

LA: We Have A Problem – Or Do We?

Prepared by Dennis Dreith, Administrator FMSMF

There has been a great deal of talk lately about the decline in motion picture scoring under AFM agreements, citing obligations to make residual payments to the Film Musicians Secondary Markets Fund (FMSMF) as the primary cause. This is nothing new, and even long before my tenure at the FMSMF the residual obligation was cited as a cause of lack of motion picture employment for musicians. It is ironic that those very times are now being cited as a time of great prosperity. Many have suggested that we would return to those days, and even surpass them, if we would be willing to adopt the business model of London, which has a robust pool of excellent orchestral musicians and a couple of superb scoring stages, and offer a “buy-out” of back-end obligations. Prominent composer’s agent Richard Kraft recently launched a website “Bring More Recording to Los Angeles,” and hosted a round table discussion of the problems of LA scoring. I applaud Richard for taking the initiative in looking at this situation and for his outreach to the scoring community. Certainly, we should all agree that more AFM scoring would be most welcome and desirable.

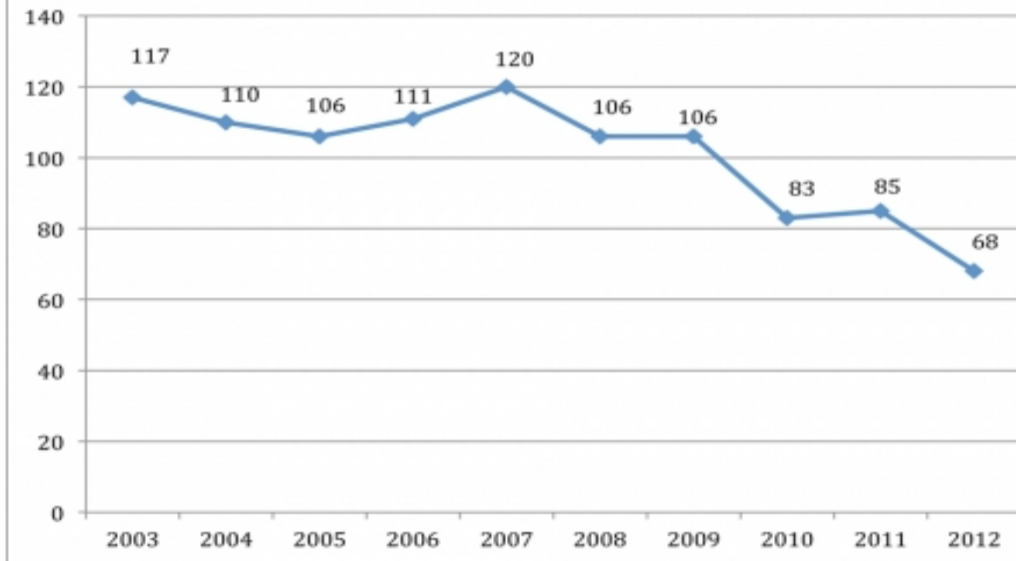
To aid in this discussion, at Richard Kraft’s request I recently provided him with several statistics. Unfortunately, only a selective portion of what I provided to him was actually utilized. Richard has posted several recent articles, beginning with *LA: We Have a Problem*, wherein he states “Over the last five years the number of films with any AFM element has plummeted from 120 in 2007 to 68 in 2012 That’s a 43.3% decline!” In fact, for 2012, the Fund had already counted 72 films, plus 2 more films scored the 2nd week of December and 2 or 3 more scheduled before year’s end. Further, as I told Richard, the numbers reported to the FMSMF lag several weeks and months behind when the session take place. In addition, some films don’t get reported to the FMSMF until an obligation has been triggered. Drawing conclusions based upon activity in any one year is risky enough, but making comparisons between a year where we have had final data for a long time and a year where we may not have final numbers for several months eliminates the possibility of painting a complete picture.

