

Link: [Copy of the 2003 - 2006 Basic Agreement](#)

Duration - 4 years□

Aug. 30, 2002 – Players and owners reach preliminary agreement on a new labor contract hours before scheduled strike date. It is the first time that a labor agreement is reached without a work stoppage. For the first time in baseball history, the CBA includes random testing for steroids.

Principals

- **Commissioner Bud Selig**
- **MLB:** President & COO Bob DuPuy, Executive VP for Labor Relations and Human Resources Rob Manfred
- **MLBPA:** Executive Director Donald Fehr,

- Associate General Counsel Gene Orza, Associate General Counsel Michael Weiner
- **Player reps:** Rick Helling (AL rep as of 12/00), Tom Glavine (NL rep), Paul Abbott, Rich Aurilia, Aaron Boone, Tony Clark, Craig Counsell, Johnny Damon, Ryan Drese, Damion Easley, John Flaherty, Joe Girardi, Doug Glanville, Jason Grimsley, Denny Hocking, Kevin Jarvis, Charles Johnson, Jason Johnson, Ray King, Steve Kline, Al Leiter, Jeff Liefer, Paul Lo Duca, Mark Loretta, Mike Myers, Russ Ortiz, Mike Remlinger, Brian Schneider, Scott Schoeneweis, Mike Stanton, Blake Stein, B.J. Surhoff, Vernon Wells, Kevin Young, Gregg Zaun, Todd Zeile, Jeff Zimmerman, Barry Zito

Issues

- **Term:** 2002 – December 19, 2006. The termination date is changed from Oct. 31 (or two days after the World Series ends in 1997-2001 agreement) to Dec. 19 in the new agreement.
- **Contraction:** Tabled for duration of agreement (until Dec. 19, 2006), with owners free to unilaterally contract clubs at the start of the next agreement. Players' contraction-related

grievance, filed Nov. 2001, is settled. The clubs may elect to eliminate two teams for the 2007 season, but must notify players by July 1, 2006. If the clubs elect to contract for 2007, the union may not contest before the National Labor Relations Board that contraction is a mandatory subject of bargaining. If clubs elect to eliminate teams they do not have to identify them at that time.

- **Revenue Sharing:** \$258 million each year, phased in over four years. Base: \$175 billion distributed to each club on a straight-pool basis. The remainder is split by the Commissioner out of the central fund and discretionary fund, phasing in at \$230 million in 2003, \$243 million in 2004, \$258 in 2005 and \$301 million in 2006.

- **Competitive Balance Tax:** Clubs whose payrolls exceed set thresholds are taxed on the portions above the thresholds, with the money to be used for player benefits, the industry growth fund or developing baseball players in countries without organized high school baseball. Thresholds: \$117 million in 2003, \$120.5 million in 2004, \$128 million in 2005 and \$136.5 million in 2006. The tax rate for clubs penalized for the first time is 17.5 percent throughout the agreement with second-timers penalized as high as 40 percent. Luxury taxes expire on the final day of the 2006 season, meaning that if the sides play under the status quo in 2007, there would be no tax.

- **Minimum Salary:** The minimum salary is increased from \$200,000 in 2002 to \$300,000 in 2003 and 2004, and \$316,000 (after cost-of-living increase) in 2005. Players with split contracts in the minors increase from \$40,500 in 2002 to \$50,000 in 2003 and 2004, and \$52,500 in 2005.

- **Salary Arbitration:** Eligibility unchanged from the 1997-2001 CBA. Any player with three years of service and less than six years of service may file. The top 17 percent of players with two-plus years of service also qualify.

- **Free Agency:** Eligibility unchanged from the 1997-2001 CBA.

- **Waivers:** Each year will be divided into four waiver periods instead of three: Nov. 11 to Feb. 15, Feb. 16 to day 30 of the season, day 31 to July 31, and Aug. 1 to Nov. 10. (Previously, the year consisted of three waiver periods: Nov. 11 to day 30 of the season, day 31 to July 31, and Aug. 1 to Nov. 10.)

- **Draft:** June amateur draft remains the same, with provision to discuss a worldwide draft during the new agreement.

- **Scheduling:** Inter-league play is approved for the duration of the agreement.

- **Expense Money:** Spring training and in-season allowances are increased at the rate of the Consumer Price Index.

- **Contract Tenders:** All contract tenders to unsigned players on 40-man rosters will be made by the commissioner's office instead of individual teams.

- **Injury Rehabilitation:** Players with less than five years of major league service may be directed for no more than 20 days to undergo baseball-related rehabilitation at a club's spring training facility. However, starting with the 11th day, each day at the spring training site would be deducted from the limit on a rehabilitation assignment to the minor leagues for the player, currently a maximum of 30 days for pitchers and 20 days for others.

- **Debt:** A club may not have more debt than 10 times EBIDTA (earnings before interest, depreciation, taxes and amortization), except that a team that has moved into a newly constructed ballpark within the past 10 years may not have more debt than 15 times EBIDTA. There will be a three-year grace period, during which the commissioner has the right to retain the debt service rule, fully implemented. If he so elects, the commissioner must revoke the 60-40 assets-to-debt ratio rule. If he doesn't want to revoke the 60-40 rule, the debt-service rule

becomes fully implemented.

- **Commissioner's Discretionary Fund:** A total of \$10 million (\$333,333 from each club) is taken from the central fund and may be redistributed by the commissioner.

- **Drug testing:** Testing for "Schedule III" anabolic androgenic steroids only. No testing for recreational or over-the-counter drugs. All players are randomly tested for illegal steroids in 2003 as a "survey." If 5 percent or more test positive in any survey year, mandatory random testing for illegal steroids is implemented for 2004 and 2005. If 2.5 percent or fewer test positive in consecutive years, mandatory random testing is stopped. In any year in which there is not mandatory random testing, players will be tested on a survey basis. The first time a player tests positive during mandatory random testing, he is placed in a treatment program. For subsequent positive tests, penalties range from a 30-day suspension to a two-year suspension.

- **Pension:** Owners agree to contribute \$114 million-\$115 million annually, an increase from \$70 million in 2002.