



SAG·AFTRA®

2018 TELEVISION ANIMATION AGREEMENTS

Referendum Booklet

IMPORTANT INFORMATION

The SAG-AFTRA National Board unanimously recommends members **VOTE YES** for the gains negotiated for the 2018 Television Animation Agreements.

VOTE YES TODAY
www.ivsballot.com/animation2018

All eligible members were mailed a postcard on Oct. 29, 2018 with instructions and a PIN number on how to vote online or how to request a paper ballot. If necessary, you can retrieve your PIN number at the voting website by clicking “Find My PIN”.

Ballots – whether submitted online or by mail – must be received by 5 p.m. PST on **Monday, Nov. 19, 2018**.

MEMBER INFORMATIONAL MEETINGS

NEW YORK

Wednesday, Nov. 7, 2018, 6-8 p.m. EST

SAG-AFTRA, Multi-Purpose Room, 1900 Broadway, 5th Floor, New York, NY 10023

LOS ANGELES

Thursday, Nov. 8, 2018, 6:30-8:30 p.m. PST

SAG-AFTRA Plaza, James Cagney Boardroom, 5757 Wilshire Blvd., Los Angeles, CA 90036

PARKING WILL BE VALIDATED, ENTER OFF MASSELIN

For questions, email tvanimation@sagaftra.org or call the contract hotline at (866) 296-0503.

PLEASE NOTE: All meeting information subject to change. Check sagaftra.org and watch your email for notices with information about meetings in your area. All paid-up SAG-AFTRA members in good standing who work the Television Animation Agreements are urged to attend this important informational meeting. This meeting is only open to paid-up SAG-AFTRA members in good standing, no guests are allowed. Parents/guardians of performers under 18 years old are welcome. No RSVP necessary. You must show your SAG-AFTRA membership card or digital card on the app (paid thru Oct. 31, 2018 or April 30, 2019) for admittance.



Dear SAG-AFTRA Member,

On behalf of the SAG-AFTRA National Board and the Television Animation Contracts Negotiating Committee, we are pleased to recommend you VOTE YES to ratify the Television Animation Agreements. On Oct. 20, 2018 the SAG-AFTRA National Board reviewed and unanimously approved the agreements and recommend you vote **YES**.

This was a long, difficult negotiation with producers that took us to the brink of an animation strike. As you know, one of our main fights in this negotiation was securing “high-budget” terms for animated programs made for “subscription video-on-demand” platforms like Netflix, Amazon and Hulu. Under the current rules, basic terms like scale and residuals for continued exhibition on the original platform don’t apply to animated programs made for subscription video-on-demand platforms unless the high-budget threshold of at least \$1.3 million for a half-hour program is met and the program has a run time of at least 20 minutes. Few, if any, animated programs will meet these criteria.

Our animation deal reduces that budget threshold to \$550,000 for a half-hour animated program and provides that two segments of 10 minutes or longer exhibited together will qualify as a 20-minute program for purposes of triggering high-budget terms. We believe that under this revised approach, coverage of animated programs made for subscription video-on-demand platforms under high-budget terms will be comparable to what we see under our live action contracts.

A demonstration of solidarity and resolve by members resulted in a deal with important gains such as:

- Wage increases and benefit contribution rate improvements on par with the gains achieved in live action negotiations
- A 2.5-percent increase to minimums and .5 percent increase in the contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund effective Sept. 16, 2018
- A further 2.5-percent increase to minimums and .5 percent increase in the contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund effective Jan. 1, 2019

- A further 3-percent increase to minimums effective July 1, 2019, with the option to redirect .5 percent of that increase to the contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund
- And the improved high-budget subscription video-on-demand terms and conditions described above

If, after you have reviewed the materials in this document, you need additional information, email your unanswered questions to tanimation@sagaftra.org or call **(866) 296-0503**.

If you do not wish to vote online, you may request a paper ballot by calling Integrity Voting Systems toll free at (844) 798-3760 before noon PST on Thursday, Nov. 15, 2018, and a paper ballot package will be mailed to you. The deadline for all ballots to be received, whether submitted online or by mail, is 5 p.m. PST on Monday, Nov. 19, 2018.

Thank you for reviewing this referendum package regarding the proposed Television Animation Agreements. As your president and chief negotiator, we work to protect and expand members' contractual gains. With this new contract, we believe we have achieved those goals and recommend a **YES** vote on these agreements.

