

Good morning Chairman Lee, Ranking Member Klobuchar and members of the Subcommittee.

My name is Elizabeth Matthews, and I am the CEO of the American Society of Composers, Authors and Publishers which was formed by songwriters over 100 years ago. ASCAP is a membership association operating on a not for profit basis. We are comprised of more than 525,000 songwriters, composers, lyricists and music publishers representing over 10 million musical compositions.

Songwriters are the unsung heroes behind American music. Every song you hear comes from the heart and mind of a songwriter. Songwriters create the notes and lyrics on the page. This is the copyright in the musical composition that any artist can record. Unlike recording artists, however, most songwriters are not famous and they do not make money by touring and selling merchandise. Many songwriters do not have salaries, benefits and other reliable sources of income. They rely on public performance royalties to earn a living, feed their families and pay the rent.

ASCAP's job is to ensure that songwriters can make a living creating the music that we all love because music matters. Music is not just a business, it is an important and continual contribution to our society and to our day to day lives.

ASCAP licenses the right to publically perform our members' music to over 700,000 licensees in the United States and we also work with over 100 public performance societies globally who in turn license our member's works outside of the U.S. In 2014 alone, we processed payment for over 500 billion public performances which is more than double from the prior year and we are only one of several market actors.

In 1941, ASCAP entered into a Consent Decree with the Department of Justice, because ASCAP did not have significant competition.

Fast forward 74 years and today competition with ASCAP is alive and well. We compete directly with BMI, and with unregulated competitors including SESAC, new licensing companies, the foreign PROs and even with our own music publisher members who are free to directly license their works. The barriers to entry for new market competitors are quite low and yet we are still governed by a World War 2 era Consent Decree that was last updated before the invention of the Ipod.

There have been seismic changes in the music landscape. People no longer buy the music they love, they stream it. Streaming services offer more choice and more consumer control. As a result, they require access to a massive variety of songs in order to provide users with an optimally tailored content experience. This means that the use of music has increased exponentially, but the payments have not followed. For a songwriter, this is a terrifying trend.

New and innovative market players require experimentation and novel approaches to music licensing and yet the Consent Decree restricts our ability to adapt because it is still stuck in 1941.

Some digital music services are unwilling to pay songwriters a fair market rate making it impossible for songwriters to earn a sustainable living. As a result, major music publishers are threatening to resign from ASCAP and BMI entirely which would be a devastating blow to collective licensing and to songwriters.

In response, we have proposed a number of changes to the ASCAP Consent Decree, including the following:

First, rate disputes with businesses that use music should not be decided in expensive, time-consuming Federal rate court litigation. We propose a faster, less expensive process.

Second, our members should have the flexibility to grant ASCAP the right to license their music for some uses while retaining the right to license other uses directly. ASCAP fully supports transparency for licensees in this regard. That approach is both pro-competitive and consistent with the U.S. Copyright Law.

Third, we need to simplify music licensing by allowing ASCAP to license more than just the right of public performance. ASCAP can facilitate one stop shopping, a single destination where businesses can secure every right that they need if the Consent Decree is changed.

The Department of Justice is undertaking a review of our Consent Decree and we look forward to working with them to make these pro-competitive changes.

We have also engaged with Congress in our efforts to modernize the current music licensing system. In that regard, we applaud the leadership of Senator Hatch and others for introducing the Songwriter Equity Act, which represents an important first step in reform.

If the Consent Decrees are not changed and major publishers resign from ASCAP and BMI, then the system of collective licensing may collapse and everyone loses. Copyright owners, licensees, music fans everywhere and most importantly the songwriters who are the heart and soul of the entire music industry.

We hope to preserve the future of these songwriters through these much-needed reforms.

Thank you.