



How a Team's Economic Strategy Impacts its Success on the Court

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Abstract

This paper explores the impact of a team's economic strategy on its success rate, where success is measured as championships won. The paper aims to highlight the history of the NBA's Collective Bargaining Agreement (CBA) and its key parts involved in roster construction. It examines how the CBA has affected two specific franchises, the Boston Celtics and the Oklahoma City (OKC) Thunder, in their pursuit of championships. It further includes a detailed breakdown of how General Managers (GMs) utilize different elements of the CBA to construct their rosters. Lastly, it assesses which of these two teams is better positioned to win multiple championships under the new CBA.



The History of the Collective Bargaining Agreement

WORKER UNION/CBA TIMELINE

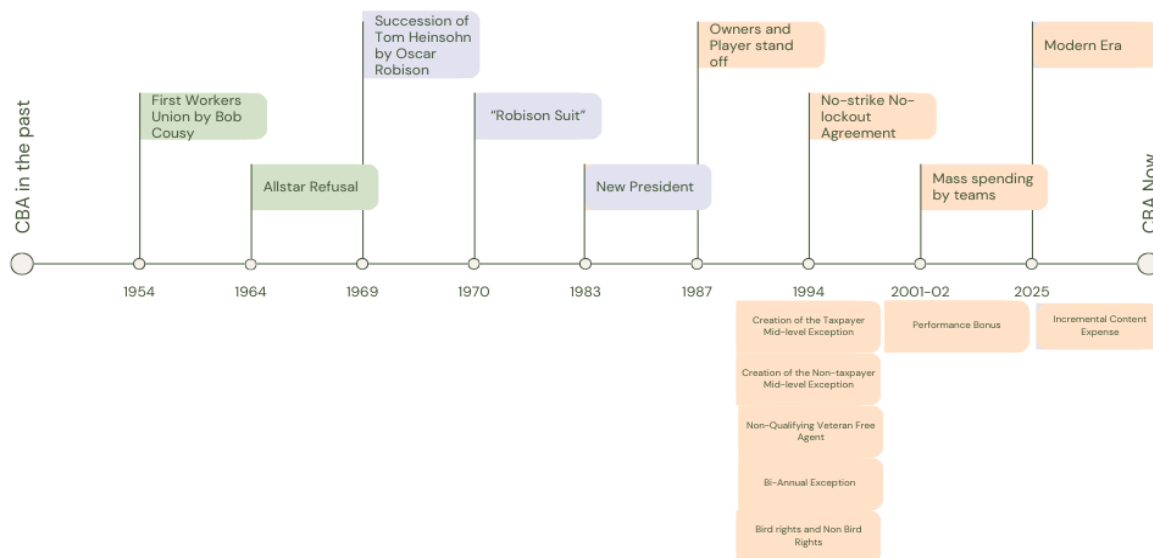


Figure 1: A visual timeline of events shaping CBA over the course of many decades

In this section, we explore the history of the first workers' union in the NBA and how the CBA was formed as a result of its efforts. Also, specific moments in history are highlighted and their significance in connection to the new CBA is discussed:

According to Bradley, the first workers' union in the NBA, which was called the National Basketball Players Association (NBPA), was founded in the **1954-1955** season by Bob Cousy. The following were the first set of rules that the players and the NBA Board of Governors came to an agreement on:

- A probationary abolition of the whisper fine (fine for no reason at all);
- A seven-dollar per diem and other reasonable traveling expenses; an increase in the 1957-58 playoff pool;
- Regular players would no longer be required to report to training camp earlier than four weeks prior to the season.



