

Major League Baseball College Scholarship Plan
A Guide for Players

(for contracts signed between October 3, 2004 – April 30, 2017)

Introduction

In the early 1960s, the Major League Baseball Clubs established the Professional Baseball Scholarship Plan (the “Plan”) to help baseball players further their college educations. Many players enter the Major or Minor Leagues before starting or completing their college educations. The Plan has been successful in assisting and motivating players to further their scholastic careers. To ensure the Plan’s continued success, Baseball needs the cooperation of the participating players. This guide is designed to give those players who are Plan participants detailed information on how the program works.

How does a Plan participant qualify for benefits?

The Plan provides benefits to those players who had negotiated for participation in the Plan as part of their first professional Minor League Uniform Player Contracts.

To be eligible for benefits, a participant must be enrolled and attend classes at an accredited college/university or junior college in pursuit of an undergraduate degree. The maximum number of semesters allowed is eight; the maximum number of quarters/trimesters is twelve.

The Plan does not cover trade, vocational or graduate schools. A participant pursuing any of these courses of study will not qualify for benefits under the terms of the Plan.

What is the maximum amount that will be reimbursed per semester or quarter?

The maximum reimbursable amount is determined by the amount specified in the participant’s first Minor League Uniform Player Contract.

EXAMPLE: If the participant’s contract provides that the participant is allowed a maximum of \$3,000.00 per semester, and the participant attends a school on a semester system, the maximum amount of actual expenses that will be covered for that semester is \$3,000.00. If the participant attends a school on a quarter/trimester system, the maximum amount of actual expenses that will be covered is 2/3 of \$3,000.00 per quarter/trimester. Two semesters at \$3,000.00 per semester is equivalent to three quarters or trimesters at \$2,000.00 per quarter or trimester. **Please note that all payments made to those players who were awarded Scholarship Plans on or after January 12, 2005 will be net of taxes.**

If the participant’s actual expenses are less than what the participant is allowed per semester, the participant will only be reimbursed up to the total of the participant’s actual expenses, net of taxes. Any difference between what is paid for actual expenses and what is allowed under the participant’s contract will not be carried over to future school terms.

What expenses are covered under the Plan?

The Plan provides payments to players in two categories of expenses: Tuition Allowance and Living Allowance. The Tuition Allowance covers, up to the maximum amount stated per semester, the participant's cost of tuition, fees, and textbooks (not included are computers, calculators or materials other than textbooks) required for the course of study. The Living Allowance covers, up to the maximum amount stated per semester for room and board (both housing and meals).

Who is responsible for payment of a participant's Plan expenses?

Generally, the original Club that signed the player will be responsible for the payments under the Plan, even if the player plays for different organizations throughout his career.

How are participants reimbursed for Tuition Allowance expenses under the Plan?

We would prefer to be billed by the college directly. All bills and statements covering reimbursable expenses under the participant's Tuition Allowance for a semester should be submitted at one time, if possible.

If the participant is required to make payment to a college, the participant must submit the receipts verifying that the bills have been paid, in order to be reimbursed by a Club under the Plan. Reimbursement checks in such instances will be made out to the participant only, not to parents or other third parties. Please note that all reimbursement checks will be net of taxes.

To facilitate payment of tuition, fees, or books upon enrolling in school, participants should submit a statement stating the name of the school, the number of credit hours being taken and whether the school operates on a semester or quarter/trimester basis. The statement should include a listing of all actual allowable expenses and an indication as to whether or not such actual expenses have been paid. The statements should be sent to the Club's College Scholarship Plan administrator.

How are participants reimbursed for Living Allowance expenses under the Plan?

Requests for payments under the Living Allowance cannot be submitted until after the semester has been completed. Upon completion of the semester, requests for living expense reimbursement must be submitted within 90 days of the last day of classes. In order to qualify for the living allowance, the participant must not finish the term under academic probation. Therefore, a copy of the participant's official final academic transcript for the term must also be submitted along with request for living expense reimbursement.

Please note that living expenses are only available for those semesters attended within 10 years of the date that the participant signs his first Minor League Uniform Player Contract.

How is a participant who is residing off-campus reimbursed for living expenses?

If a participant resides off-campus, the participant shall be reimbursed, net of taxes, through the college, if possible, limited to the extent the participant would have been charged for on-campus residence. If the school does not have room and board facilities, the participant will be reimbursed at the rate of \$15 per day for semesters/quarters through and including the summer of 2011. For expenses related to semesters/quarters beginning with the fall of 2011, the participant will be reimbursed at the rate of \$35 per day.

To qualify for reimbursement of room and board expenses, the charges must be verified in a statement by the college/university. The meal charges will be based on the cost of a semester/quarter meal plan at that college/university.

