

THE MARKETPLACE FOR FILM, TELEVISION AND OTHER AUDIOVISUAL WRITERS

EARNINGS AND EMPLOYMENT STALL IN 2006

Employment and earnings under WGAW contracts decreased in 2006. The declines were not large: Earnings dropped 1.5 percent and employment dropped 0.4 percent. Yet, earnings and employment had grown for several years and the reversal has stalled that progress.

Total earnings of \$905.8 million dropped 1.5 percent from the all-time high of \$919.4 million earned in 2005. This figure is still higher than the 2004 figure and all years prior to that. The 4,434 writers employed in 2006 was 0.4 percent lower than the 4,450 writers who reported earnings in 2005. It falls 5.3 percent lower than the highest year of employment under WGAW contracts in 2000, when 4,680 writers were employed. The impact of reality television is still being felt, though not as acutely as the height of its effect in the 2004-2005 season.

MEMBERSHIP STATISTICS HOLD STEADY

Guild membership rules have functioned to keep the Current/Active membership at a fairly steady level in recent years. In April 2006, the Guild had 7,452 Current Active members.

TOTAL EARNINGS UNDER WGAW CONTRACTS

<i>(Millions of \$)</i>		
YEAR	TOTAL EARNINGS	PERCENT CHANGE
2000	794.6	—
2001	787.8	-0.9%
2002	817.4	+3.8%
2003	850.7	+4.1%
2004	869.2	+2.2%
2005	919.4	+5.8%
2006	905.8	-1.5%

Source: WGAW Records. Note: Prior year figures are updated to include late-reported information.

That number can move up or down by as many as 400 members when a dues enforcement effort moves members temporarily to “In-Arrears” status. The number of Associate and Post-Current writers has grown consistently in the recent past. The Guild now has caucuses for writers in animation, independent film, nonfiction and new media. Writers eligible to join a caucus, those who are not already members of the Guild, join with Associate member status. Prior to 2002, Post-Current status had a limited term. Since that limit was removed, the number of members opting for that status over Emeritus status has increased slightly.

NUMBER OF WGAW MEMBERS EMPLOYED

YEAR	TOTAL EMPLOYED	PERCENT CHANGE	MEMBERS REPORTING	PERCENT CHANGE	PERCENT EMPLOYED
2000	4,680	—	9,216	—	51%
2001	4,593	+1.9%	9,012	-2.2%	51%
2002	4,419	-3.8%	8,592	-4.7%	51%
2003	4,409	-0.2%	8,310	-3.3%	53%
2004	4,397	+0.3%	8,198	-1.4%	54%
2005	4,450	+1.2%	8,075	-1.3%	55%
2006	4,434	-0.4%	8,084	+0.1%	55%

Source: WGAW Record. Note: Prior year figures are updated to include late-reported information.

FILM EARNINGS DIP; TV HOLDS STEADY

The number of writers reporting television employment in calendar 2006 was 3,252, fairly consistent with employment levels over the last four years but lower than employment in television in 2000 and 2001. Earnings in television held steady at \$464.6 million, just a fraction greater than the year before. This is the fifth all-time high in a row, by a slim margin. Note that these figures, which are based on earnings reported for dues purposes, do not fully reflect the above-scale amounts paid, including such amounts paid for series employment. These rates have been under significant pressure in recent years, so total earnings including over-scale writer-producer fees may have declined in recent years.

Employment in screen grew 1.7 percent in 2006, topping the all-time high employment level of 1998 when 1,919 writers reported screen earnings. This positive news was offset by a decrease in total earnings of 3.2 percent, dropping to \$437.9 million from the prior year's all-time high of \$452.3 million.

ONLY THE MIDDLE GETS RICHER

Only writers at the 75th percentile saw the earnings grow, reflecting the solid year in television, as the dues-reporting requirements in television cluster TV series writer-producers at this earnings level. Writers both higher and lower in the earnings scale saw their earnings soften, though not dramatically.