It is undeniably true that there will be fewer films scored AFM this year than last year (or for the last 5 or 6 years), though not to the staggering degree reported in Richard’s piece. Some of that is due to the increasing percentage of films that are produced outside of North America and may have scoring obligations tied to foreign tax credits. That is beyond our control, though I should point out that the percentage of foreign-produced films that score under AFM contracts and make significant contributions to the FMSMF has actually increased during the last decade. Some of that reduction may also be due in part to the fact that there are just fewer films produced annually that have the music budget to support an orchestral score or the overall budget to support to support a wide release and marketing campaign.

Interestingly enough, if we look at Richard’s chart below, and then look at the chart directly below that comparing films with a wide release over a similar time frame and AFM scored films (adjusted to include what is currently being scored and what is scheduled before the end of the year); we see an almost identical trend.

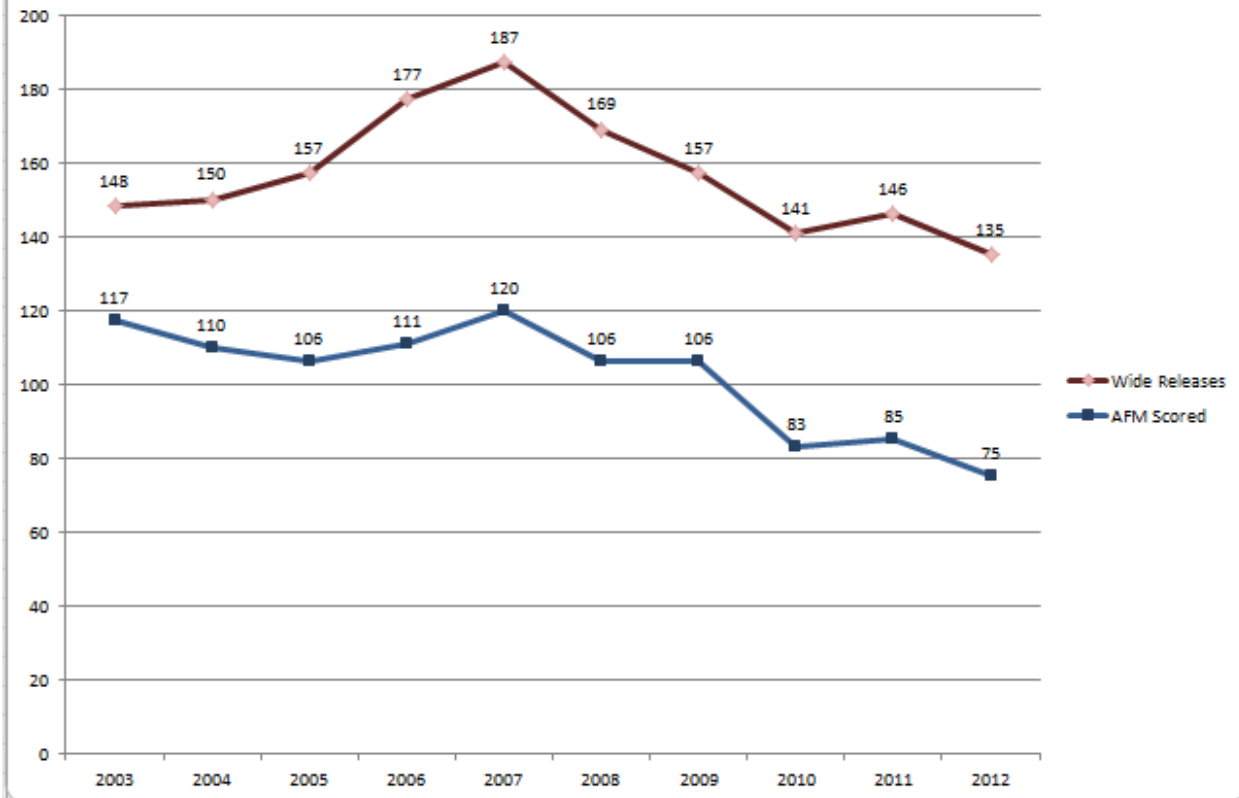
Number of Films Recorded AFM (2003 - 2012)