A participant who lives off-campus may qualify for the applicable per day allowance by presenting the following documents to the Club: (1) a copy of the participant's signed lease or a letter from the landlord verifying that the participant is a tenant, (2) a receipt from the landlord showing that the participant has paid the first month's rent and (3) written verification by the college/university of the first day of class and the last day of class. The participant's allowance will then be based on the number of days the participant is in attendance at school for the term. Total room and board allowance may not exceed the designated Living Allowance amount per semester or quarter stated in the participant's contract.

There is no reimbursement for room and board if the participant lives at home while attending school.

Where may a participant obtain more information about reimbursement procedures?

Additional information regarding the Plan and its reimbursement procedures, along with the contact information for the Club Scholarship Plan administrator, can be found on the web at www.mlb.com/scholarship.

What is a full-time student?

A full-time student is defined as one who is enrolled and attending a college/university or junior college, taking a minimum of 12 credit hours for a semester term or 10 credit hours for a quarter or trimester term, while in pursuit of an undergraduate degree.

What is a part-time student?

A part-time student is defined as one who is not taking the required minimum number of credit hours for full-time status. To be eligible to receive benefit from the Plan, a participant enrolled part-time must take a minimum of six credit hours for a semester term or five credit hours for a quarter/trimester term, while in pursuit of an undergraduate degree.

What effect does part-time status have on a participant's Plan benefit?

Any part-time student shall receive a pro-rata reimbursement of his Tuition and/or Living Allowance. For example, a participant who enrolls for seven credit hours for a particular term will only be allowed a maximum of 7/12 of his semester allowance that term or 7/10 of his quarter/trimester allowance. If 7 credits are taken, only 7/12 of a semester or 7/10 of a quarter/trimester will be deducted from the number of semesters/quarters specified in the participant's contract for Tuition Allowance.

What portion of the College Scholarship Bonus is taxable?

Federal law requires that **all** CSP payments (including tuition reimbursements) be treated for federal tax purposes as taxable "wages." This means that all CSP payments are subject to income and employment tax withholding at the time of payment. The player (or school) will receive the net amount after withholding.

When does a participant's eligibility for the Plan expire?

The following are the reasons a participant's college scholarship plan may expire:

1. If a participant fails to commence studies within two years after the date the participant ceases to be reserved by a Major League Club or Minor League Club, voluntarily retires or is reserved on an Inactive List, whichever comes first, unless the participant again becomes reserved to a Major League or Minor League Club (not on an Inactive List) within such two-year period (independent leagues that are not affiliated with Major League Clubs do not count as active service);
2. If, after commencement of studies and after the participant retires or is released by a Major League or Minor League Club and is not signed again as a player by a Major League or Minor League Club within the two years following the participant's release, the participant fails to attend college within two consecutive years of the participant's most recent college enrollment; or;
3. If the participant is placed on the Ineligible List.

If a participant is released or retires, is the participant still eligible to participate in the Plan?

Yes. A participant's unconditional release, retirement or placement on the Military List shall not relieve the Club of its obligations to pay for the scholarship under the terms of the Plan.

How does the coordination between the Incentive Bonus Plan and the College Scholarship Plan work?

If a participant earns benefits under the Incentive Bonus Plan, and has previously been paid benefits under the College Scholarship Plan, such benefits shall be deducted from the amount due under the Incentive Bonus Plan. Any remaining Incentive Bonus Plan balance will be paid directly to the participant.

EXAMPLE: if a participant receives a \$3,500 CSP payment and then subsequently earns (a) a \$1,000 IBP bonus for being retained on the Active List of a Class AA Club, (b) a \$1,500 IBP bonus for being retained on the Active List of a Class AAA Club, and (c) a \$5,000 IBP bonus for being retained on the Active List of a Major League club, the \$1,000 and \$1,500 bonuses shall be reduced to zero and the \$5,000 bonus shall be reduced to \$4,000 (\$5,000 minus \$1,000).

If a participant becomes eligible to receive benefits under the College Scholarship Plan and has previously been paid benefits under the Incentive Bonus Plan, such Incentive Bonus Plan payments shall be deducted from any amounts due under the Tuition Allowance portion of the College Scholarship Plan. Any remaining balance, up to the cost of the player's actual expenses for that term, will be paid directly to the player or university.

EXAMPLE: if a participant's contract provides for a Tuition Allowance of \$3,000 for each of eight Covered Semesters and, after attending college for four semesters, the participant receives an IBP payment of \$5,000, the participant's Tuition Allowance for each of the four remaining Covered Semesters shall be reduced by \$1,250 (\$5,000 divided by 4), to \$1,750.