- Elimination of exhibition games within three days of the season opener or on the day prior to a regular season game, with a limit of three exhibition games during the season;
- Player contracts to be mailed no later than September 1st.
- Referral of player-owner disputes to the NBA League President or a committee of three NBA Governors to be chosen by the player;
- Considerate treatment for the player regarding radio and television appearances;
- Reasonable moving expenses for a player traded during the season (Bradley);

In 1958, Bob Cousy resigned as the president of the NBPA after being frustrated with the lack of dues payments from the players. His replacement was his teammate Tom Heinsohn. Heinsohn's colleagues believed he had an aggressive approach regarding negotiations in the league. Heinsohn's first act was to negotiate with teams to give their players a pension of \$100 a month at age 65 for players with half a decade of service, and \$200 a month at age 65 for players with a decade of service. Much of the talks failed until they brought a lawyer named Lawrence Fleisher as the union's General Counsel. Still, no progress was made until the 1964 All-Star Game, when players refused to play in the game unless they got the pension plan. Minutes before game time, NBA President Walter Kennedy assured that the players would get their pension (Bradley).

The first set of rules set by the NBA Board of Governors allowed players to have better treatment when traveling to a game or being traded, and to voice concerns about other issues like contract disputes. Forming the rules was a good first step that would eventually result in CBA. As expected with the first iteration of any system, the implementation of these rules faced significant challenges. Creating the pension system for the players resulted in economic stability even after retirement. Lastly, the establishment of the pension system, despite initial resistance from team owners, marked a monumental achievement. Let's keep exploring history:

Heinsohn continued his NBPA Presidency until Oscar Robertson, a player from the Cincinnati Royals, succeeded him in 1966. Robertson was known for three major changes during his presidency: 1) he demanded players get paid for their exhibition games, 2) he reduced the number of exhibition games from 15 to 10, and 3) that the NBPA would like to meet representatives from the MLB and NFL for more unity among professional athletes. Tensions arose between team owners, players, and the NBPA representatives due to the players' refusal to comply with their contracts and participate in the playoffs as scheduled. If the players didn't comply with their contracts, their season would be cut short. Surprisingly, the NBPA was willing to file for certification with the National Labor Relations Board and to strike the playoffs in an effort to upgrade their pension plan (Bradley).

Finally, the team owners agreed to the demands of their players:

- A \$600 a month pension for players with ten years of service at age 65 and retroactively to the beginning of the career for all active players;
- New medical and insurance benefits; elimination of games played immediately before the All-Star Game;
- An 82-game limitation on the regular season;
- Discussion of exhibition game pay;
- Formation of a committee to review the standard player contract before the 1967-68 season (prior to the 1968-69 season, the union and NBA agreed on their first revision of the standard players contract, which would increase salaries, with the minimum rookie salary raised to \$10,000 for 1968-69 and \$13,000 in 1970-71);
- The minimum pensioned veteran's salary was raised to \$12,500 in 1968-69 and \$13,500 in 1969-70 (Bradley).

In the years from 1966 to 1970, we witnessed the conflicts between the team owners and the players being resolved. As a result, players' benefits increased significantly. This can be attributed to the increase in popularity of the NBA. Adding a few more games to the regular season made the season interesting, and marketing the league with exhibition games helped make the league even more popular. These actions by Oscar Robertson allowed the league to be on the same level of popularity as the MLB and NFL:

The American Basketball Association (ABA) was a league in the U.S. Midwest. There was eventually going to be a merger between the NBA and ABA to get new fans from the Midwest. However, as the merger drew near in 1970, the players filed the "Oscar Robertson Suit", an antitrust suit to block the merger; do away with the option clause which bound a player to a team in perpetuity; the college draft, which limited the player to negotiate with one club; restrictions on free agent signings; and seeking compensation for damages incurred in the past due to the option clause. The union then received a restraining order to block any merger, and the talks then died (Bradley).

Even though the merger of the NBA and ABA didn't happen, it shows the rising aspirations of the league. The creation of free agency allowed teams to "bid" for players looking for a new contract, which would allow players to command higher salaries in the future:

The NBPA came to a three-year labor agreement with the NBA in October of 1970 with an increase in minimum salaries (the playoff pool is the money that is given to the players who win the championship; and the per diem allowance is a fixed daily rate paid to NBA players for food and lodging). After the futile attempts to get a merger between the two leagues, the NBPA elected a new president, Paul Silas. In 1980, the league reached a tentative agreement:

