

# Service-time Arbitration

## A Proposal for an Alternate Allocation System

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Ottoneu arbitration is one of the few aspects of Ottoneu that doesn't match the rest of the experience. All owners in a league should take part, yet the process is tactically unchallenging and mechanical in implementation. It happens after the season ends when owners, especially second-division owners, are less likely to check in. It is also a time when many owners make the decision not to return, which means that other league members have to recruit new owners in the arbitration timeframe. I think there is a strong argument for automated arbitration. The problem has always been how to do it.

This proposal does not attempt to replicate the current system. Instead it applies a service-time paradigm that will result in different player keep and cut strategies.

In this paradigm arbitration dollars are based on the number of seasons a player is under contract, as follows:

1. Major and minor league players are identified as they are currently (Rule VII.b.i).
2. A contract begins either when a MLB player is acquired through auction -- either annual auction or free-agent auction — or when a rostered minor league player acquires major league status.
3. A contract ends when a player is cut and clears waivers.
4. A player who is cut and picked up on waivers retains his current contract.
5. At the end of the season, allocation dollars apply as follows:

\$1 increase for all rostered players with or without MLB experience.

\$2 increase for all rostered players for each season under the same MLB contract, including the current season.

## Examples

At season end, a rostered player has a salary increase as follows:

- A rostered minor-league player: +\$1.
- A MLB player completes his first contract year: +\$3.
- A minor-league player who has achieved MLB status this season: +\$3.
- A MLB player acquired via trade or waivers completes his second contract year: +\$5.

A more complicated example:

Gio Gonzalez is drafted in 2015 by Team A at \$10. At the end of 2015, Gio's salary increases to \$13 (\$1 + \$2 for 1 contract year). In 2016, Team A trades Gio to team B. At the end of 2016, Gio's salary increases to \$18 (\$1 + \$4 for 2 contract years). In 2017, Gio is dropped but picked up on waivers by Team C. At the end of 2017, Gio's salary increases to \$25 (\$1 + \$6 for 3 contract years). In 2018, Team C drops Gio. He clears waivers, and is auctioned for \$15. At the end of 2018, Gio's salary increases to \$18 (\$1 + \$2 for 1 contract year).

## Implications

The premise of this framework is that a player's fair price is determined by auction.

Breakout players will not have their salaries dramatically increased by arbitration as in the current system. Owners reap the benefits of a breakout for more than one or two seasons.

However, the automatic increase of player salaries by contract year makes it harder to hold marginal performers.

This approach could lead to dynasty teams if an owner hits on multiple breakout players at once. But it should also make prospects more attractive and attract more buyers to in-season auctions. Even if an owner bids high on a prospect or upside-player just to cut him, this will churn the market, as that player can be picked up on waivers or auctioned at half price.

## Performance Incentives

To add some push-back to dynasty-building, individual player salaries are also increased by performance incentives:

MVP — Top 3 in each league receive \$3, \$2, \$1, increases.

Cy Young — Top 3 in each league receive \$3, \$2, \$1.

Rookie of the year — Top 3 in each league receive \$3, \$2, \$1.

All-Star Game appearance -- Each receives \$1.

Silver Slugger — Each receives \$1 (National League pitchers exempted).

Comeback Player of the Year — Winner in each league receives \$3.

Reliever of the Year - Winner in each league receives \$3.

Individual leagues can change all of these incentive values and add more if desired.

## Application

This framework is designed to be enforceable by algorithm, though I don't know if there is a data feed for awards. The MLB status and contract length can all be determined by data already handled by Ottoneu.

However these dollar values can easily be applied via the current arbitration system, either as a cooperative effort by all league owners or by a league commissioner. And, of course, a league commissioner can correct mistakes or simply do the whole thing via commissioner tools.