

Music Publishing 101

Or

How Composers Earn Money from Their Compositions

By Marc D. Ostrow

You've spent years and tens – maybe hundreds – of thousands of dollars learning your craft, purchasing music and equipment and spending countless hours poring over scores. But in all that time, has anyone ever told you how composers are supposed to get paid when their music is used? Well, I'm about to explain it all to you in less than 2000 words.

Composers earn money from their works in the following seven ways:

1. Rental of Performance Materials for large-scale works
2. Licensing of "Non-Dramatic" Public Performances
3. Licensing of "Grand Rights" or Dramatic Public Performances
4. Licensing Works in Audio-Only Sound Recordings
5. Licensing Music in Audiovisual Works
6. Sales of Printed Materials for Smaller Works
7. Reprints of Excerpts, Arrangements, Sampling and Other Permissions

Composers also make money from being hired or *commissioned* to write new works.

For over 150 years, these seven income streams – and commissions – typically have been handled by the composer's *music publisher*, whose job is to promote the music and maximize income from it. However, only classical and musical theater publishers typically have the expertise to handle rentals and grand rights, which are vitally important to non-pop composers. So, let me briefly explain each of the revenue sources, how traditional publishing deals work and let you know about a new service for composers to publish and promote their works.

The Seven Sources of Music Publishing Income

Rental of Performance Materials: Because they are both voluminous and expensive to produce, performance materials for larger-scale pieces such as works for full orchestra, operas and musicals are typically handled on a rental basis. That means the rental agent (typically a classical or musical theater publisher) rents out the score and parts for a fee to the performing organization or presenter who then sends them back. Rental fees are based upon a variety of factors, including the duration and instrumentation of the work and the level of the performing group (an A-list orchestra pays more than the community symphony) and may run several hundred dollars per performance.

Licensing of Non-Dramatic Public Performing Rights: These rights are handled by your “performing rights organization” or PRO, such as ASCAP, BMI or SESAC. Every composer should join one of these three companies so that you can be paid when your works are performed live, by broadcast or over the internet. PROs pay half of the income to the writers of music – the “writer’s share” – and the other half to the publisher – the “publisher’s share.” If you don’t have a publisher, you may need to form your own publishing company to get paid the “publisher’s share” at some PROs. *However, this is the only income stream your PRO represents. They don’t handle any of the other six!* Too many composers make the mistake that if they just register their works with their PRO all of the income from all uses of the music will be paid to them.

Licensing of “Grand Rights” or Dramatic Performances: If you look at the fine print of your agreement with your PRO, you’ll see that they only license *non-dramatic* (sometimes called “small rights”) public performances of your work. If you write an opera, musical, ballet or other dramatic or choreographic work, ASCAP, BMI and SESAC will not license those performances and you won’t get paid for them through your PRO. Grand rights are licensed directly by the copyright owner or music publisher and if you don’t have a publisher that means you’ve got to do this yourself. So, if the Metropolitan Opera is performing your opera, you need to issue them a grand rights license *and* you need to rent them the performance materials. These are two separate uses, with two separate licenses and payments. Grand rights license fees are typically based upon a percentage of “the house” or ticket sales, determined by the average ticket price and the capacity of the venue.

Licensing Works in Audio-Only Sound Recordings: The license for using your composition in a recording is called a *mechanical* license. Why? It goes back to the early 1900s when the first mass-produced audio reproduction of music was in piano rolls for a player piano – a mechanical contraption. The term of art stuck from there to 78s, to LPs and 45s, to 8-tracks, cassettes, CDs and now MP3 downloads. Once a work has been commercially recorded, anyone can make their own recording or “cover” the work, provided they pay a royalty to the copyright owner set by statute. Not surprisingly, this is called the “statutory rate” and US and most other country’s copyright laws set mechanical royalty rates. In the US, it’s a penny rate (currently 9.1 cents for the first 5 minutes and 1.2 cents for each additional minute). In most other countries it’s a percentage of the selling price of the recording. The mechanical royalty is typically paid by the record label, either directly to a musical publisher or to a mechanical rights clearing house, such as The Harry Fox Agency, Inc. Ringtones are treated as mechanicals but at a higher royalty rate.

Licensing Music in Audiovisual Works: The license for using musical composition in an audiovisual work such as a film, TV show, Ad, videogame or music video is called a “synchronization” or “synch” license. There is no set rate for synch licenses and fees vary greatly from a few hundred to hundreds of thousands of dollars depending upon the value of the work, the nature of the project (blockbuster movie or student film), the usage (title credits or underscore), the territory (worldwide, US only) and the duration of the license (perpetuity or one year). These licenses are often negotiated by *music clearance houses* based upon selections made by the project’s *music supervisor*. If someone wants to use *pre-recorded* music in a project, they need *two* licenses: the “synch” license for the use of the underlying musical work *and* a “master use” license from the owner of the particular recording of the work, usually

a record label. For example, if someone wanted to use Reich's "Music for 18 Musicians" in a film, they would need to get a synch license from his music publisher, Boosey & Hawkes, *and* a master use license from the label that owns the particular recording, such as ECM or Nonesuch.