- Gave players free agency with their teams awarded compensation consisting of cash, players, or draft choices determined by the NBA Commissioner;
- Limited a team's right to a drafted player to one year, after which he would go back into the draft a second time if unsigned.
- Ended the option clause in all contracts (with the exception of one-year rookie contracts);
- Paid about 500 players \$4.3 million as a settlement and \$1 million for the union's legal fees, pending agreement of a new collective bargaining agreement and dismissal of the Oscar Robertson Suit; Plus, a new six-year Collective Bargaining Agreement (CBA) which increased the pension benefits for players; increased the minimum salary from \$20,000 to \$30,000; medical and dental coverage, term life insurance; and more (Bradley);

Eventually, the leagues did indeed merge. According to Bradley, the players could now negotiate with more than one club, ensuring a better position for contract negotiation. After the end of the six-year CBA, they introduced a three-year CBA, which increased the minimum salary and eliminated the no-trade agreements in player contracts in 1980. Simultaneously, Silas resigned as the president of NBPA.

The increased popularity allowed the league to have more money, which allowed players to have lifetime medical coverage. This, in turn, brought more loyalty from the players, allowing the merger to occur. Plus, after the merger, players in free agency could negotiate contracts with more than one club. Lastly, shortening the college draft made signing new players more streamlined:

The financial health of the league became a major concern, as numerous franchises suffered serious losses that nearly provoked a player strike in 1982. Due to being in debt to former players', the league wasn't able to pay their pensions.

The new president of NBPA, Bob Lainer, agreed to a new four-year collective bargaining agreement in March of 1983. This agreement was ground breaking for professional sports as it included: 1) a salary cap guaranteeing the players between 53% and 57% of the NBA's gross revenues (gate receipts, local and national television, radio revenue, and preseason/postseason revenue), 2) \$500,000 a year in licensing revenue, and 3) a guarantee that the league would maintain 253 player jobs even if there is a reduction in the number of teams (Bradley).

After a few years of stability in 1987, the owners and players clashed over the salary cap and the right of first refusal. Right of first refusal is a team's contractual ability to match any offered contract to a restricted free agent (RFA) received from another team or

college draft. Following a brief signing moratorium and a failed attempt at an antitrust suit by a player group headed by NBPA President Junior Bridgeman, an agreement on a six-year collective bargaining agreement was reached, including: continuation of the salary cap; guaranteeing the players 53% of the league's revenues; reducing the college draft to three rounds in 1988 and two rounds in 1989; eliminating the right of first refusal after a player completes his second contract with unrestricted free agency for certain veteran players which created the Non-Qualifying veteran free agent; and the inclusion of five-year veterans who finished their careers prior to 1965 in the pension plan.

The 1983 Collective Bargaining Agreement was a major turning point for the NBA. It helped turn the league from a struggling financial situation into one where players and owners shared money more fairly. By connecting player salaries to the league's overall income, the deal created a model for how money is shared in sports today. The 1987 updates made things even better by giving players more rights while keeping teams on equal financial ground. Together, these changes laid the foundation for the NBA to become a successful, player-focused league worldwide. Then something bad was foreboding, and the eventual establishment of the modern CBA rules.

Later, during the 1994 season, the players and owners came to an agreement to avoid a no-strike, no-lockout agreement to protect the season, playing under the previous agreement in hopes of striking a new deal during the season. The talks were unsuccessful, and a lockout was imposed by the owners following the completion of the 1995 NBA Finals in an effort by the owners to put pressure on the players. The union president, Buck Williams, and Commissioner, David Stern, came to a secretive agreement which included a luxury tax, rookie salary cap, and other provisions designed to tighten the salary cap. The progress halted when a group of players led by Michael Jordan and Patrick Ewing began an effort to decertify the union (Bradley).

This group seeking decertification chose to press for an end to the union in hopes that it would provide the players with a means to sue the league under the antitrust law to end the salary cap, college draft, and restrictions on free agency. A decertification election was then held in September of 1995, with the players voting 226-134 against. A few days later, player representatives voted 25-2 in favor of ratifying the agreement. The owners quickly voted 24-5 in favor of the agreement, and the owner-imposed lockout was lifted days later. This final agreement included:

- Unrestricted free agency for all players following the conclusion of their contracts;
- A guarantee of 48.04% of all Basketball Related Income to the players, which now includes luxury suites, international television, and arena signage;

- Various player exemptions to the cap, including the Taxpayer Mid-level Exception, Non-Taxpayer/Taxpayer mid-level, and Bi-annual Exception; as well as the so-called "Larry Bird Exemption" which allowed teams to re-sign their own free agents at any price;
- Shortening of the college draft to one round, beginning in 1998;
- Rookie salary cap with a graduated scale depending on the position a player is drafted, allowing him free agency after his third season (Bradley).

