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In 2009, 111 players filed for salary arbitration. Before players and clubs exchanged figures on January 20, sixty five of these players had agreed to contracts with their clubs. Of the remaining 46 players only three players actually went to an arbitration hearing, tying the low point set in 2005.

Player	Club	Player Filing, \$k	Club Filing, \$k
Winner			
Shawn Hill	WAS	775	500
Dioner Navarro	TBY	2,500	2,100
Dan Uggla			
FLA			
5,350	4,400	Player	

It was the first time that the majority of the decisions went in favor of the players since 1996. Since the first hearings were held in 1974, the clubs have won on 280 occasions and the players have prevailed 207 times.

By my count, here is the breakdown of the 111 cases:

- 93 players signed one-year contracts
- 15 players signed multi-year contracts.
- 3 players had their salary determined at an arbitration hearing.

MLB Salary Arbitration Wrap-Up -- 2009

Written by Bill Gilbert

Saturday, 28 February 2009 13:05

There are two situations where arbitration can come into play. By far the most common is the one involving players, under control of their clubs, with 3 to 6 years of major league service (MLS), plus the 17% most senior MLS-2 players, referred to as "super twos". Of the 111 players who filed this year, 109 were in this category.

The other situation involves free agents. When a player with 6 or more years of major league service files for free agency, his club has the option of offering arbitration. A club must offer arbitration in order to get compensation in the form of draft picks if the player signs with another club. If the player accepts arbitration, he is no longer considered a free agent and he becomes bound to that club. If a player refuses arbitration, as most players do, he is a free agent who can sign with any club including the one he played for last year. Of the 24 free agents who were offered arbitration this year, the only two that accepted were Darren Oliver of the Los Angeles Angels and David Weathers of Cincinnati.

With the economic uncertainties this year, the market was more difficult to read. A number of free agents, such as Jason Varitek of Boston, Orlando Hudson of Arizona, Orlando Cabrera of the Chicago White Sox and Jon Garland of the Los Angeles Angels would have fared much better if they had accepted arbitration. Clubs also had difficult decisions to make and recognized that in a declining market, some players would likely be paid much more in the arbitration process than their market value. This led to non-tendering arbitration eligible players like Ty Wigginton of Houston, Willy Taveras of Colorado, Takashi Saito of the Los Angeles Dodgers and Tim Redding of Washington.

The arbitration process is designed to promote a settlement at a salary in line with that of other players with comparable performance and service time. Players eligible for arbitration for the first time receive a large increase in salary since they have no leverage in their pre-arbitration years when their salaries are under control of the clubs. Players who have been through the process before also generally receive salary increases depending on their performance in the preceding year.

Players that settle prior to hearings are frequently able to include performance bonuses, based on playing time, and awards bonuses in their contracts.

The big winners in the arbitration process this year were Nick Markakis of Baltimore and Ryan Howard of Philadelphia. Markakis, in his first year of arbitration eligibility, signed a six year contract for \$66.1 million, which carries him through 3 years of arbitration eligibility and 3 years

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of free agency. Howard, who won at a hearing in 2008, received a three year contract for \$54 million which takes him through his arbitration years.

The relatively quiet arbitration season this year suggest that the system is working as designed in achieving benefits for both sides. Players with 3 to 6 years of major league service receive salaries that are influenced by their market value and Clubs are able to retain the rights to these players through 6 years of major league service before they become eligible for free agency.

Bill Gilbert is a SABR member who has worked on the preparation of arbitration cases for 17 years.