

Office of the Commissioner
MAJOR LEAGUE BASEBALL



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Deputy Commissioner, Baseball Administration

November 19, 2019

Re: Minor League Baseball Negotiations

Dear Member of Congress:

As you may know, Major League Baseball (“MLB”) and Minor League Baseball (“MiLB”) have begun negotiations to renew the contract that governs their longstanding professional relationship, known as the Professional Baseball Agreement (“PBA”). Given the publicity surrounding these negotiations, I would like to take this opportunity to share with you MLB’s goals for these negotiations, and correct misinformation that is being circulated by some owners of Minor League teams.

I. Professional Baseball Agreement (“PBA”)

By way of background, MLB relies on MiLB to develop players for potential future performance in the Major Leagues. Under the current PBA, Major League Clubs are required to enter into at least 160 affiliation agreements with Minor League teams. Minor League teams affiliated with Major League Clubs typically are for-profit businesses that offer an entertainment product – the staging of Minor League games – in their local communities, and the vast majority are not owned by Major League Clubs. In accordance with the PBA, Major League Clubs provide the players, coaching staffs, and equipment to MiLB so that it can offer that product. The Major League Rules, which are incorporated into the PBA, describe the working conditions that Minor League owners must provide, including the quality and amenities of the facilities, travel to road games, food, lodging, hotel accommodations, *etc.* MLB heavily subsidizes the Minor League owners. By way of example, Major League Clubs pay Minor League players alone nearly \$500 million in signing bonuses and salaries each year. The Minor League teams, by contrast, pay Major League Clubs an aggregate of only \$18 million per year under the existing PBA. Although some Minor League affiliates lose money, as a collective the 160 Minor League teams are profitable (with profits of approximately \$100 million in 2018).

In addition to direct economic subsidies, the PBA provides Minor League owners whose teams are affiliated with Major League Clubs with substantial protection from competition with operators of independent league teams. Under the PBA, the 160 Minor League teams for which Major League Clubs must supply the players, coaching staffs,

and equipment include a required number of teams in the following Leagues: International, Pacific Coast, Eastern, Southern, Texas, California, Carolina, Florida State, Midwest, South Atlantic, New York-Pennsylvania, Northwest, Appalachian and Pioneer. Other than the number of Clubs in the Appalachian League, the Major League Clubs are not permitted to change the classification of play or length of season in any of the other Minor Leagues listed above, except by agreement with Minor League Baseball. Because of these and other restrictions contained in the PBA and Major League Rules, there are significant barriers to a Major League Club's ability to affiliate with an unaffiliated team participating in an independent league, even if the independent league team offers the Major League Club an upgraded stadium, is located in a more desirable geographical area from a travel standpoint, or is willing to provide our players with improved amenities and enhanced working conditions. In the absence of the PBA, a Major League Club could affiliate with any team operator who offered the Club the best facilities and services, and teams – regardless of whether they are now part of MiLB or part of an independent league – would compete for the right to obtain an affiliation with a Major League Club through the quality of their operations. The lack of competition among operators of teams for an affiliation with a Major League Club has reduced the incentive for some affiliated Minor League teams to improve their facilities and player amenities.

II. MLB Objectives in PBA Negotiations

In the current negotiations, MLB is seeking significant improvements to the Minor League system in order to enhance the development of players and improve their experience, including: (i) ensuring that all Minor League affiliates have facilities suitable for professional baseball players; (ii) reducing the travel burden on Minor League players by reorganizing the composition of certain leagues within MiLB in a more geographically efficient manner; (iii) improving the compensation, accommodations, and amenities for Minor League players; and (iv) improving the process by which Minor League teams affiliate with a Major League Club. We expand on some of these issues below.

1. Player Travel and Working Conditions

Based on significant feedback from both Major League Clubs and players, we have identified more than 40 Minor League stadiums that do not possess adequate training facilities, medical facilities, locker rooms, and, in some cases, playing fields, to satisfy the requirements of our Clubs and players. MiLB has communicated to us that it is unrealistic for us to expect lower-level Minor League affiliates to meet our facility standards because of the costs involved in upgrading the facilities. However, we do not believe that our players should be compelled to play in substandard facilities because the Minor League owners or stadium authorities are either unable or unwilling to make the required investments. The responsibility for providing facilities suitable for the development of Major League players rests with the Minor League owners under the PBA.