The rules mentioned above are the basis for the modern CBA rules. These rules caused many Rookies to have big contracts after their rookie contracts' extension ended, like Kevin Garnett (six years, \$121 million in 1997); Rasheed Wallace (six years, \$80 million in 1997); and Bryant Reeves (six years, \$65 million in 1997). The effect of the CBA rules caused maximum player salaries based on seasons played after losing half of the season. After that, players consented to a luxury tax in 2001–02 if salary spending exceeded 55% of basketball-related income; the owners also received a concession (Bradley).

The players were well compensated with the new cap exceptions, which allowed performance bonuses to players' contracts; the continuation of the Larry Bird Exception; and raises in the minimum compensation for veterans based on service. Later, adding incremental content expenses helped players understand how money comes in and find a middle ground between teams when choosing contracts. This was a resounding win over the union. Commissioner Stern had achieved the goal of having more cost restraints for teams (Bradley).

Many of the provisions in the 1995 CBA laid the foundation for subsequent agreements and remain integral to the NBA's financial structure today. Despite the owners' desire for more financial control, the CBA's exceptions and guarantee of revenue share contributed to the rise in player salaries in the years that followed. New rules like the luxury tax, rookie salary limits, and salary cap exceptions changed how NBA teams handle money and players, creating the system the league still uses today. For players, these changes meant they could earn a fair share of the league's money and sign some of the biggest contracts in sports. For team owners, the rules made spending more predictable and helped keep the league from losing money like it did in the past. Overall, these updates made the NBA's business stronger and more balanced, giving both players and owners a fair shot at success.

The Tale of Two Teams

In this section, we compare and contrast between the 2024 Boston Celtics and the 2025 OKC Thunder. We compare the history of the teams, their team-building philosophy, key trades that



built their team, and the strengths and weaknesses of their roster. Both of these teams won a championship in their respective year. To make the comparison easy, the following table is provided.

The Boston Celtics	The OKC Thunder
Established: 1946	Established: 2008
Championships Won: 18	Championships Won: 1
Market: Big (11th)	Market: Small (26th)
The staff of the 2023-2024 season Owner: Wyc Grousbeck GM: Brad Stevens Head Coach: Joe Mazzulla	The staff of the 2024-2025 season Owner: Clay Bennett GM: Sam Presti Head Coach: Mark Daigneault
The Philosophy of the team: The Celtics' philosophy is to build around Jason Tatum and Jaylen Brown, no matter the costs, and the timeline is now, without considering long-term impacts of decisions.	The Philosophy of the team: Giving the power to the GM to build a young, balanced core with Shai Gilgeous-Alexander and veteran leadership for the playoffs, all with team-friendly contracts.
Key trades to build this roster: <ul style="list-style-type: none">• Derrick White (SG): The Celtics sent Josh Richardson, Romeo Langford, and a 2022 first-round pick to the Spurs. Plus, the Spurs received the right to swap first-round picks with the Celtics in 2028 or Derrick White.• Jrue Holiday (PG): The Celtics sent Malcolm Brogdon (PG), Robert (C) Williams, 2024 1st-round pick (via Warriors), and 2029 unprotected 1st-round pick (via Celtics).• Kristaps Porzingis (C): The Celtics sent Marcus Smart (SG) to the Memphis Grizzlies, Mike Muscala to the Wizards, Danilo Gallinari to the Wizards, and the No. 35 pick	Key trades to build this roster: <ul style="list-style-type: none">• Alex Caruso (SG): The Thunder traded Josh Giddy (PG) for Alex Caruso from the Chicago Bulls.• A three-player trade with the Charlotte Hornets for an expiring contract: The Thunder traded Davis Bertans (SF), Vasilije Micic (PG), and two second-round picks for an expiring contract of Gordon Hayward (PF). After the contract expired, the Thunder were able to sign Isaiah Hartenstein (C).



