other clubs:
(\$4,000,000) (Jaret Wright, acquired in trade)

Boston

Payments to former players:
\$3,000,000 (est.) (Edgar Renteria, traded)

Payments from other clubs:
(\$2,812,500) (Eric Hinske)

Chicago Cubs

Payments to former players:
\$3,250,000 (Glendon Rusch, released)

Chicago White Sox

Payments from other clubs:
(\$7,000,000) (est.) (Jim Thome, acquired in trade)
(\$2,500,000) (est.) (Javier Vazquez, acquired in trade)

Cincinnati

Payments to former players:
\$2,950,000 (Jason LaRue, traded)

Colorado

Payments to former players:
\$2,000,000 (Mike Hampton, traded)
\$1,800,000 (Denny Neagle, buyout) (est.)
\$1,700,000 (Larry Walker, deferred salary)

Florida

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Payments to former players:

\$2,300,000 (Carlos Delgado, traded) (est.)

\$1,000,000 (Al Leiter, traded)

Payments from other clubs:

(\$1,000,000) (Jorge Julio, acquired in trade)

Kansas City

Payments to former players:

\$1,700,000 (Elmer Dessens, traded)

Payments from other clubs:

(\$7,750,000) (Odalys Perez, acquired in trade)

(\$2,950,000) (Jason LaRue, acquired in trade)

LA Dodgers

Payments to former players:

\$ 7,500,000 (Odalys Perez, traded)

\$ 4,500,000 (Bill Mueller, retired, club paying salary)

Payments from other clubs:

(\$1,700,000) (Elmer Dessens, acquired in trade)

(\$2,100,000) (Brady Clark, acquired in trade)

Milwaukee

Payments to former players:

\$ 2,100,000 (Brady Clark, traded)

Payments from other clubs:

(\$3,750,000) (Corey Koskie, acquired in trade)

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NY Mets

Payments from other clubs:

(\$5,800,000) (Shawn Green, acquired in trade)

(\$2,300,000) (Carlos Delgado, acquired in trade) (est.)

NY Yankees

Payments to former players:

\$4,000,000 (Jaret Wright, traded)

\$3,000,000 (Javier Vazquez, traded)

\$2,000,000 (Randy Johnson, traded)

Payments from other clubs:

(\$7,101,500) (Alex Rodriguez, acquired in trade)

Oakland

Payments from other clubs:

\$5,500,000 (Jason Kendall, acquired in trade)

Philadelphia

Payments to former players:

\$7,000,000 (est.) (Jim Thome, traded)

Pittsburgh

Payments to former players:

\$5,500,000 (Jason Kendall, traded)

\$ 141,670 (Jody Gerut, released)

St. Louis

Payments to former players:

\$1,450,000 (Ricardo Rincon, released)

San Diego

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Payments to former players:

\$ 971,311 (Todd Walker, released)

\$ 135,000 (Scott Strickland, released)

San Francisco

Payments to former players:

\$2,000,000 (Tim Worrell, retired)

Seattle

Payments from other clubs:

(\$1,500,000) (Jose Vidro, traded)

Tampa Bay

Payments to former players:

\$ 650,000 (Dan Miceli, released - \$850,000 with buyout)

Texas

Payments to former players:

\$7,101,500 (est.) (Alex Rodriguez, traded)

Toronto

Payments to former players:

\$3,750,000 (Corey Koskie, traded)

\$2,812,500 (Eric Hinske, traded)

Washington

Payments to former players:

\$ 1,500,000 (Jose Vidro, traded)

Jeff Euston is a contributor for *The Biz of Baseball* and is a Kansas City-area attorney. He tracks the market for contracts for MLB players and draft picks at [Cot's Baseball Contracts](#)

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