Updated 12/7/12



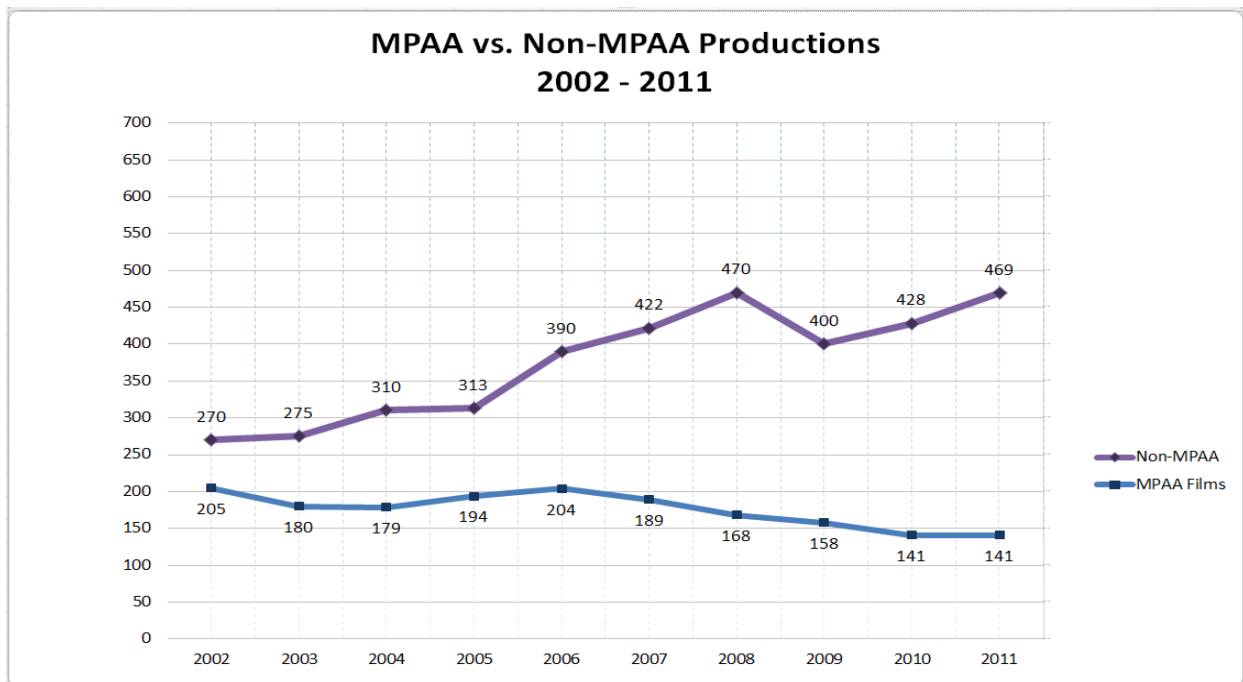
Source: Film Musicians Secondary Market Fund