Strength in unity,



Gabrielle Carteris
President



David White
National Executive Director

Summary of Tentative Agreements for a Successor to the 2014 Television and Basic Cable Animation Agreements

The terms summarized below modify the 2014 Producer-SAG-AFTRA Television Animation Agreement and the 2014 Producer-SAG-AFTRA Basic Cable Agreement for Animated Motion Pictures:

1. **TERM:** July 1, 2017 through June 30, 2020
2. **WAGES:** Increase wages by 2.5% effective Sunday, September 16, 2018, by another 2.5% effective January 1, 2019 and by another 3% effective July 1, 2019. At SAG-AFTRA's discretion, .5% of the July 1, 2019 increase shall be redirected to the contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund, in which case the July 1, 2019 wage increase shall be 2.5%. SAG-AFTRA shall notify the Producers on or before December 31, 2018 of its decision to redirect .5% of the July 1, 2019 wage increase.
3. **PENSION:** The contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund shall increase by .5% effective September 16, 2018 and by another .5% effective January 1, 2019. In the event that SAG-AFTRA elects to redirect .5% of the July 1, 2019 wage increase, the contribution rate to the SAG-Producers Pension Plan and AFTRA Retirement Fund shall increase by a further .5% effective July 1, 2019. The contribution rate increases to the AFTRA Retirement Fund shall be "decoupled" such that the additional contributions shall not increase beneficiary accruals but shall instead be used to improve the funded status of the AFTRA Retirement Fund.
4. **NEW MEDIA:** The terms and conditions applicable to high-budget programs made for subscription video on demand platforms like Netflix, Amazon and Hulu (hereafter, "High-Budget SVOD" terms) were significantly improved in 2017 for live action content. Those improved 2017 High-Budget SVOD terms shall apply to qualifying animated programs, except as modified below:
 - a. The minimum budget for triggering coverage of the 2017 High-Budget SVOD terms for a 20-35 minute animated program shall be \$550,000 (in lieu of the \$1.3 million applicable to live action programs).
 - b. The minimum runtime of 20 minutes for triggering coverage of the High-Budget SVOD terms shall apply to animated programs, but it is understood that two segments that are each 10 minutes or longer and that are exhibited together shall qualify as a 20 minute (or longer) program.
 - c. The 2017 High-Budget SVOD terms shall not apply to programs produced under license agreements entered into before January 1, 2019. Such programs shall be "grandfathered" to the 2014 or "great-grandfathered" to the 2011 terms, as applicable, unless the Producer orders additional episodes and has the right to negotiate with respect to material terms and conditions of the license, in which case the 2017 High-Budget SVOD terms shall apply.
 - d. For animated programs that are in production as of January 1, 2019 and that otherwise qualify for the 2017 High-Budget SVOD terms but that are "grandfathered" to the 2014 terms or "great-grandfathered" to the 2011 terms, Producers shall nevertheless be required to pay not less than scale compensation as provided for in the 2017 Television Animation Agreement, including additional compensation for a third voice as required by Article II of the Television Animation Agreement, in lieu of allowing for "free bargaining" between the producer and the performer.
 - e. The fixed residual due when producer licenses the right to exhibit an animated program to a domestic SVOD service with over 45 million domestic subscribers and also licenses SVOD rights for use on its related or affiliated foreign SVOD services, or when a producer licenses worldwide SVOD rights to a domestic SVOD service with fewer than 45 million domestic subscribers, shall be modified to account for the fact that voices are frequently cut out of foreign exhibition as set forth below:

continues

Exhibition Year	Percentage of Domestic Residual	Exhibition Year	Percentage of Domestic Residual
Year 1	35% 15%	Year 8	20% 9%
Year 2	35% 15%	Year 9	20% 9%
Year 3	35% 15%	Year 10	15% 6%
Year 4	25% 11%	Year 11	15% 6%
Year 5	25% 11%	Year 12	15% 6%
Year 6	25% 11%	Each year thereafter	10% 4%
Year 7	20% 9%		

5. **LATE PAYMENT OF RESIDUALS:** The Sideletter on Late Payment of Residuals entered into during the 2014 negotiations, which provides a mechanism for addressing chronic late payers of residuals, shall be renewed for the 2017 term.

6. **REQUESTING PERFORMERS TO VOICE ADDITIONAL CHARACTERS WITHOUT PAY:** SAG-AFTRA raised the concern that Producers are asking performers during sessions to provide additional voices “as a favor,” i.e., without pay. The Producers shall issue a bulletin confirming that it is improper to ask performers to voice additional characters without pay and directing that the practice cease.

7. **AGREEMENT REGARDING RECORDING OF ADR FOR MULTIPLE EPISODES:** In addition to adding the term “synchronized lines” wherever “pick-up lines” appears in Articles III.A and B, the parties came to the following agreement with respect to the recording of ADR for multiple episodes of an animated program:
 - a. In the event that a voice actor is requested to attend a session called for the sole purpose of recording ADR and/or pick-up lines for previous episodes of a series, he or she may record ADR and/or pick-up lines for an unlimited number of episodes for a single session fee, provided that the session does not exceed two (2) hours and the voice actor has previously been engaged on the episodes for which he or she is recording ADR and/or pick-up lines.
 - b. In the event that a voice actor is requested to record ADR and/or pick-up lines for previous episode(s) during a principal recording session, he or she may record ADR and/or pick-up lines for an unlimited number of episodes without additional compensation, provided that the recording of ADR and/or pick-up lines does not take more than one (1) hour during the session and the voice actor has previously been engaged on the episode(s) for which he or she is recording ADR and/or pick-up lines.
 - c. To the extent that a voice actor performs additional voice(s) on an episode while recording ADR and/or pick-up lines for which he or she has not already been compensated, compensation for such additional voice(s) shall be governed by Article II of the Television Animation Agreement.

