

Introduction

- **Context:**

The study focuses on the financial landscape of the United States Specialty Sports Association (USSSA), specifically in Oklahoma's youth sports sector. This research examines financial transparency, accountability, and the economic impact of payment structures for officials, notably umpires, across various sports tournaments.

- **Core Problem:**

A primary issue identified is the use of cash-based payments to umpires without appropriate tax documentation (e.g., 1099 forms). This creates challenges in financial oversight, accountability, and compliance with labor laws. By comparing the current cash-based payment system to a proposed salary-based system, this study highlights the legal, economic, and social implications for stakeholders.

- **Florida Lawsuit Context:**

The USSSA lawsuit in Florida, which has direct ties to Oklahoma, is a key case study in examining the legal challenges surrounding financial management in youth sports. The lawsuit demonstrates the critical need for reform in how payments are handled, especially concerning tax obligations, transparency, and the ethical treatment of laborers.

Section 1: USSSA Financial Overview and Governance Issues

- **Financial Transparency:**

USSSA's financial data from Oklahoma reveals substantial revenue from team entry fees and gate collections at youth sports tournaments. However, financial transparency is lacking, particularly in terms of how funds are distributed to pay officials. This creates significant governance issues, including possible misappropriation of funds and unreported income for umpires.

- **Key Issues:**

The lack of transparency not only undermines trust in the organization but also exposes it to legal risks. This section addresses gaps in reporting mechanisms and the absence of a formal auditing system. It highlights the need for implementing better governance structures to ensure that funds are managed ethically and within legal frameworks.

Section 2: Cash-Based Payment vs. Salary-Based Payment for Umpires

- **Current Cash System:**

In Oklahoma, umpires are typically paid in cash for their services, often without receiving 1099 forms for tax purposes. This results in unreported income, making it difficult to track the actual earnings of these officials. Additionally, this system opens the door for fraudulent activity, including underreporting of income for tax and child support purposes, as well as unemployment benefits fraud.

- **Legal and Tax Implications:**

- **Oklahoma Specifics:** Buck Thomas Park, a key sports venue in Oklahoma, follows this cash-based system, leading to inconsistencies in official pay and a lack of accountability.
- **Risks Identified:** These include potential legal repercussions for tax evasion and non-compliance with labor laws. The absence of 1099 forms exposes both the officials and the organization to IRS audits and penalties. Furthermore, many officials benefit from unemployment or other welfare programs, which they might not be entitled to if all income were documented.

- **Proposed Salary-Based System:**

- **Overview of the New Structure:**

The proposed salary-based system offers full transparency by providing a fixed annual salary to umpires, including benefits such as health insurance and retirement plans. By formalizing payments, the system would reduce the risks associated with cash transactions while ensuring that officials are fairly compensated.

- **Pay Structure Based on User-Groups (BCM 40, BCM 50, etc.):**

Under this model, each user group (e.g., BCM 40 or BCM 50) determines the pay per game, based on the number of games worked, age divisions, and required umpires.

- **Age Divisions:** Divisions with players aged 9 and above require two umpires per game, while younger divisions need only one. This adjustment helps create an equitable payment structure.
- **Game Time Limits:** Each game has a set time limit, typically 80 minutes, with a 10-minute break between games. This impacts how many games an umpire can officiate in a day, influencing their overall salary.

- **Economic Impact on Fees:**

To support the transition to a salary-based model, player sign-up fees and gate fees would need to be adjusted. This section discusses the financial burden on teams and

participants and how these adjustments would align with the new payment structure while ensuring that Oklahoma's sports venues remain competitive and accessible.

- **Cost Considerations:**

The proposed salary structure ensures that no umpire earns more than \$60,000 annually, which includes benefits. This cap ensures budget sustainability and aligns with the economic realities of youth sports organizations in Oklahoma. We examine how this salary compares to the current per-game payments, illustrating potential benefits for both the officials and the organization.

Section 3: Economic Impact Analysis

- **Youth Sports as an Economic Driver:**

The growing popularity of youth sports tournaments in Oklahoma, particularly in venues like Buck Thomas Park, has spurred local economies by attracting participants and their families. This economic boost, particularly from 'day trippers' and 'night trippers,' is vital to sustaining these communities.