in the 2023 draft.	
<p>Key strengths and weaknesses of the team:</p> <p>Strengths:</p> <ul style="list-style-type: none">• Best three-point shooting team from shooting 38.8% second best in league at 42.5 attempts on average, the highest of all teams for that season. Allowed the Celtics to score anywhere on the floor efficiently.• The least amount of turnovers tied with the Philadelphia 76ers, around 11.3 turnovers on average through the 82-game season. These created a cohesive unit and don't have to make up lost points when they commit a turnover.• They have the highest point differentials for that season at around +11.3 points. Point differential means the difference between points earned and the points they allow. This would showcase their dominance over teams in winning games. <p>Weakness:</p> <ul style="list-style-type: none">• The team is old, even though the team's average age is 26.4 (NBA.com Staff). The defense is run by a 36-year-old Jrue Holiday and 31-year-old injury-prone Kristaps Porzingis. So the timeline to win multiple championships is short.	<p>Key strengths and weaknesses of the team:</p> <p>Strengths:</p> <ul style="list-style-type: none">• The best defensive team in the first 24 games, the OKC Thunder had more steals (292) than turnovers (282).• They have 9.0 relative defensive efficiency, a statistic to measure how many stops a team makes, to be showcased in points allowed per possession or per 100 possessions (Noah). To showcase dominance on the floor by getting points from turnovers and stopping the flow of offense for the opposing team.• A young team, they have a great balance of old and young. The average age of the team is 25.6 years (Schuhmann). Players won't age out of the league, so the roster can win multiple rings. <p>Weakness:</p> <ul style="list-style-type: none">• The team is young, so it is most likely that the second and third best players on the team would like to have payday after their contracts expire. So, it makes the team expensive when giving them contracts and limits the team from making trades/signing players.



- The players are on big contracts, and the new CBA is making it harder for teams to have these contracts. Then the Celtics team would have to give their draft picks to entice teams to take that player's contract. This is seen in the 2025 offseason for Jrue Holiday.

Key: SG=Shooting Guard, PG=Point Guard, SF=Small Forward, PF=Power Forward, and C=Center

The 2024 Boston Celtics and the 2025 Oklahoma City Thunder show two very different but successful ways to build a team in today's NBA. The Celtics focus on short-term wins by investing the majority of their salary cap on two to three experienced players who can help them compete for championships immediately. The Thunder, on the other hand, take a patient approach, building around young talent and smart contracts so they can stay successful for years to come. Although both strategies have worked under the CBA, the Thunder's team building approach is better suited for winning multiple championships under the new CBA due to its strategy around drafting young players under fairly valued contracts. The front offices' focus on building a defensive minded team rather than investing in one or two key players has allowed them to save cap space which can be later utilized for signing new players, trading for players who have large contracts, and/or resign players, giving them flexibility to build out their roster for long-term success.

Introduction to the New Collective Bargaining Agreement

Eventually, Commissioner Stern's goal shaped the NBA we know today, where the new CBA affected multiple teams, specifically, two teams, the 2023-24 Boston Celtics and the 2024-25 OKC Thunder, both of whom won championships with completely different outcomes for their roster's longevity. Before talking about the two teams, what has changed with the new CBA?

The key changes of the CBA are a stricter cap policy, which inhibits big market teams from spending big over the soft cap. A soft cap for the first Apron is an extra \$195.9 million, which teams can spend on top of the salary cap, which is \$154.6 million for the 2025-2026 season (NBPA). There is no limitation when being over the salary cap, but being over the first apron threshold does not allow a team to acquire players in a sign-and-trade. They cannot sign players who have been waived during the regular season if those players were making more than the non-taxpayer mid-level exception (\$14.1 million in the 2025-2026 season); and they have less flexibility in trades, with salary matching restrictions of 110% compared to the 125% for teams under the first

apron. The next apron is the second apron, and it acts like the Hard Cap in which teams can spend \$207 million. However, they would lose access to the mid-level exception in free agency; lose the ability to combine salaries for multiple players in a trade; restrictions on using existing trade exceptions; don't have the ability to send cash in trades; and potential penalties for future picks (NBPA).

