History/background on rule

Reasons for the switch and its impacts and reasons.

The market for college players could also be affected by the reinstatement of high school players ability to enter the NBA draft immediately out of high school. The current state of the NBA is that in order to be eligible for the NBA draft a player must be at least 19 years old and one year removed for graduating high school. This rule was only implemented in 2005 and previous to that, players simply had to be at least 18 years old to enter the NBA draft. Recently, it was proposed that this rule be switched back, starting with the 2022 draft such that players no longer has to wait a year after graduating high school to make the jump to the NBA. To analyze what affects making the change back to this lowered age would have on the markets involved we can look at what the rule being put in place in 2005 did to the market. The primary market involved is the market of NBA teams for draft prospects. In the history of the NBA the best most talented players went to college for several years out of high school and when they had developed they would finally enter the NBA draft between the ages of 20 and 22 years old. This was the case throughout the NBA until the period of 1995-2005 in which players talents began to be recognized by NBA scouts earlier and earlier. This allowed for some of the first players to make the leap directly from high school to the NBA. However, one issue that came along with drafting these players right out of high school was that they had only ever played against inferior talent, whereas everyone in the NBA would be of a similar level of talent rather than far below. This lead to many players requiring several seasons of development in the pro’s playing minor roles while they further developed their skills to be ready to contribute in the NBA. Many teams had heard complaints of the league looking less polished and with many of these players not becoming stars immediately, NBA scouts began taking heat from their organizations for suggesting the drafting of these underdeveloped high school players who could not make an immediate impact. This lead to the addition, of the 19 years old and one year removed rule. The arguments being that the NBA would become a more polished product that could in turn attract more viewers due to its improved product and thus in turn yield bigger tv contracts which would benefit the owners and players alike. In addition, as a side effect the NCAA would see tremendous benefit, as top players were trending more and more towards choosing the NBA over the NCAA. The top talent that high school had to offer would now be forced to spend at least one year in the NCAA. One could argue that this would allow for fans to remain as interested in NCAA basketball as they had previously been as the talent pool would strengthen. NBA franchises also now would now not have to pay players who may or may not develop into a player who can contribute to their team as this development could now be done in the NCAA. This made the job of scouts far easier again as they now could simply pay attention and evaluate the players in college basketball, of which there are about 5000 per year. Previously, scouts would have to evaluate the talent of the approximately 550000 players who play high school basketball. This drove down the rates of missing and allowed for players to be far more developed when they reached the NBA. As can be seen the reversing of this rule would have a lot of drastic effects and several markets. The first is the market of matching players with NBA teams. In this market, we can model this market as one in which the players are sellers of their talents and playing ability as well as how much viewership and fan enthusiasm they may bring to the NBA team if their were drafted. While the buyers in this market are NBA teams which tend to have a first round and a second round pick which they can spend on players. The buyer values of these players are done by the scouts. These scouts are tasked evaluating a players ability and how they much value they would bring to the team and determining how they would fit in with the rest of the team. The scout must determine whether or not this player would be worth a first round pick and at what position in the first round they think the player is worth (for example 1st pick 1st round is a high evaluation than 30th pick in the first round which is still higher than 1st pick of the 2nd round). When a teams turn comes, they can check this scouts evaluations of players and they will select the player whose value they have evaluated to be the highest above their current pick. If there are no players available that they think are worth the pick they have, they may try and trade the pick to another team who does see a player who they have evaluated as being worth the pick that is currently at hand. However, in this market a sellers value is not particularly relevant at this point. If a player thinks that they should be the top overall pick yet they are selected in the second round, they will not refuse to be drafted. This seller value becomes more relevant later in their careers when a player might choose to become a free agent if they believe they are worth more than they are currently being offered by the team they are currently playing for. With the change of the market, scouts now must evaluate the top high school prospects in addition to the top college prospects. As was seen in the years of 1995-2005 many players required extra development and thus many more never had much of an impact in the league. Thus, when scouts evaluate these high school players, the value of g (the percent of players that are going to be good) to be lower than that of players who are coming out of at least a year of college. In addition, the amount of information that scouts have to evaluate high school players on is much less as they likely cannot watch these high school players play against quality talent and they also cannot watch them play as much in general due to the sheer number of high school basketball games there are compared to top flight NCAA basketball games which will feature top talent on both sides of the basketball and thus yield a far better evaluation of players talents.