



For Evan Longoria, Christmas came early. After only seven days of Major League service, the Tampa Bay Rays third baseman signed a contract guaranteeing him \$17.5 million over the next six years. The deal could be worth a total of \$44 million over nine years if the club exercises certain options.

Because Longoria didn't begin the season in the Major Leagues, he wouldn't have been eligible for arbitration until at least 2011, meaning the Rays could have paid him the Major League minimum salary - \$390,000 this year - for the next three years and then taken their chances in arbitration for three more years after that. But MLB clubs view arbitration as the sports equivalent of Russian roulette.

Philadelphia Phillies first baseman Ryan Howard will earn \$10 million this year after winning his arbitration hearing against the club. The Phillies had offered \$7 million. Barring a trade, Howard will remain under the Phillies' control for three more years, after which he will be eligible for free agency. But he is all but certain to earn in excess of \$10 million in each of his arbitration years.

By guaranteeing Longoria \$17.5 over six years, the Rays avoided the risks associated with arbitration. If Longoria ends up being the player that scouts and front office execs predict he will be, the Rays could have saved themselves in excess of \$50 million in the deal. If he isn't, well, the average MLB salary is \$3 million per year, less than Longoria will earn in the first six years of his contract.

Is this a blueprint that other clubs will follow? Yes...and no. Small-market, low-revenue clubs like the Rays have much to gain from signing players to long term deals before they're eligible for arbitration. The Rays don't have the resources to compete with the revenue behemoths,

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such as the Yankees and the Red Sox, who can afford to be patient, see how players develop and then roll the dice in arbitration. Indeed, Longoria isn't the first Rays player to sign away arbitration years, nor is he rumored to be the last.

Other clubs have taken a similar approach with their highly valued young players. Earlier this month, the Arizona Diamondbacks signed centerfielder Chris Young to a five-year, \$28 million dollar deal, effectively buying out all of Young's arbitration years. The Cleveland Indians did the same with pitcher Fausto Carmona, guaranteeing him four years and \$15 million. In both cases, the contracts include option years that increase the potential value of the contract, while giving the club the opportunity to retain a player during what would otherwise be their free-agent years.

While such tactics make sense for the club, one wonders about the benefits that accrue to the player. Pitchers are more susceptible to career-ending injuries, so for Carmona, a guarantee of \$15 million makes sense. And even if the Indians exercise the option years in the contract, which will pay Carmona an additional \$33 million over three years, he will be 30 years old at the end of the contract, young enough to still be attractive on the free agent market.

Longoria, on the other hand, has been a star in the making since he was drafted number three overall by the Rays in the 2006 amateur draft. His salary guarantees are less attractive, and could potentially cost him tens-of-millions of dollars.

Still to be determined is the Players Association's take on short-term players signing long-term contracts. Such contracts will ultimately serve to lower the average salary by reducing arbitration awards and even free-agent contracts. The MLBPA has consistently taken a dim view of any tactic that might serve to lower player compensation. Union members may also harbor resentment over such contracts.

And how will players such as Longoria and Young react years from now when they realize they're locked into contracts that pay them below market salaries? Will they regret succumbing to the temptation of guaranteed millions? Time will tell. In the meantime, the clubs engaging in such activity should be commended for taking aggressive action to lock up their players and provide cost certainty in an uncertain environment. For now, the clubs, as well as their fans, appear to be the clear-cut winners.

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