In this new CBA era, two teams triumphed and won the coveted Larry 'O Brain trophy, a trophy showcasing that they are the best team in the whole league. The Boston Celtics were one of the teams, and their player payroll is one of the most expensive in the NBA:

Contracts of the Boston Celtics 2023-2024 Roster			
Player	Salary (annually)	Incentives	Cap Percentage of the contract
Jaylen Brown	\$49,205,800	no	35.00%
Jason Tatum	\$34,848,340	no	24.79%
Jrue Holiday	\$30,000,000	no	21.34%
Kristaps Porzingis	\$29,268,293	no	20.82%
Derrick White	\$19,821,429	Yes (\$1,000,000+\$250,000)	14.10%
Al Horford	\$9,500,000	no	6.76%
Payton Pritchard	\$6,696,429	no	4.76%
Baylor Scheierman	\$2,494,320	no	1.77%
Xavier Tillman	\$2,237,691	no	1.59%
Neemias Queta	\$2,162,606	no	1.54%
Sam Hauser	\$2,092,344	no	1.49%
Luke Kornet	\$2,800,834	no	1.48%
Jordan Walsh	\$1,891,857	no	1.35%
Torrey Craig	\$1,046,389	no	0.55%
JD Davidson	\$11,997	no	0.01%



SportTrac. "2023-24 Boston Celtics Cap Table." *Spotrac.com*, 2024,
https://www.spotrac.com/nba/boston-celtics/cap/_/year/2024. Accessed 28 July 2025.

Overall, their cap totals \$199,135,748, as well as \$41.4 million in luxury tax for what the owner needs to pay. Unlike OKC's payroll showcased below:

Contracts of the OKC Thunder 2024-2025 Roster			
Player	Salary (annually)	Incentives	Cap Percentage of the contract
Shai Gilgeous-Alexander (SGA)	\$38,333,050	no	24.79%
Isaiah Hartenstein	\$28,500,000	no	18.43%
Luguentz Dort	\$17,722,222	Yes (\$500,000 + \$500,000)	11.78%
Alex Caruso	\$18,102,000	no	11.71%
Chet Holmgren	\$13,731,368	no	8.88%
Isaiah Joe	\$12,362,338	no	7.99%
Aron Wiggins	\$9,672,897	Yes (\$429,906)	6.53%
Jaylin Williams	\$8,450,704	no	5.46%
Kenrich Williams	\$7,163,000	no	4.63%
Ousmane Dieng	\$6,670,882	no	4.31%
Jalen Williams	\$6,580,997	no	4.26%
Cason Wallace	\$5,820,240	no	3.76%
Nikola Topic	\$5,182,920	no	3.35%
Thomas Sorber	\$4,655,040	no	3.35%
Ajay Mitchell	\$3,000,000	no	1.94%

SportTrac. "2025-26 Oklahoma City Thunder Cap Table." *Spotrac.com*, 2025,
https://www.spotrac.com/nba/oklahoma-city-thunder/cap/_/year/2025. Accessed 28 July 2025.



OKC's cap totals are \$193,029,047, making them a 1st apron team and under the tax line. This is due to their generational talent (i.e., Chet Holmgren) and their diamond in the rough (i.e., Jalen Williams) to complement SGA's playing style. These two players are still in their rookie scale contract, so the team will definitely pick up their team option after their contracts, making them go over the luxury tax that would be around \$187.895 million in the 2026-27 season.

The new CBA allowed small-market teams, a team that is located in a city with a smaller revenue potential, to compete with bigger-market teams to put that into perspective. In the 2021-2022 season, only five small-market teams made it to the playoffs, and only two made a deep playoff run; those teams were the Milwaukee Bucks and Minnesota Timberwolves (NBA). In contrast to the 2024-2025 season, there were seven small market teams that included the Thunder, Minnesota Timberwolves, Memphis Grizzlies, Indiana Pacers, Milwaukee Bucks, and Detroit Pistons. Plus, the conference finals were led by three small market teams, and the finals were between two small market teams, the OKC Thunder and the Indiana Pacers (NBA).

