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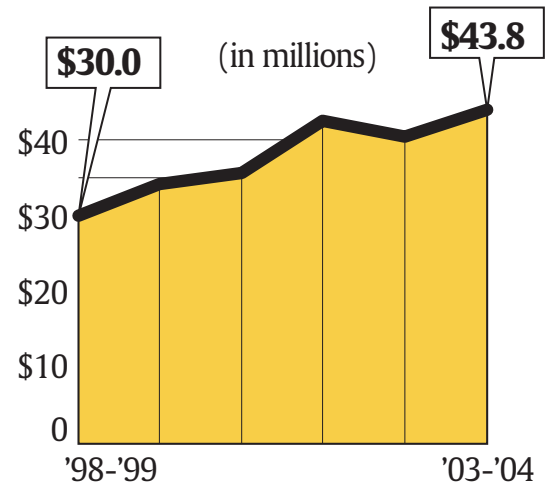
AS SEEN IN USA TODAY DECEMBER 17, 2003, SPORTS, 6C

# 2003-04 NBA salaries

The NBA's salary structure is regulated by a salary cap, set this season at a record high of \$43.84 million a team. There are exceptions, however, that permit teams to exceed that number. Only three teams – the Los Angeles Clippers, Denver Nuggets and Utah Jazz – are below the cap. The Larry Bird exception allows a team to re-sign its own free agent for any amount up to the maximum player salary, as long as he played for the team for three consecutive seasons or changed teams by trade. A team can sign a player to a minimum salary contract at any time. There also is a \$1.5 million exception, known as the million-dollar exception, and a \$4.917 million exception, known as the midlevel exception. That figure also is the league's average salary. Individual salaries this season range from Kevin Garnett's \$28 million to the minimum salary of \$367,000 for rookies drafted in the second round or signed as free agents.

## Spending cap back up

The salary cap for NBA teams has increased each season except one under the current collective bargaining agreement, which was negotiated in 1999:



By Adrienne Lewis, USA TODAY

Presented by:



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## Basketball salaries

### Objectives:

Students will:

- examine USATODAY.COM's basket salaries database and build an NBA team based on players' salaries and the limits set by the league (i.e., salary cap).
- choose players to meet their individual team wants and needs. These choices will illustrate scarcity and decision making, since not all choices can be met by any team at any given time.

### Concepts:

- Budgets
- Choices
- Wants
- Needs
- Opportunity costs
- Salaries
- Scarcity

### Preparation:

- Students should have access to the computer database at <http://asp.usatoday.com/sports/basketball/nba/salaries/default.aspx>
- Ask each student to read the article. Then, give individuals or groups a copy of the attached graphic organizer.



### Activity at a glance:

- Grade level: 9-12
- Subject: Social studies, business
- Estimated time required: 1-2 periods (45-90 minutes).

### Materials:

- Article: "2003-04 NBA salaries"
- Access to USA TODAY.COM's database for information on NBA players' salaries. The address is: <http://asp.usatoday.com/sports/basketball/nba/salaries/default.aspx>
- "Team Roster" graphic organizer

### Activity extension:

- Have students research the NBA team closest to their school to find out how players' salaries have changed since 2001.
- Students can compare the salaries of their local team to those of other teams in their division or conference.
- Have students read USA TODAY newspapers to determine current economic conditions that could impact their team.

**Student objectives:** Your goal is to model the choices a general manager makes while building a team. Players cost money, and NBA teams can't always get or afford every player they desire. In economics, decisions need to be made, regardless of whether you are a student or a general manager. Scarcity influences what we can afford and what we want or need. This activity asks you to adopt the role of an NBA general manager and build a team of fifteen players for the coming year. You cannot exceed the league's salary cap, but you may choose ANY player in the database to be on your team. Remember, budgets, choices, limits, wants and needs affect everyone, even general managers. Pick and choose, but do not exceed the salary cap.

### **Directions:**

1. Access the salary database at <http://asp.usatoday.com/sports/basketball/nba/salaries/default.aspx>.
2. You can work in groups or on your own.
3. Read the article and find the salary cap for the 2003-2004 season. That is your budget limit for this activity.
4. Next, decide whom you would like to have play for your team. (Your team should be a combination of guards, forwards and if you choose, a center or two.)
5. Research all of your choices and record their salaries. Then, narrow your roster to fifteen players. Remember, you may not exceed the salary cap.
6. Compare your choices with peers,' and see whose team made the best roster within the limits of the cap.
7. Reflect on your choices, and discuss how economic decision-making influences NBA general managers.

## Team Roster

PLAYER	TEAM	ANNUAL SALARY	POSITION
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			

Total spent: \_\_\_\_\_ Salary cap for 2003-2004: \_\_\_\_\_

**Reflection:** What types of decisions did you make as a general manager in this activity? How did economics play a part in your choices? Could you get any player you wanted? Why or why not? What factors did you consider when building your team? What should you consider when making personal financial decisions in the future?