Sales of Printed Materials for Smaller Works: Smaller works, like SATB chorals, chamber ensembles (like string quartets), solo piano pieces and even jazz and wind ensemble works are usually sold, not rented. They may be sold directly to the public online in PDFs or in printed editions through distributors such as Hal Leonard and Alfred Music. The composer typically makes only a modest royalty (e.g., 10-12.5% of retail) for sales works because of the need to deduct printing and distribution costs.

Reprints of Excerpts, Sampling, Arrangements and Other Permissions: If someone wants to use an excerpt of your work in an article or text, wants to create an arrangement or wants to reprint lyrics in liner notes, or wants to quote or "sample" your composition in a new work, they will need permission from the owner of that work, which is either you or your publisher. Similarly, composers will also need to obtain permission if they quote or sample someone else's work or set copyrighted text to music. As with synchs, there is no set rate and permission may be denied for any reason.

Commissions – the Eighth Source of Income

Orchestras, festivals, opera and dance companies, universities and other presenters pay composers to write *a new work*. (Commissions are not, technically, music publishing income as the publisher does not share in these fees – although they will sometimes take a small percentage for negotiating the contract. The seven income streams are for uses of a work once *it's already been written*.) The commissioner(s) and the composer will sign a commissioning agreement where certain terms are spelled out like the duration and instrumentation of the work, the premiere date, any exclusive performing or recording rights, as well as when the score and parts are to be delivered. Fees vary greatly depending upon the stature of the composer, the length of the work and the instrumentation. They can range from a few hundred dollars for a piece for voice and piano to well into six figures for a full-length opera. NewMusic USA has an excellent free guide to the commissioning process. However, you should never assign any portion of the copyright or publishing rights to a commissioner of a work.

Music Publishing Deals

Copyright Deals: Now that you know what music publishing is about, you may ask "how does a music publishing deal work?" Well, first you sign a contract with a publisher. The music publisher undertakes all the expense of registering your work with PROs and mechanical collection agencies around the world, creating performance materials and promoting, selling and licensing your music to entities like orchestras, opera and dance companies, record labels, music supervisors, educators and the general public. It takes a lot of work and expertise -- especially with respect to classical and jazz -- and most pop publishers don't properly handle "new music." So, in exchange for a publisher handling all the business, the composer typically *assigns her copyright* to the publisher and they split the income 50/50% each. The publisher's half ("publisher's share") covers its overhead (staff, rent, equipment, cost of producing materials) and hopefully, a little profit. The composer gets the "writer's share." This arrangement is a

called a “copyright” or “publishing” deal and you are basically stuck with your publisher for good, even if the company is sold or if you are unhappy with how they handle your music.

Agency Deals: There is another typical arrangement called an *agency* deal. Here, the composer keeps her copyrights (i.e., keeps ownership of her works) and gets between 70-80% of the income depending upon the deal. And a typical agency deal lasts between three and five years, so our composer can walk away at the end and take her works elsewhere. Sounds like a good deal, right? Well, not always. First, the composer is responsible for most expenses, including creation of performance materials. And publishers will try to promote works they own and receive fifty percent of the income over works that they don’t and only receive 20-30% of the income. Moreover, it’s actually very difficult to get either a copyright or an agency deal these days. Publishers that specialize in new music sign *less than a handful* of composers a year.

Self Publishing and Beyond: So what’s a composer to do? You could try to handle all the music publishing business yourself. But if you’re like most composers, you probably don’t have the time – as every hour spent on business is one less hour for composing – or the expertise. But, even if you had the desire, time and knowledge to handle all of the business side of being a composer, how would customers find you? Yes, you put up your web site with your bio, works list and clips. But if they don’t already know your name, how do they get to you? While there are some services and web sites that will provide composers some, but not all, publishing services on an agency basis, there hasn’t been any place that handles all of the revenue streams – until now.

There is a new site, ScoreStreet, which enables self-published composers to have all of the revenue streams professionally handled, as well as commissions, while keeping their copyrights and 100% of the royalties collected. Consumers can find music through the site’s searchable database, preview scores and get license quotes and make purchases instantaneously. Composers pay a monthly fee for the service -- and ACF members get a 10% discount! My partners and I have worked long and hard to develop this site so please visit www.scorestreet.net for more information and to sign up for a 30-day free trial.

Thanks for reading and good luck with your compositional career.

Marc D. Ostrow is the CEO of ScoreStreet, a new online music publishing and licensing service and an attorney in private practice in New York City, where he represents classical and jazz composers and other creators and users of copyrighted works. Previously, he was the head of the New York Office of Boosey & Hawkes and was a Senior Attorney in BMI’s Legal Department. He has served on ASCAP’s Symphony and Concert Committee and on several music industry boards. Marc has taught both music publishing and recording industry courses and is also a composer and performer.

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