RESIDUALS GROW, BUT SLOWLY

Residuals for 2006 reached a new all-time high of \$264.3 million, an increase of 1 percent over the figure for 2005. Reuse of television programs drove the growth, with a 9 percent increase to reach \$130.7 million. Free television reuse was resilient, despite the proliferation of new media venues. Syndication residuals declined from \$26.0 million to \$24.4 mil-

NUMBER OF GUILD MEMBERS BY MEMBERSHIP CATEGORY

“Active” Status

YEAR	ASSOCIATE	CURRENT	POST-CURRENT
2000	391	8,409	706
2001	371	8,349	868
2002	336	7,723	1,127
2003	400	7,391	1,323
2004	452	7,628	1,385
2005	576	7,371	1,428
2006	642	7,313	1,478
2007	726	7,452	1,543

Source: WGAW Records, April each year. Since 2002, the WGAW Constitution has permitted members to remain in the Post-Current category indefinitely by paying an annual service fee. The Associate category includes members of WGAW caucuses.

lion, but that decline was offset by an increase in network overnight and daytime reuse from \$8.0 million to \$10.4 million. Primetime residuals were consistent with last year at \$19.6 million in 2006 and \$19.4 million. Basic cable residuals increased to \$33.1 million from \$28.5 million, due to higher reuse of both made-for-basic product and off-network programs. Foreign residuals increased due to a greater volume of programs released into foreign distribution during the year. Also, the percentage-of-revenue residual that kicks in at the highest revenue levels generated \$1.6 million, up from \$600,000 in 2005. Home video residuals for television programs increased to \$7.5 million from \$5.0 million, a significant increase but muted because of the low-paying home video formula. Residuals for made-for-pay programming dropped significantly from \$3.1 million to \$2.5 million.

Feature film reuse declined 6 percent in 2006 to \$121.3 million as compared to the year earlier figure of \$129.5 million. The largest category of residuals remained home video, but this area declined to \$43.5 million from \$50.0 million, reflecting the prominence of non-Guild animated features, each of which

would generate a million-dollar residual, and also reflecting the exhaustion of the release of the film libraries into the DVD market, which had been ongoing for about seven years. Pay television also declined from \$41.4 million to \$38.9 million.

Overall, the prominence of non-Guild animated features, non-Guild reality TV programs and the low-paying home video formula inhibited the growth of residuals and contributed to residuals growing more slowly than studio revenues.

FOREIGN LEVIES PROGRAM

The WGAW Foreign Levies Program has

grown over time and now receives levies from 15 countries in Europe and Latin America. Total remittances from foreign collection societies in the last fiscal year exceeded \$10 million. Since its inception, the program has distributed almost \$37 million to writers and their heirs and beneficiaries. In the fiscal year ending March 31, 2007, the amount distributed exceeded \$10 million.

Amid record high foreign levy distributions, it should also be noted that the WGAW is currently holding in trust \$20.6 million, pending completion of research necessary to distribute this money. There are a number of reasons for the size of this undistributed fund. The

NUMBER OF WRITERS EMPLOYED BY AREA OF WORK

YEAR	TV		SCREEN		OTHER	
	NUMBER EMPLOYED	PERCENT CHANGE	NUMBER EMPLOYED	PERCENT CHANGE	NUMBER EMPLOYED	PERCENT CHANGE
2000	3,564	—	1,867	—	92	—
2001	3,480	-2.4%	1,903	+1.9%	87	-5.4%
2002	3,227	-7.3%	1,848	-2.9%	69	-20.7%
2003	3,203	-0.7%	1,880	+1.7%	65	-5.8%
2004	3,197	+0.2%	1,859	-1.1%	75	+15.4%
2005	3,227	+0.9%	1,898	+2.4%	64	-14.7%
2006	3,252	+0.8%	1,935	+1.7%	97	+51.6%

Source: WGAw Records. Note: Prior year figures are updated to include late-reported information. The work area figures add up to more than the Total Employment figure due to members working in more than one work area during a year.

TOTAL EARNINGS UNDER WGAW CONTRACTS BY AREA OF WORK

YEAR	TV		SCREEN		OTHER	
	MILLIONS OF \$	PERCENT CHANGE	MILLIONS OF \$	PERCENT CHANGE	MILLIONS OF \$	PERCENT CHANGE
2000	\$400.3	—	\$391.8	—	\$2.5	—
2001	\$397.7	-0.7%	\$387.7	-1.1%	\$2.4	-4.0%
2002	\$403.7	+1.5%	\$412.0	+6.3%	\$1.7	-29.2%
2003	\$415.4	+2.9%	\$433.4	+5.2%	\$1.9	+11.8%
2004	\$431.3	+3.8%	\$435.5	+0.4%	\$2.4	+26.3%
2005	\$464.2	+7.6%	\$452.3	+3.9%	\$2.9	+20.8%
2006	\$464.6	+0.1%	\$437.9	-3.2%	\$3.3	+13.8%

Source: WGAW Records. Note: Prior year figures are updated to include late-reported information.

