

# MAJOR LEAGUE SOCCER AND ITS PLAYERS' UNION REACH NEW COLLECTIVE BARGAINING

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On December 7, 2014, the LA Galaxy defeated New England Revolution to win Major League Soccer's championship, known as the MLS Cup. Almost immediately thereafter, league executives and the league's players union, Major League Soccer Players Union, or MLSPU, began negotiating a new collective bargaining agreement ("CBA"). The previous CBA had taken effect in 2010 and was scheduled to expire on January 31, 2015. The sides set out with a goal of reaching a new agreement before the 2015 season began on March 6, 2015.

Several issues quickly arose in negotiations which indicated that a new deal might not be reached in time and that a player strike could ensue. The root of the issues was the League's tremendous growth since the 2010 CBA had been signed, and the MLSPU, well aware of this growth, desired a fair share of the much larger pie.

More specifically, the players demanded raising the salary cap, increasing the minimum per-player salary and introducing free agency to the League. Per the 2010 CBA, the minimum salary for an MLS player was only \$36,500 in 2014 and players' salaries were capped at \$3.1 million. Also unique from all other major American sports leagues, the 2010 CBA and the MLS do not allow its players to choose which franchise to join when their contracts expire.

During CBA negotiations, MLSPU members informed the media that if they did not obtain free agency increases through collective bargaining, they would consider filing an anti-trust lawsuit against the MLS to obtain such rights. Previous U.S. court decisions involving professional sports leagues have consistently awarded athletes a right to free agency, holding that league owners cannot collude to reduce salaries. The MLS, however, is designed with the specific goal of avoiding anti-trust litigation.

Unlike other professional sports leagues, the MLS is a "single-entity" structure whereby the League itself owns all of the teams, and team "owners" merely license franchises from the league. The League contends that since all of the teams are owned by the League, there can be no collusion to drive salaries down since an entity cannot collude with itself. One court ruling which commented on the League's design was *Fraser v. MLS*, in which the Sixth Circuit Court of Appeals noted that the MLS's structure is like a hybrid of a single-entity structure and a joint venture of independent, competing businesses. However, the League's "single-entity" defense to anti-trust litigation has never been directly upheld or rejected by a U.S. court.

Ultimately, on March 4, 2015, the League and the MLSPU agreed to a new collective bargaining agreement without any lawsuits filed – just two days before the start of the 2015 season. The players did not obtain unlimited free agency as they had hoped for; they settled for limited circumstances in which a player of a certain age with a certain number of years of experience in the MLS may select the team he joins after his contract expires. They also obtained an increase

in minimum salary to \$60,000, and the salary cap will increase by about \$200,000 each season over the course of the 2015 CBA. While the MLSPU did not obtain the perfect outcome, it views the 2015 CBA as a step in the right direction and is hopeful that the next round of CBA negotiations in five years will further increase players' benefits and their access to free agency.