Wide Release / AFM Scored 2003 - 2012



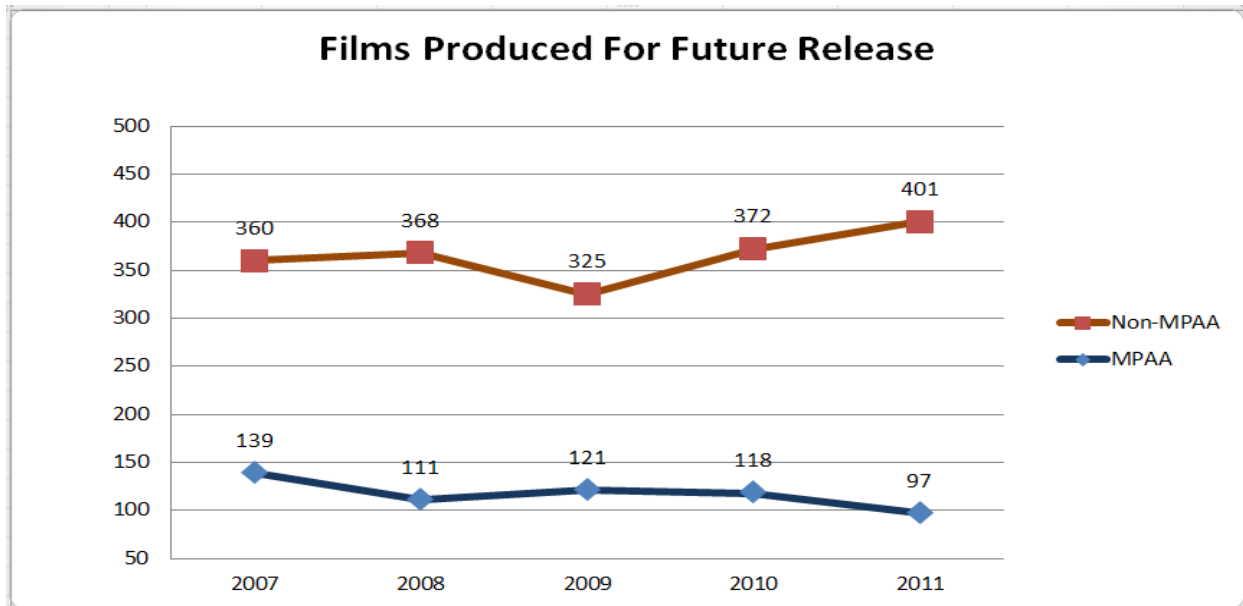
While it may be that not every film scored AFM is released wide, nonetheless those films both currently and historically represent the bulk of AFM motion picture employment. In addition, wide releases are generally the films that can support original orchestral scores. Consequently, it is quite easy to see that AFM employment rises and falls in nearly the same proportion as the number of films produced for wide release. I do not believe this to be merely a meaningless coincidence, and is a fact that cannot be overlooked.

Turning to Richard’s next statement, that there is “a trend of MORE films being released in recent years with 624 films hitting theatres in 2012, the relevant trend is limited to MPAA productions – that is, rated films– which are the most likely to have the budget to support an orchestral score. Non-MPAA films comprise in large part films made to showcase actors, writer and directors or those films that will have their primary release activity as direct to video or online distribution. These unrated films generally have very limited commercial potential and, significantly, miniscule budgets, making them almost irrelevant for the AFM film scoring community — or any other locale. And when you break apart the MPAA and non-MPAA productions, you can see that, while film production is up overall by almost 78% since 2003, MPAA productions are down by nearly 69% through 2011.