- **Day Trippers vs. Night Trippers:**

- **Day Trippers:** Those attending local tournaments during the day without staying overnight contribute primarily through ticket purchases, local dining, and minor shopping.
- **Night Trippers:** Participants and families who stay overnight at local hotels contribute significantly more to the local economy, benefiting hotels, restaurants, and other businesses.

- **Economic Benefits and Challenges:**

This section provides a detailed economic impact analysis, including inflation-adjusted revenue generated from youth sports tourism. It highlights how these revenues could be optimized to support the proposed umpire salary structure, ensuring the sustainability of youth sports without burdening participants excessively.

- **Household Wage Impact:**

By transitioning from cash payments to a salary-based system, officials will see an increase in reported, taxable income, which could improve their household financial stability. This also creates opportunities for officials to access benefits such as health insurance, retirement plans, and paid time off, which are unavailable under the current cash system.

Section 4: Legal and Tax Implications

- **Case Study: Florida Lawsuit with Oklahoma Ties:**

A key legal precedent for this study is the ongoing USSSA lawsuit in Florida, where similar issues of cash payments and lack of tax documentation have surfaced. This case highlights the risks youth sports organizations face when failing to comply with labor and tax laws.

- **Oklahoma's Exposure to Legal Risks:**

The study explores how Oklahoma's youth sports organizations, including Buck Thomas Park, may be exposed to similar legal risks due to the shared financial practices. The analysis emphasizes the need for compliance with federal tax laws, including issuing 1099 forms to umpires or transitioning to a W-2-based salary model.

- **Tax Evasion and Legal Consequences:**

Without proper tax documentation, umpires risk underreporting their income, leading to potential legal penalties for both them and the organization. This section examines the legal ramifications of failing to report income accurately and how the proposed salary-based system would mitigate these risks.

- **Child Support and Tax Reporting:**

The study also addresses the social implications of unreported income, particularly regarding child support payments. A formal salary system ensures that officials' earnings are properly documented, leading to more accurate child support contributions and reducing the financial burden on families.

Section 5: Case Study – Buck Thomas Park

- **Specific Case Analysis:**

Buck Thomas Park is one of the key venues in Oklahoma for youth sports tournaments. This section uses historical data from the park to analyze the number of games played, the distribution of umpires across different age divisions, and the financial implications of transitioning from cash payments to salary-based compensation.

- **Game Schedule & Umpire Needs:**

The study provides an in-depth analysis of how many umpires are needed per week for different age groups, based on the game schedules at Buck Thomas Park. It breaks down the specific needs for each user group (BCM 40, BCM 50, etc.) to illustrate the

staffing requirements and how these can be efficiently managed under the proposed salary-based system.

- **Budget Constraints and Adjustments:**

By adjusting umpire pay based on age divisions, the proposed salary structure stays within the budgetary constraints of the park and the organization. This analysis also covers potential changes in player fees and how these adjustments would support the salary system without significantly increasing costs for participants.

Section 6: Solutions and Recommendations

- **Governance Reforms:**

The study recommends increasing financial transparency within USSSA by implementing a formal payroll system for officials. This would include proper documentation of payments, tax withholdings, and the issuance of W-2 or 1099 forms.

- **Salary-Based Umpire Payment Model:**

Implementing a salary-based system for umpires ensures that officials are fairly compensated while also creating accountability in the organization's financial practices. This system would reduce the risk of tax evasion and legal repercussions, benefiting both the officials and the organization.

- **Player and Gate Fee Adjustments:**

To offset the increased costs associated with a salary-based system, this section proposes incremental adjustments to player sign-up fees and gate fees. The adjustments are carefully calculated to avoid overburdening participants while ensuring that the new payment model remains financially viable.

Conclusion

- **Summary of Key Points:**

The lecture concludes by summarizing the systemic issues with the cash-based umpire payment system and the benefits of transitioning to a transparent, salary-based model. Financial integrity, legal compliance, and increased household wages are all key outcomes of this proposed system.

- **Broader Implications:**

The need for financial transparency extends beyond youth sports and into broader areas of public.