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A Crash Course In NHL CBA Negotiations

Making her debut as HSN's NHL Correspondent, Cait Platt's first offering looks at what's what in terms of the Collective Bargaining Agreement currently being disputed between the NHL and it's players.

If you were to look at the contracts recently awarded, you?d never guess that the owners of the NHL were demanding the NHL players to take a pay cut. For those of you confused about the Collective Bargaining Agreement (CBA), in the simplest terms, the owners are requesting the players to take a pay cut. Currently, NHL players are receiving 57% of the Hockey Related Revenue, but the owners want to roll the players HRR?s share back to 46%. In addition they want to lower the salary cap and put limits on contracts, signing bonuses will be banned, front loading will be banned, UFA and ELC contracts will be reworked, and salary arbitration will be eliminated.

Let me break this down for you step by step, because trust me, if you?re a fan of this game, you?re going to want to know exactly what each demand by the owners means for the future of this sport:

Lowering the salary cap and putting limits on the contract will mean what players have been signed for this off season means nothing now. Those matching 13 year $98 million contracts Ryan Suter and Zach Parise got aren?t actually going to be worth that much if the owners get their way. The salary cap will restrict how much the team can budget per player. Lower salary cap will mean a roll back on contracts. How much? All depends on how much the owners want to reduce the salary cap by. Right now $70.2 million is the proposed salary cap for 2012-2013, but there are teams struggling to meet the salary floor (the lowest possible total the salaries can come to), you know the owners of smaller hockey markets will want to roll back the salary cap, not increase it. The NHL Players? Association (NHLPA) agreed to this salary cap increase (means more money for them) but this could change if the owners? demands are met.

Signing bonuses and front loading contracts will be banned, meaning cap circumvention will be harder to do. Owners want to make

it harder to offer players these behemoth contracts (see: Minnesota Wild), but at the same times, these are the same guys that are creating these massive contracts. Two of the biggest advocates of banning these cap circumvention tactics are Ed Snyder, owner of the Philadelphia Flyers, and Lou Lamoriello, owner of the New Jersey Devils, are the two biggest offenders! The Devils have Ilya Kovalchuk on the payroll. Does Lamoriello think we?ve forgotten about the originally proposed contract for Kovalchuk? In 2010 the Devils offered Kovalchuk 17 years, $102 million and it was set so he?d receive 98.5 million of the $102 million in the first 11 years, the NHL ruled it as cap circumvention and his contract was reworked to what it is now, 15 years, $100 million. And Snyder is another vocal objector of cap circumvention and he is the one offering Shea Weber 14 years, $110 million! And I know there?s more owners like that, but there?s more to talk about. Signing bonuses are a way around the cap, players get big money without it influencing their cap hit. And front loaded contracts are beneficial for the players, big cash up front means if they end up hurt after 30 or 35, they?ve already gotten their payday. Using Weber again as an example: his cap hit is the same through all 14 years, $7,857,143, but by the final three years of his contract he?ll only be making a $1 million. His value is worth the same in the cap hit, but his actual payday is much less. Good for him, not so good for the team?s finances. Owners want to keep it so the pay is more evenly spaced out so the players do not have such a giant payday right from the start.

Unrestricted Free Agents and Entry Level Contracts (and by default Restricted Free Agents) will be reworked. In the current set up, UFAs have free range when their contracts are up, however the age of UFAs are being pushed up further and further, meaning it?s more unusual to find a player under 27-30 who isn?t an RFA. If UFA contracts are changed, you can almost guarantee RFA contracts will change. And the tiered system of ELC?s is going to change. Confused about how RFA, UFA, and ELC work? Leave a comment or tweet at me and I?ll make that my first request post.

Salary arbitration is the only thing that I?m excited to see leave. A silly pointless method of setting a player?s worth. As we?ve seen in recent weeks, offer sheets are a true testament of a player should be paid. A third party doesn?t take in account the fact that Team B might need a left winger more than Team A and is therefore willing to pay more than Team A. If Team A wants to hold on to said player, well, they better price match or watch their left wing walk away. The third party looks at the player and the team in a vacuum, but nothing in hockey occurs in a vacuum. Taking into account the demand of a player, what the rest of the league needs, AND what the player is capable of is a far better source of judgement than third party rulings. So for this, I am in agreement with the owners.

Obviously this is only their opening offer, how it is supposed to work is the NHLPA gives a counter offer, and they have. They are willing to take the pay cuts to make the season happen, they are willing to work with the owners. But the negotiations are slow moving. Owners aren?t willing to budge, the players believe they are worth more to the league than what the owners want, and the September 15th deadline (set by the owners) is looming in the future. It?s less than a month away and there?s no clear resolution.

You would think with things like ticket sales, merchandise sales, tv deals, sponsorships, money made from miscellaneous things, and every other little thing, would drive the owners to try to lower their demands. But they aren?t thinking long term. Sure the Winter Classic will pull in big money, but the league is busy patting itself on the back because they have up until January 1 to pull the plug if the season doesn?t happen, and they only lost $100,000 instead the $3 million it would cost to put on. IF the game does happen, they would recoup the cost threefold on advertising, merchandise, and other odds and ends. Without a season, people won?t be running out to buy 75 different versions of the same damn logo shirt, sponsors won?t be pouring in to get their logos slapped up on the boards. And for 16 venues, the NHL is the primary resident! That?s a lot of people being affected, from the vendors supplying food to the parking attendants.

Those 16 venues?

Vancouver
Edmonton
Winnipeg
Montreal
Ottawa
Buffalo

Columbus
Nashville
Pittsburgh
St. Louis
Toronto (the Raptors are not the same money makers as the Maple Leafs)
Anaheim
San Jose
Carolina
Florida
Tampa Bay

The owners demands reach much further than the players. While everything fleshed out in their demands is directed at the players, the overall season influences so much more than just player salaries and fan satisfaction. Thousands of jobs are on the line. The owners and the NHLPA have 19 days to pull it together. 19 days to come to a conclusion that satisfies all parties involved, direct and indirect.

How do you think this will all end? Will we have an NHL season? Make sure to leave your thoughts in the comments.

Any other questions about the CBA negotiations? Leave them in the comments or find me on Twitter.

by Cait Platt

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