

## Residuals and Foreign Levies

### RESIDUALS COLLECTED

Writers received \$235.9 million in residuals in 2003, a 14.7% increase over the 2002 figure of 206.2 million. This sizable increase was largely driven by an increase in DVD residuals for feature films. The feature film home video category grew by \$16.2 million to \$49.6 million total, a 48.5% increase. Note that for each of the \$16.2 million that writers gained, the studios gained approximately \$300, for a total revenue windfall of \$4.9 billion that generated those additional residuals. Feature film residuals also grew strongly in both free television reuse and in pay television reuse, adding more than \$4 million in each of those categories in 2003.

Television program reuse, on the other hand, was mostly unchanged in 2003. Overall television residuals grew just \$2.6 million, or 2.9%, to a 2003 total of \$109.6 million. Modest gains in basic cable and home video use were offset by modest losses in network, foreign, and syndication reuse. The network and domestic syndication areas will likely continue to be soft, as broadcasters seek to telecast more original programming in the place of repeats, which are thought to discourage viewers from staying tuned. Home video reuse of television programs should generate more residuals in 2004, as more series are released to the DVD market.

### TOTAL RESIDUALS COLLECTED BY PROGRAM TYPE AND REUSE MARKET

	<i>(Millions of \$)</i>		
	2002	2003	PERCENT CHANGE
<b>TELEVISION PROGRAMS</b>			
Network & Domestic Syndication	\$61.4	\$58.2	-5.2%
Foreign Free TV	22.5	20.6	-8.4%
Basic Cable	17.7	23.2	+31.1%
Videocassette/DVD/Pay TV	4.7	6.3	+34.0%
Other Television Program Reuse	0.7	1.3	+85.7%
<b>Total Television Program Reuse</b>	<b>\$107.0</b>	<b>\$109.6</b>	<b>+2.9%</b>
<b>THEATRICAL FILMS</b>			
Domestic & Foreign TV & Cable	\$26.9	\$31.1	+15.6%
Videocassette/DVD	33.4	49.6	+48.5%
Pay TV	28.9	33.4	+15.6%
DVD Script Publication Fee	0.5	0.9	+80.0%
<b>Total Feature Film Reuse</b>	<b>\$89.7</b>	<b>\$115.0</b>	<b>+28.2%</b>
<b>CREATOR ROYALTIES</b>	<b>\$5.2</b>	<b>\$8.3</b>	<b>+59.6%</b>
<b>OTHER RESIDUALS</b>	<b>\$4.3</b>	<b>\$3.0</b>	<b>-30.2%</b>
<b>TOTAL RESIDUALS</b>	<b>\$206.2</b>	<b>\$235.9</b>	<b>+14.7%</b>

Source: WGAw records. Note: Prior year figures are updated to include late-reported information.

---

## **RESIDUALS ADMINISTRATION**

Administratively, the last year was an innovative one for the Residuals Department. We implemented a “Rapid Residuals” initiative in early 2003, which streamlined the processes that must occur before we can mail checks to writers. This reduced the time the Guild has a residual check for processing from 6 to 8 weeks down to 1 to 10 days. The major element of this innovation came from reengineering the handling process and developing computer technology to facilitate quicker handling, while gathering more detailed data than in the past. An added benefit of the new system is the ability of members to review their residuals history online in the members-only “MyWGAW” section of the Guild website, WGA.org. If you have not yet created your access ID and password to log in to the MyWGAW section, go to the Guild website and create your account or call the Guild at (323) 782-4885 for assistance in creating the account. Further development of the system is in progress to enhance the Guild’s ability to pursue unpaid residuals.

In another aspect of the information technology upgrade to the Guild’s systems, the Residuals and Finance Departments created the Small Checks Trust Program. For writers who set up a Small Checks account, the Guild accumulates checks issued to the participant that are less than \$100 until the total net amount accumulated for the participant reaches \$250. When the \$250 is reached, the funds are paid to the writer by direct deposit. All funds are paid out at the end of each year, regardless of the total reached. That can be a lot better than signing a hundred one-dollar checks! More than 60 writers enrolled in the pilot phase of the program and more than \$40,000 has flowed through the process. It is now open for general enrollment. Call the

Guild to enroll at (323) 782-4700.

A forward-looking project for the Residuals and IT Departments is the creation, in conjunction with SAG and DGA, of an electronic reporting template for studios and other employers. The electronic receipt of data documenting residuals payments would speed up handling of residuals checks even more, and enhance enforcement efforts by moving staff from data entry to policing activity.

Another enforcement-enhancing change in the recent past was the creation of a dedicated residuals legal staff within the Residuals Department. Claims and arbitrations for residuals cases are now handled from start to finish within the Residuals Department. This removes one handoff of the cases and streamlines the process, as well as concentrates the expertise in the subject matter to permit a deeper depth of institutional knowledge to be developed and maintained.

## **FOREIGN LEVIES COLLECTED**

The Guild receives copyright levies from a number of foreign countries as compensation to creators for home recording and other uses. In the last year, almost \$7 million was received from the collecting societies who handle these funds under foreign legal provisions. The Guild researches the appropriate recipients for these funds and disburses them as recipients are identified. Check WGA.org to see if funds are being held for you.

## **UNDELIVERABLE FUNDS**

The Guild currently holds almost \$230,000 in funds for people it cannot locate. If you think you may have been “lost” by the Guild, check the Guild’s website, WGA.org, and search for your name to see if any funds are being held.