

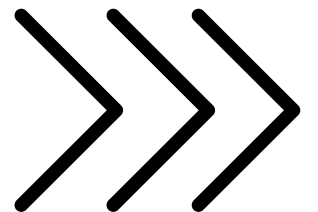


**FRONT OFFICE
FUNDAMENTALS**

**GET IN THE
GAME 101**



**WHAT GOES INTO
TEAM SALARY?**



(CBA Article VII, Section 4)
Note: there is modified Team Salary
calculations for Luxury Tax and
Apron purposes)



Team Salary: What Counts Against the Cap

- **Base Salaries** from active contracts (including “Likely” bonuses)
- **Salaries remaining from waived and retired players** (could be “stretched”)
- **Other contracts and inclusions** (ex: 10-day contracts)
- **“Cap Holds”** (placeholders for a team’s rights)





Base Salaries & Bonuses

- **“Regular Salary”** means the player’s salary without signing bonuses or incentive compensation
 - Can never be below the Minimum or Maximum allowed via the CBA
- **Maximum Salaries:** based on Years of Service (YOS) in the NBA
 - **0-6 YOS:** 25% of the Cap at signing or 105% of player’s prior season salary
 - **7-9 YOS:** 30% of the Cap at signing or 105% of player’s prior season salary
 - **>10 YOS:** 35% of the Cap at signing or 105% of player’s prior season salary
- **Bonuses**
 - **Performance** (total limited to 20% of player’s Regular Salary for the given Salary Cap Year)
 - **Likely** (based on specific benchmarks achieved in the season prior)
 - **Unlikely** (limited to 15% and the team must have Room for salary + incentives)
 - **Signing** (limited to 15% of total compensation excluding incentives)
 - **Trade** (limited to 15% of total compensation remaining on the player’s contract when traded)





Salaries from Waived & Retired Players

- **Roster spot opens** when waiver of a player is requested (generally irrevocable)
- **Player is entitled to any guaranteed salary** the team still owes
- **Teams have the option to stretch** the player's remaining guaranteed salary if it is over \$500k
 - **Waived In-Season (September 1-June 30):** pay the current season normally and stretch the remaining aggregated salary over $2x+1$ outlined below
 - **Waived Offseason (July 1-August 31):** team can stretch a player's remaining salary by 2x the amount of years remaining on the deal plus an additional year
- **Ex:** Mavs waived JaVale McGee in August with \$11.7M owed to him over 2 seasons
 - $\$11.7 / [(2) \times (2) + 1] = \2.34M stretched over the next 5 seasons





Cap Holds (brief overview)

- **Free Agent Amounts:** placeholder for player's expected new salary that remains until player:
 - 1) Signs his contract (re-signs or signs with new team); or
 - 2) Team renounces the player (including any Bird rights associated)
- **Salary Cap Exceptions Including:** Mid-Level, Bi-Annual, Trade, and Disabled Player Exceptions
 - Excludes: 2nd Round Pick Exception, and teams can renounce their rights to an exception
- **Unsigned 1st Round Picks:** 120% of the designated rookie salary for the player drafted
 - Ex: rookie scale for 2nd OVR pick Brandon Miller was 120% of rookie scale amt \$9.067M
- **Amounts for incomplete roster** (less than 12 players)
 - Placeholders for each spot equivalent to the min salary for a rookie for that cap year
- **Outstanding Offer Sheets:** contracts the player's previous team has the right to match
 - Ex: Portland matched the Mavs offer sheet for Matisse Thybulle summer of '23





Other Contracts and Inclusions

- **10-Day Contracts** completed during the Salary Cap Year
- **Grievances** between player and team over Player's Contract [Section 4 (iii)(A-D), (iv)]
- **Amounts the Minimum Team Salary (MTS)**
 - MTS is the lower of 90% of the Salary Cap for that year & the Team's MTS Cap Hold Team Salary at the start of the Regular Season [Article VII, Section 2(c)(3)]
 - A Team below MTS must:
 - 1) pay the difference between its Team Salary and MTS
 - 2) distribute that payment to players on the roster that season
 - 3) not receive any share of the tax distribution for non-taxpaying teams