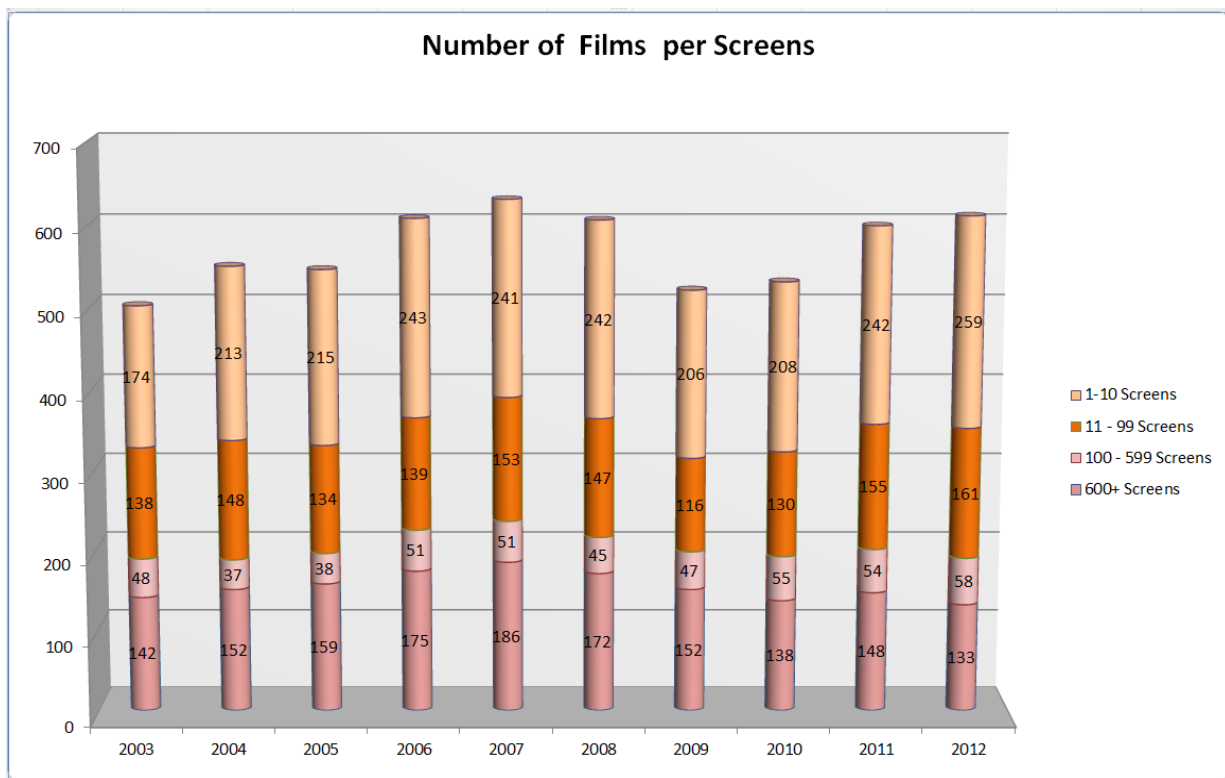
Source: MPAA

Films produced for a future release also show a decline in production for MPAA companies:



Source: MPAA

While the MPAA reports 610 pictures released in 2011 (2012 statistics are not published until 2013), almost half of these – 259 – are very low budget (most likely in the \$1M to \$4M range) released to 1 to 10 screens. Nearly 70%, or 459, were released to fewer than 100 screens.