Foreign Levies Program distributes money based on data provided by foreign collection societies. The distribution data, however, are frequently incomplete or unintelligible, and in many instances do not include writers' names. Titles sometimes arrive in foreign languages or are inexactly translated. Even when a writer has been identified, additional steps may be required to locate that writer or his heirs.

The WGAW will not distribute funds until it is satisfied that it has correct information. Until that time, the funds remain in a trust account while the staff does the research necessary to allow proper distribution. While the problem of undistributed funds persists, the

Foreign Levies Program has made great strides in increasing the efficiency of the distribution process and reducing the backlog.

The Foreign Levies Program is supported by interest earned on funds held in trust and an administrative fee that has been assessed on foreign levy distributions since March 2004. The fee is currently set at 5%. If you have further questions about the WGAW's Foreign Levies Program, or believe that you are entitled to foreign levies distributions, please email: ForeignLeviesInfo@wga.org. Further information is also available at the WGAW website.

EARNINGS TRENDS AT DIFFERENT EARNINGS LEVELS (ALL WORK AREAS)

	LOWEST-PAID 25% OF THE WORKING MEMBERS EARNED LESS THAN		HALF OF THE WORKING MEMBERSHIP EARNED LESS THAN		HIGHEST-PAID 25% OF THE WORKING MEMBERS EARNED MORE THAN		HIGHEST-PAID 5% OF THE WORKING WRITERS EARNED MORE THAN	
	25TH PERCENTILE	PERCENT CHANGE	MEDIAN	PERCENT CHANGE	75TH PERCENTILE	PERCENT CHANGE	95TH PERCENTILE	PERCENT CHANGE
2000	\$31,054	—	\$88,109	—	\$208,000	—	\$558,427	—
2001	\$27,989	-9.9%	\$88,194	+0.1%	\$216,145	+3.9%	\$566,901	+1.5%
2002	\$30,000	+7.1%	\$89,500	+1.5%	\$223,842	+3.6%	\$633,334	+11.7%
2003	\$34,125	+13.8%	\$96,699	+8.0%	\$228,792	+2.2%	\$646,792	+2.1%
2004	\$35,000	+2.6%	\$99,227	+2.6%	\$237,984	+4.0%	\$675,000	+4.4%
2005	\$38,440	+9.8%	\$107,498	+8.3%	\$249,163	+4.7%	\$680,485	+0.8%
2006	\$37,777	-1.7%	\$104,750	-2.6%	\$253,377	+1.7%	\$665,000	-2.3%

Source: WGAW Records. Note: Prior year amounts are updated to include late-reported information.

TOTAL RESIDUALS COLLECTED BY PROGRAM TYPE AND REUSE MARKET

(Millions of \$)

	2005	2006	PERCENT CHANGE
TELEVISION PROGRAMS			
Network & Domestic Syndication	\$62.1	\$63.2	+2%
Foreign Free TV	\$18.9	\$21.0	+11%
Basic Cable	\$28.4	\$33.1	+17%
Videocassette/DVD/Pay TV	\$10.1	\$13.1	+30%
Other Television Program Reuse	\$ 0.5	\$ 0.3	-40%
TOTAL TELEVISION PROGRAM REUSE	\$120.0	\$130.7	+9%
THEATRICAL FILMS			
Domestic & Foreign TV & Cable	\$37.0	\$37.7	+2%
Videocassette/DVD	\$50.0	\$43.5	-13%
Pay TV	\$41.4	\$38.9	-6%
DVD Script Publication Fee	\$1.1	\$1.2	+9%
TOTAL THEATRICAL FILM REUSE	\$129.5	\$121.3	-6%
CREATOR ROYALTIES	\$8.5	\$8.3	-2%
OTHER RESIDUALS	\$4.4	\$4.0	-9%
TOTAL RESIDUALS	\$262.4	\$264.3	+1%

Source: WGAW Records. Note that figures reported are based on the date received by the Guild rather than the date posted to Guild accounts as had been reported in prior years.