

## **Handout #3: Athlete Salaries: Paid or . . . *Overpaid*?**

In recent years, professional athlete salaries have increased exponentially. Because the wage gap between these sports heroes and the fans who pay to see them is the highest on record, questions are being raised as to whether these players deserve to be making the high salaries that have become the norm. What qualifies athletes for such inflated pay? Are they making a contribution to society that justifies the millions of dollars they receive in contracts and endorsements? This document will present positions on both sides of this issue.

### **First Position: Professional Athletes Deserve Big Salaries**

#### **A) Professional Athletes Make Exceptional Sacrifices**

The life of a professional athlete is not an easy one. In most cases, these athletes have trained rigorously for nearly their entire lives. Aspiring professional athletes make great sacrifices in order to achieve their goals in sports. This sometimes includes putting their health in jeopardy. Unlike most jobs, the risk of bodily harm is common concern for a professional athlete. One wrong move could result in a season or even career-ending injury. In contact sports especially, head and neck injuries, including concussions and sometimes brain injury, can have lasting effects on quality of life, sometimes long after retirement. Professional athletes also sacrifice time with wives, children, parents, and friends throughout their careers. Due to travel schedules, athletes will spend weeks or even months away from home. It is common for them to miss things such as birthdays, anniversaries, a parent's illness, and even the birth of a child due to team commitments.

#### **B) Superstars Sell More Tickets**

Superstar athletes are often paid very well because of the direct correlation between their success as players and their organization's revenues. Athletes' likenesses are used to sell merchandise and promotional materials. If a player can help a team to win more games the team will likely sell more tickets at a higher price. With the advent of social media, athletes can now play even larger roles in

promoting their teams. Superstar athletes will often use their celebrity and social media following to attract fans to the games and a team's merchandise. It's only right that a substantial part of team revenues go to athletes who play such a significant role in generating those revenues.

### **C) Athletes Don't Get Paid as Much as We Think**

In almost all cases, the athlete salaries that are made public are much more than twice what the athlete will actually "take home." Professional athletes are often in the highest tax brackets and therefore pay the greatest income and property taxes, in addition to paying what is known as a "Jock Tax." This latter tax is a tax on out-of-state work and is based on team travel schedules. Different cities and states have the ability to tax players for money earned in their respective communities. Of course, athletes also have to spend portions of their salaries on occupational necessities such as agent fees and union dues. One example of the disparity between a reported salary and what an athlete actually brought home can be seen in the case of NBA superstar Stephen Curry. While Curry's contract was valued at \$34.6 million for the 2018 season, his net pay was \$15.2 million. [It's worth noting that Major League teams make an average of \$315 million a year, including television contracts, with some of the teams making substantially more than the average.]

### **D) Exceptional Talent Deserves Exceptional Pay**

The players who make it to professional athletics work for years to get there. They have succeeded in establishing themselves as the best in their field. The seemingly excessive pay is merely a reflection of what might be called "excessive talent." Much like the greatest voices in popular music, the greatest literary figures, the greatest visual artists, etc., athletes with exceptional talent should be recognized for that exceptional talent.

### **E) The Average Career in Baseball Is Not the Average Career Length**

When considering the salaries of professional baseball players as distinct from salaries in other fields, people tend to forget that the athlete's high pay only lasts for the duration of the athletic career. The average physician's career is 34 years. The average baseball player's career? 5.6 years. Though players are taxed like they'll make the big salaries for many years to come, that doesn't happen. The longest career in sports is short when compared to many other lucrative vocations. The only way a player can take care of himself and his family in the long term is to save money while it's coming in. Excessive

salaries require excessive care and cautious saving. To pay the athlete less would put them in jeopardy in the years that follow the sports career.

## **Second Position: Professional Athletes Are Paid Too Much**

### **A) Excessive Salaries Make Sporting Events Unnecessarily Exclusive**

In 2016, the average American household reported an income of \$57,600. The average income of a professional athlete in North America's four most popular sports ranged from \$2.1 million in the NHL to \$6.5 million in the NBA. In order for teams to pay their players accordingly, owners are often forced to raise ticket and concession prices at their stadiums. There is an understandable fear that professional sporting events are becoming too expensive for average Americans to attend. In 2016, the average ticket to attend a New York Knicks game was \$129. This is a dramatic increase from just ten years earlier when the average Knicks ticket cost only \$68. The increase in players' salaries thus leads to less accessibility for many sports fans.

### **B) The True Meaning of Sports is Being Diminished**

With the financial incentives being so great, there is a fear that young athletes may choose to pursue sports out of a desire to become rich and not for the love of the game itself. Some argue that professional athletes will perform to the greatest extent of their abilities in the years before they sign a lucrative contract. Following this logic, after they receive such a contract the athletes are less incentivised to try their hardest. One example of this is Washington Redskins defensive tackle Albert Haynesworth. For the first seven years of his career, Haynesworth was statistically one of the best players at his position in the NFL. In 2009, the Redskins signed him to a \$100 million dollar contract. For the remainder of his career, Haynesworth underperformed. He was often criticized for lack of effort on the field. Many analysts attribute this change in play to a sense of complacency after signing a life-changing contract.

### **C) Larger Salaries Result in Income Inequality Within Professional Sports**

In recent times, what some would describe as a corporate culture has crept its way into professional sports. The wage gap amongst pro players has never been wider. While the biggest stars may be

making more than ever, this is not at all the case for the lesser known players trying to survive in the network of baseball leagues that includes both Minor and Major Leagues. In 2018, the average Major League Baseball player made \$4.1 million. This is in stark contrast with the average minor league player at the lowest tier. Although such minor league players are signed to their professional contracts by major league franchises, such players only make \$1,300 per month.

That's far less than minimum wage! It's time to close down the gap and respect *all* of the players in professional sports.

#### **D) First Responders, Police Officers, Presidents of the United States: Why Don't They Make as Much as Baseball Players?**

The President of the United States, bringing in \$400,000 per year, makes far less than the average Major League Baseball player. A police officer or first responder, both in risk positions, putting their own lives in jeopardy to help others, make far less still. Salaries in sports and entertainment should be balanced in relation to the salaries of such people. The inflation of sports salaries creates a society in which the wrong things are given excessive priority. It's time to return some balance so that young people learn to value vocations that serve the community but don't have celebrity attached.

#### **E) If the Inflation Continues, Sports Culture Will Suffer**

Now is the time to establish limits on player salaries. Baseball culture was enormously popular, accessible to the masses and a thing of national pride for many years before salaries started escalating. Modest player salaries didn't affect the game's popularity. If one considers, first, the fact that professional baseball has been a part of American life since the mid-19th century (1846 is the year of the first professional game), and, second, that it wasn't until 1980 when Nolan Ryan became the first player to make a million dollar salary, it's very clear that the most of baseball's history has been free of salary escalation. But one could argue that the popularity of baseball, measured in ticket sales and television ratings, has actually diminished in recent years, and this could be related to the inflated salaries and inflated ticket prices that have come to define sporting culture. If salaries continue to escalate at the rate they have in the last fifteen years, sporting culture risks collapse from within. The democratic spirit of baseball, the access to baseball events by the average American, the team spirit that defines great organizations such as the New York Yankees, St. Louis Cardinals, and the Chicago Cubs . . . all will suffer if salary inflation continues as it has been going.