Touring 101 or How I Spent My Summer Vacation

Touring has changed a lot since I joined this union over 35 years ago on a national tour contract. At the time, there were LORT tours and stock tours, but all Production Contract tours had the same payscale. My national tour was a nine-week bus-and-truck tour with split weeks and one-nighters.

Over the years, the economics of split weeks and one-nighters with their near-constant load-ins, load-outs, and travel gradually killed off bus-and-truck tours. Despite all sorts of concessions granted by the Production Contract Committee and special rules for "Low-Guarantee Tours" and "One-Night Tours," more and more shows that weren't smash hits were going out non-Equity.

So in 2004, AEA took the bold step of instituting a tiered system of compensation based upon the level of a producer's guarantee and a few other factors. Health contributions were subsidized and minimum salaries were significantly reduced in exchange for Actor's participation in the producer's share of the "overage" should the show be successful. In 2008, the lower end of the tiers was lopped off the Production Contract to create a new contract called the Short Engagement Touring Agreement –SETA - for those under 5'6". (No, not really – just seeing if you were paying attention.) These measures have been significantly productive. We had lost 40% of the road by 2004, but touring workweeks rose by 25% in the first four years on the tiers and rose by another 20% in the first two years that SETA was available. Although we have gained a sizeable number of touring work-weeks, the number of touring workweeks on the full Production Contract has declined precipitously. To understand why, let's take a look at the business model of touring.

When "Touring Madness! the Musical" plays Random City, the box office income is split up between the local Presenter (Random City Arts Foundation) and the Producer (Underhanded Productions.) First, various fees – such as credit card fees and group sales commissions -- are deducted to yield the NAGBOR (Net Adjusted Gross Box Office Receipts); from this the Presenter pays the Producer a guarantee plus 10% of the NAGBOR, takes out the Presenter expenses (local crew, musicians, advertising, rent, etc.), and – if anything is left—the remainder (known as the "overage") is divvied up 60% to the Producer and 40% to the Presenter. That is more or less the standard paradigm.

If the Producer raises $5,000,000 to mount "Touring Madness!" for the road and it costs him $300,000 a week to run this show, then – amortizing his capitalization over a fifty-week booking season – he needs to make a $400,000 a week to break even. So if he asks for and gets a $400K guarantee at Random City and the show grosses a million dollars, the NAGBOR will be about $930K. From that, Underhanded will get $400K plus $93K and (assuming RCAF's expenses are $300K) 60% of the $137K overage or $82K: all told, $575K. If, however, the gross is $750K, the NAGBOR is $700, the Producer gets $400K plus $70K and that's it – there isn't even enough to cover the Presenter expenses.

Now, because of the recession, the not-for-profit Random City Arts Foundation has fewer subscribers, a lot fewer donors, and absolutely no local government funding. So, when Underhanded Productions asks for $400K, RCAF says, "No, we'll give you $280K." (For their six-show season, the RCAF might be able to afford two $350K shows, two $280K shows, and two $230K shows. Probably the two expensive slots go to "Wicked" and "Jersey Boys," the two cheap slots go to a cabaret act and a non-Equity show, and the two modest shows are Production Tiers or SETA tours.)

If Underhanded Productions says “OK,” and the show grosses a million dollars, the NAGBOR will be about $930K. From that, Underhanded will get $280K plus $93K and, assuming RCAF’s expenses are $300K, 60% of the $257K overage or $154K: all told, $527K. If, however, the gross is $750K, the NAGBOR is $700K, the Producer gets $280K plus $70K and 60% of $50K or $30K for a total of $380K.

Sorry for all the numbers, but what they say is that if the show grosses a million dollars a week, everybody’s okay and if the show grosses $750K, things are tough. And in today’s economic clime, grossing even $750K can seem optimistic.

With an average guarantee of $280K, however, and enough one-week-or-less engagements, Underhanded Productions can use the SETA and reduce its running cost from $300K to $275K – and suddenly the $380K from that $750K week in Random City now covers the show’s $375K nut. And under the SETA, every Actor in the company (who’s earning less than three times Production Contract minimum) gets 0.25% of the Producer’s share of the overage -- $125 extra for that $750K week in Random City, $385 for the million dollar week. That’s why a tour that makes neither sense nor money on the full Production Contract can make both sense and money on one of the Tiers or on the SETA.

When you are cast in a “National Tour” and your head is filled with visions of living off your per diem and banking a nice four-figure weekly after-tax salary, it is more than a little dispiriting to realize your salary is $800 before taxes. You gripe to your friends, “Why does our union let them do these shows on the SETA or the Tiers?” Why? Because if we insisted the Producers use the Production Contract, they would instead license it to a non-Equity producer. These SETA jobs are not taking the place of Production Contract jobs; they are taking the place of non-Equity jobs. We want as many full Production Contract jobs as possible; but if a producer can’t afford the full Production Contract – and can demonstrate that – we have created a model that allows him to use our members and allows our members to make more money when the show makes money. This model is responsible for a significant increase in touring workweeks. It is a good thing.