The new CBA is important because it changed how teams in different markets can compete fairly. The stricter cap rules made it harder for big market teams like the Celtics to keep stacking stars without paying huge penalties, while giving small market teams like the Thunder a real chance to build winning rosters through smart drafting and budgeting. This created more balance across the league, letting young and developing teams stay competitive instead of being outspent. The success of both the Celtics and the Thunder shows that championships can now be won in different ways—either through big spending or long-term team building. Overall, the new CBA made the NBA more equal, exciting, and unpredictable for players, owners, and fans.

Components of the New Collective Bargaining Agreement

More in-depth analysis of the new CBA. List of economic factors:

1. Performance Bonuses.

There are two types of Bonuses: Unlikely and Likely. The rules for unlikely bonuses are that no Player Contract may provide for Unlikely Bonuses in any Salary Cap Year that exceed fifteen percent (15%) of the player's Regular Salary for such Salary Cap Year at the time the Contract is signed; provided, however, that: (i) with respect to Extensions, if the amount of Unlikely Bonuses in the Salary Cap Year in which the Extension is signed exceeds fifteen percent (15%) of the player's Regular Salary for such Salary Cap Year, the Extension may provide for up to the same percentage of Unlikely Bonuses in the first year of the extended term; and (ii) no Renegotiation may provide for an increase in Unlikely Bonuses if, after the Renegotiation, the amount of Unlikely Bonuses in respect of any Salary Cap Year covered by the renegotiated Contract exceeds fifteen percent (15%) of the player's Regular Salary for such Salary Cap Year (NBPA).

2. Incremental Content Expenses means, for each Salary Cap Year.

Is the Salary Cap Year, an amount determined by the following calculation: (1) total deductible Team Content Expenses for that Salary Cap Year, less (2) an amount equal to the total deductible Team Content Expenses for the 2021-22 Salary Cap Year (i.e., \$78,862,052), growing at a rate of three percent (3%) per Salary Cap Year, compounded. For example, if Net Licensing Revenues for the 2025-26 Salary Cap Year were \$180 million, and total deductible Team Content Expenses for such Salary Cap Year were \$250 million, then the amount included in BRI (Basketball Related Income) in respect of Net Licensing Revenues would be \$161.24 million, which is the lesser of: (a) \$180 million, and (b) \$161.24 million (i.e., \$250 million minus \$88.76 million (i.e., \$78,862,052 growing at three percent (3%) per Salary Cap Year for four (4) Salary Cap Years)) (NBPA).

3. Bird Rights & Non-Bird Rights.

Named after Larry Bird, this rule allows teams to go over the salary cap to re-sign their own players. A player who qualifies for the Bird exception, formally referred to as a Qualifying Veteran Free Agent, is said to have “Bird rights” (Urbina). There are three types of Bird rights: Full Bird Rights, Early Bird Rights, and Non-Bird Rights. Full-Bird Rights is available when a player has spent three years with the team without leaving the team. It doesn't have to be on a three-year deal. This applies to players on a three-year deal, players on a two-year deal followed by a one-year deal, or players on three consecutive one-year deals. The next type of Bird Right is Non-Bird Rights. A team gets a player's Non-Bird Rights if he spends a single year with the team. Also, have to pay 120 percent of the previous salary of the player. The last type is Early Bird Rights, which allows teams to sign players for 175 percent of that player's salary. All in all, the only things that limit teams from signing players with these rights are the max salary cap. Thus, a player can receive, be it 25 percent of the cap, 30 percent of the cap, or 35 percent of the cap (Urbina).

4. Non-Qualifying Veteran Free Agent.

It is a player whose rookie or veteran contract is over, and the team hasn't re-signed before free agency. He can sign with any team, in which teams can offer different types of contracts where players can be guaranteed money, partially guaranteed money, or not at all (NBPA).

