

# **Major League Baseball Continuing Education Program** **A Guide for Players**

## **Introduction**

Effective May 1, 2017 Major League Baseball established the Continuing Education Program (the “CEP”) to help baseball players prepare for life after Baseball, whether this be in form of pursuing a scholastic degree of their choice or pursuing vocational training for a trade of their choice. To ensure the CEP’s continued success, Baseball needs the cooperation of the participating players. This guide is designed to give those players who are CEP participants detailed information on how the program works.

## **How does a CEP participant qualify for benefits?**

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

To be eligible for benefits, a participant must be enrolled and attend classes at a school which meets the standards of a regional, national, or international accrediting agency; however, attendance at a for-profit institution which has a graduation rate of less than 50% at the time the participant first enrolls will not be covered under this program.

## **What expenses are covered under the CEP?**

The CEP provides payments to participants in two categories of expenses: Tuition Allowance and Living Allowance. The Tuition Allowance covers the player’s cost of tuition, most fees, textbooks which are required for the course of study, and basic supplies up to the Tuition Allowance awarded in the player’s contract. Items such as computer hardware or software, calculators, clothing or other materials that the player may keep after completing their coursework is not covered, unless such a purchase is mandatory for the participant’s coursework. The Living Allowance is designed to help offset the cost of the participant’s housing and meals while attending classes. Please see the section “*How are participants reimbursed for Living Allowance under the CEP*” to determine how Living Allowance reimbursements are calculated.

## **Who is responsible for payment of a participant’s CEP’s expenses?**

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

## **How are participants reimbursed for Tuition Allowance expenses under the CEP?**

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

If the participant is required to make payment to a school, the participant must submit the receipts verifying that the bills have been paid in order to be reimbursed by a Club under the

CEP. 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 and 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 CEP administrator.

### **How are participants reimbursed for Living Allowance expenses under the CEP?**

Requests for payments under the Living Allowance cannot be submitted until after the participant has completed his coursework for the term. Upon completion of the coursework, requests for Living Allowance reimbursement must be submitted within 90 days of the last day of classes. In order to qualify for Living Allowance reimbursement, 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 the request for Living Allowance reimbursement.

Please note that reimbursements under Living Allowance are only available for those classes attended within 10 years of the date that the participant signed his first Minor League Uniform Player Contract.

If a participant attends a school that has room and board facilities and the participant resides on campus, the participant shall be reimbursed, net of taxes, the amount the school charged the participant for room and board.

If a participant attends a school that has room and board facilities and the participant resides off campus and does not purchase the school's meal plan, the participant shall be reimbursed, net of taxes, only to the extent the participant would have been charged for room and board on campus. To qualify for reimbursement based on the room and board expenses, the charges must be verified in a statement by the school. The dorm rates and meal charges will be based on the costs for the college/university the participant is attending, if applicable, and the costs must be for the term the coursework is being taken.

If the school does not have room and board facilities, the participant will be limited to a reimbursement rate of \$35 per day while attending school.

A participant who lives off campus may qualify for the applicable daily 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 is paying rent, and (3) written verification by the school of the first day of class and the last day of class. The participant's Living Allowance reimbursement 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 set forth in the player's contract.

No reimbursement under the Living Allowance will be made if the participant lives with his parents (custodial and noncustodial) and/or guardian while attending school.

### **Where may a participant obtain more information about reimbursement procedures?**

Additional information regarding the CEP and its reimbursement procedures, along with the contact information for the CEP administrator, CEP balances and payment history, can be found on the web at [www.mlb.com/scholarship](http://www.mlb.com/scholarship).

### **What portion of the CEP Bonus is taxable?**

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

### **When does a participant’s eligibility for the CEP expire?**

The following are the reasons a participant’s Continuing Education Program may expire:

- (a) if the participant fails to commence participation in the CEP within two years after the date the participant ceases to be reserved by a Major League, Minor League, foreign professional, or Independent League club, voluntarily retires or is reserved on an Inactive List, whichever comes first, unless the participant again becomes reserved to a Major League, Minor League, foreign professional, or Independent League club (not on an Inactive List) within such two-year period;
- (b) if, after commencement of the participant’s participation in the CEP and after 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, Minor League, foreign professional, or Independent League club, within the two years following Player’s release, the participant fails to participate in the CEP within two consecutive years of the participant’s most recent participation;
- (c) if a participant is placed on the Ineligible List; or
- (d) if a participant is shown to have engaged in fraud in an attempt to secure funds.

### **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 CEP.

### **How does the coordination between the Incentive Bonus Plan and the CEP work?**

If a participant earns benefits under the Incentive Bonus Plan, and has previously been paid benefits under the Continuing Education Program, 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 CEP 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 CEP 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 participant or university.

EXAMPLE: if a participant's contract provides for a Tuition Allowance of \$40,000 and the participant receives IBP payments which total \$2,500 before any CEP money has been used, the participant's Tuition Allowance shall be reduced by \$2,500 to \$37,500.

### **Does Major League Baseball have a preferred education provider?**

Yes. The preferred education provider of MLB is Northeastern University. Northeastern University offers a full suite of academic programs, including bachelor's completion, graduate programs, certificates, and bootcamps. Most degree programs are offered 100% online, and they have campuses in Boston, MA; Charlotte, NC; Seattle WA; Silicon Valley, CA and Toronto. You can learn more by visiting their web site at [www.northeastern.edu/mlb](http://www.northeastern.edu/mlb).