8. **RESERVATION OF POSITION:** The Parties reserve their respective positions regarding the applicability of the additional payment of ten percent (10%) of the minimum session fee or segment fee, whichever is applicable, to a third voice performed on films or segments ten minutes or less in length.

9. **SECONDARY DIGITAL CHANNELS:** In 2014, the parties agreed that Producers could pay a revenue-based residual instead of a fixed residual for the exhibition of certain animated television programs on secondary digital channels. The revenue-based residual, however, was only available after certain holdback periods had elapsed. Pursuant to the Tentative Agreement, the parties will remove the holdback periods and allow the revenue-based residual of 6% of distributor’s gross receipts to be applied to animated programs as soon as they are out of production. The minimum per program payments that apply when the producer is licensing the program to a related or affiliated entity will increase from \$150 to \$225 for a half-hour program, \$300 to \$450 for an hour program, \$450 to \$600 for a 90-minute program and \$600 to \$750 for a 2-hour program.

- 10. LIMITED THEATRICAL EXHIBITION OF ANIMATED PROGRAMS:** Producers will pay a revenue-based residual of 9% of distributor's gross receipts, including the value of any in-kind consideration, for the theatrical exhibition of animated programs, but excluding pictures made for home video, as provided below:
- a. One or more episodes of a free or pay television animated series or long-form animated program, including an episode of an animated High-Budget SVOD series but excluding a long-form animated High-Budget SVOD picture, that was initially exhibited or made available at least 24 hours before the theatrical exhibition, or in the case of a long-form animated program, at least 30 days before, may be exhibited theatrically for a maximum of 8 days, which need not be consecutive. If, however, the theatrical exhibition occurs more than one year after the initial exhibition or availability of the picture and/or episode, then there will be no limit on the length of theatrical availability.
 - b. Not more than 30 days prior to or simultaneous with the initial television exhibition of a 30-minute or 60-minute episode of an animated television series (or initial availability on the SVOD platform of an episode of an animated High-Budget SVOD series that is 20-35 minutes or 36-65 minutes in length), the program may be exhibited theatrically for not more than 6 days. The episode (including the pilot) must be part of a series order of at least six.
 - c. In the event the foregoing conditions are not met, the residual provided for in Section 19 of the Television Agreement, which typically requires payment of either 150% or 200% of scale per performer, shall continue to apply in lieu of the revenue-based residual described above.
- 11. THEATRICAL EXHIBITION FOR PROMOTIONAL PURPOSES WHEN NO REMUNERATION IS RECEIVED BY PRODUCER:** SAG-AFTRA agrees to give good faith consideration to requests for waivers of residuals for theatrical exhibitions of animated programs for promotional purposes when Producer receives no remuneration.
- 12. MUSEUM EXHIBITION OF ANIMATED TELEVISION MOTION PICTURES:** The parties confirm that no payment is due if an animated program is exhibited at a non-profit museum even though an admission fee may be charged so long as no money is paid to the Producer in consideration for the exhibition and it is not part of a permanent museum exhibit.
- 13. VIRTUAL MVPD SERVICES:** The parties confirm that the same treatment that is applied to traditional Multichannel Video Program Distributors ("MVPDs"), like cable or satellite providers, will apply to Virtual Multichannel Video Program Distributors ("vMVPDs") like SlingTV, PlayStation Vue and CBS All Access.
- 14. OVER-THE-TOP ("OTT") SERVICE OF PAY TELEVISION SERVICE:** When a pay television service like HBO offers its traditional linear subscribers an Internet-delivered (or "over-the-top") service like HBO Go that does not have an additional subscription fee, it will be treated as an extension of traditional linear HBO for all purposes. Similarly, when a pay television service like HBO offers a standalone over-the-top service like HBO Now through which consumers may subscribe to HBO without having cable or satellite service, it is also treated as an extension of traditional HBO for all purposes. In the circumstance, however, where a program is available exclusively through a standalone service like HBO Now, the parties shall confer on the appropriate treatment of that program.
- 15. REUSE IN GENERIC PROMOS:** Producer may reuse excerpts of soundtrack from an episode of an animated television series to promote another episode of the same series or the series as a whole without any limitation on the length of time that the trailer may be exhibited or obligation to bargain with or pay the performers appearing in the excerpt.
- 16. REUSE FROM AN EPISODE OF A SERIES INTO ANOTHER EPISODE OF THE SAME SERIES:** Producer may reuse excerpts of soundtrack from one episode of an animated series into another episode of the same series without bargaining. The Producer will remain obligated to pay principal performers appearing in the excerpt at least the minimum day rate and include them on the cast list for the episode for residuals purposes.
- 17. WAIVER OF SICK LEAVE:** The parties agree to waive application of certain designated sick time ordinances and to review and waive similar ordinances that may arise during the term. With respect to sick leave eligibility in California, the parties agreed to language setting forth the procedures for accrual and utilization of sick leave.