5. Bi-annual Exception during a Salary Cap Year to sign and/or acquire by assignment one.

A Team may use the Bi-annual Exception during a Salary Cap Year to sign and/or acquire by assignment one (1) or more Player Contracts that, in the aggregate, provide for Salaries and Unlikely Bonuses (or in the case of assignment, post-assignment Salaries and Unlikely Bonuses) in the first Salary Cap Year totaling up to 3.32% of the Salary Cap for such Salary Cap Year; provided, however, that, prior to the first day of the 2024-25 Salary Cap Year, a Team shall not be permitted to use the Bi-annual Exception to acquire a Player Contract by assignment (NBPA). The term of a Player Contract

signed pursuant to the Bi-annual Exception may not exceed two (2) Seasons in length, and the remaining term of a Player Contract acquired by assignment pursuant to the Bi-annual Exception may not exceed two (2) Seasons in length (NBPA).

6. A Team may use the Non-Taxpayer Mid-Level Salary Exception to sign and/or acquire by assignment one.

A Team may use the Non-Taxpayer Mid-Level Salary Exception to sign and/or acquire by assignment one (1) or more Player Contracts during each Salary Cap Year that, in the aggregate, provide for Salaries and Unlikely Bonuses (or in the case of assignment, post-assignment Salaries and Unlikely Bonuses) in the first Salary Cap Year totaling up to 9.12% of the Salary Cap for such Salary Cap Year; provided, however, that, prior to the first day of the 2024-25 Salary Cap Year, a Team shall not be permitted to use the Non-Taxpayer Mid-Level Salary Exception to acquire a Player Contract by assignment (NBPA).

7. Taxpayer Mid-Level Salary Exception For the 2023-24 Salary Cap Year.

The Taxpayer MLE for the 2023-2024 season was \$5 million, so a team past the luxury tax can sign a free agent for \$5 million annually. Then, for the Non-Taxpayer MLE was around \$12,405,000 annually for players (SportTrac).

The new CBA is important because it added detailed rules that make team spending and player contracts more fair and controlled. For example, the CBA limits *Unlikely Bonuses* to 15% of a player's regular salary, which prevents teams from giving out extreme incentives that could throw off salary balance (NBPA). It also introduced specific rules about *Incremental Content Expenses* to control how team expenses affect Basketball Related Income, making sure that all teams report their earnings in a fair and consistent way (NBPA). These updates show how the NBA is trying to keep the league financially stable while still giving players ways to earn more through performance.

Another major part of the new CBA is how it helps teams manage contracts through Bird Rights, Mid-Level Exceptions, and the Bi-Annual Exception. For instance, Bird Rights lets teams re-sign their own players even if they go over the salary cap, rewarding loyalty and long-term team building. The Mid-Level and Bi-Annual Exceptions let teams sign new players without breaking cap rules, which helps both big and small market teams stay competitive. These changes make sure teams can build talent without relying only on money or market size. Overall, the new CBA creates a fairer, more balanced system that supports both players' growth and the league's long-term success (Urbina).

Conclusion

The creation of the CBA and the adaptation of key rules that prompted teams to think outside the box when building rosters to win championships are provided. The changes across different



CBA periods range from players' compensation to the types of contracts that best entice players to join a team. Understanding how each rule affects a team's success - such as salary cap restrictions and where the money trail leads - helps fans grasp why teams are rebuilding or contending. Many factors from the various CBAs throughout NBA history have affected how teams build their rosters, such as the salary cap, which determines how much teams can spend on players. These apron rules were simple when first introduced in the 2000s, but have since become much more complex. Teams like the OKC Thunder and Boston Celtics have built championship rosters using two very different philosophies. The Thunder's approach centers on drafting and adding veterans who play smaller roles, while the Celtics have focused on spending big on star talent like Kristaps Porzingis and surrounding them with experienced veterans. All in all, the OKC Thunder devised a strong plan for long-term success through smart trades, like Alex Caruso, and drafting stars such as Jalen Williams. A team's strategy to build a competitive roster under the new CBA should focus on developing through the draft, signing/trading for players who meet specific needs, and avoiding overpaying for aging players. This plan is how teams should strive for success in the new CBA.

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