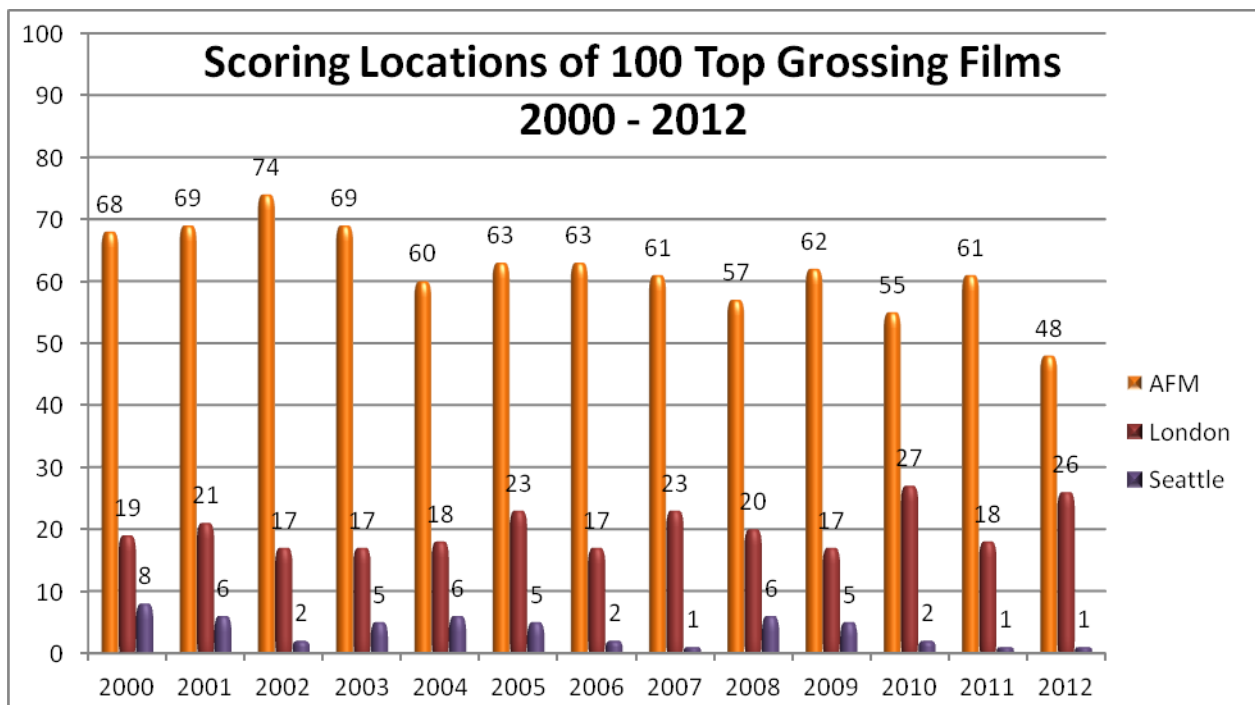


In looking at these numbers, clearly the category of films showing the most amount of growth are those released to fewer than 10 screens (many to only 1 or 2 screens). The vast majority of these films simply

don't have a budget capable of supporting orchestral scores. Films released to 11 to 99 screens are also unlikely to have budget capable of supporting a large orchestral score. Generally speaking, those films released to more than 100 screens are those most capable of supporting an orchestral score. This is unfortunately the category where production has declined (with the exception of films released to 100 to 599 screens which have remained stable or shown only modest increases). The MPAA further reports fewer than 10% of all films produced have a budget of \$20 million or greater. This is also an indicator of the number of films capable of sustaining orchestral scores.

Are there exceptions to all this? Of course! However, even though examples can be found of large budget films using small ensembles, or song scores, and conversely there are isolated examples of smaller films using some degree of orchestral scoring (e.g. smaller ensembles, a single day of a reduced size orchestra, etc.), looking at global employment trends requires some degree of generalization, and the undeniable conclusion must be that there are simply fewer films produced that can sustain large-scale employment of musicians.

It is also interesting to see where AFM scoring falls in line with other locations. The following chart illustrates the top 100 grossing films for the past several years and what portion of those are scored AFM as opposed to those scored in London and Seattle.



It should be pointed out that 2012 data is incomplete, and based on projected releases it can be assumed that once all the data is in 2012 will look quite similar to 2010. Clearly, even with a buy-out of back-end obligations in London, and a buy-out with lower rates and no employer obligations in Seattle, Los Angeles is still the leading scoring destination.

So, is there in fact less work now than in, say, the last five years? The answer is unequivocally yes. Do we want to encourage more work, and is it possible to actually generate more work? Again, a

resounding yes! But before we propose any radical changes to a business model that is providing thousands of active musicians with substantial annual earnings (half or more of their annual income), as well as providing critical retirement income to many who have been retired for many years, we need to look at all the reasons that there is less work. In addition to the decline in productions that can support large-scale orchestral recordings (both AFM and non-AFM), as shown above, we should also look carefully at what is going on in other scoring centers, because some of the data indicates that they are also affected proportionately by these same trends. We also must factor in the undeniable truth that scores are also being recorded in a very different manner now that they were in the last decade. Scores that would normally use six or more days of double sessions, due to changes in technology and stylistic changes are now being done in three days (or fewer) of double sessions.

Treating the decline in work under the AFM Motion Picture Agreement as attributable only or even primarily to producers that “run away” from Los Angeles (and the AFM) to avoid obligations to the FMSMF, when in fact it is due to many other factors, means that the “solution” of reducing residual obligations will in all likelihood have at best only a minimal impact on the decline in work.