MLB does not take for granted the willingness of communities to invest public funds in stadiums. But, we also recognize that it may not be a useful expenditure of public funds to upgrade any facility in a market in which the affiliate consistently loses money, lacks a significant fan base, or is located in a place that makes travel for Minor League players burdensome or player development difficult. The location of Minor League teams and the composition of each league within MiLB have been determined primarily by the Minor League owners. Minor League owners regularly relocate affiliates to cities where they obtain the most favorable economic subsidies for stadium development. Indeed, Minor League owners have relocated their teams from 77 U.S. cities since 1990 because they received better offers from other cities for stadium or economic development, and neither MiLB nor those Minor League owners offered those cities any alternative to save organized baseball. The current system has resulted in a Minor League affiliate map that places significant travel burdens on players (who travel by bus) and results in Major League Clubs being located far away from their affiliates, which circumstances only have a negative impact on player development.

Major League Clubs believe that the compensation of Minor League players should be significantly improved. Our Clubs also strongly believe that the working conditions of Minor League players need to be improved, including by providing reduced travel, higher quality hotels and clubhouse food, sleeper buses for long road trips, and more off days. We view these as shared responsibilities of the Major League Clubs and the Minor League operators. These issues need to be addressed as part of the PBA negotiations.

2. Number of Minor League Players/Affiliates

The PBA governs the total number of affiliates to which Major League Clubs will supply players during the term of the agreement. The majority of Major League Club owners believe that there are too many players in the Minor League system. Major League Clubs sign and release nearly 2,000 Minor League players each year. Less than 5% of the players selected after the 25th round of the First-Year Player Draft reach the Major Leagues. Most of the players on the rosters of rookie, short season and low-A teams are there to fill rosters so the Minor League teams can stage games for their fans, not because the Major League Clubs require all of those players to develop Major League talent.

We cannot commit to you that the next PBA will require MLB to guarantee 160 affiliates. Even if Major League Clubs determine that they will commit to 160 affiliates, they are not willing to send their players to substandard facilities or impose on them unreasonable burdens with respect to travel and working conditions. If MLB commits to a lesser number of affiliates, the affected Minor League owners still can operate their teams but would be responsible for signing their own players -- no different than the dozens of teams that operate in independent leagues across the U.S., including, for example, the Atlantic League and the American Association.

However, if the next PBA requires MLB to guarantee significantly fewer than 160 affiliates, MLB will take responsibility for providing viable options to preserve organized baseball in places that currently have affiliated MiLB teams. MLB fully understands and appreciates the importance of baseball to local communities, and if the PBA negotiations result in an agreement on fewer affiliated Minor League teams, MLB will offer a variety of alternatives to those affected communities, including inviting them to join collegiate summer leagues similar to the Cape Cod League (but under the umbrella of MLB), existing independent leagues, or a newly created “Dream League” that also would operate under the auspices of MLB. The Dream League would serve as a platform for programs designed to increase the number of children and adults from traditionally underrepresented groups playing baseball in the U.S.; providing managing/coaching opportunities for former players and diverse candidates; creating playing opportunities for foreign teams and undrafted players; and filling rosters with more local talent to increase marketability. The Dream League would enable affected communities to retain baseball in a potentially novel and compelling format.

We recognize that MiLB is framing the issue as saving baseball in communities that presently have it. But we have already committed to both MiLB and local communities that have inquired that MLB will offer options to preserve baseball in a viable and fan-friendly format in all cities that currently have an affiliate. The focus of MiLB in our very brief negotiations has been the impact of changes to the PBA on the value of their franchises — not on the impact of changes on local communities. We know for a fact that many Minor League owners — including owners in districts represented by Members of Congress who signed the letter to the Commissioner — are presently attempting to relocate their affiliates to different cities or sell them outright.

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In our view, the best way to address the challenges facing MLB and MiLB in our PBA negotiations is at the bargaining table. In this respect, we have had only *one* formal bargaining session with MiLB on the issues discussed in this letter, and anticipate many more to come. I am optimistic that we can reach a favorable agreement for the benefit of all concerned, and as the discussions progress, we hope to stay in touch with you and your staff and answer any questions you may have. Please do not hesitate to reach out to me directly or Josh Alkin, MLB’s Vice President of Government Relations.

Very truly yours,



Daniel R. Halem