

The Creative Economy

2022 OTIS COLLEGE REPORT ON THE CREATIVE ECONOMY



Prepared by
CVL Economics

CVL Economics is an economic research and planning firm committed to rethinking, reframing, and redefining the future of equitable development. Founded in 2021 in response to a rapidly shifting economic landscape, CVL recognizes that communities, institutions, and organizations are facing unprecedented challenges as they navigate uncertainty.

Partnering with clients dedicated to sustainable and resilient growth, CVL employs a tailored mix of advanced data analytics and rigorous qualitative methods to guide regional strategy, program, and policy development for state, regional, and local jurisdictions; research universities and community college districts; nonprofit and philanthropic organizations; and community-based organizations.



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Commissioned by
Otis College of
Art and Design

Established in 1918 as Los Angeles' first professional school of the arts, Otis College of Art and Design is a non-profit 501(c)3 institution and a national leader in art and design education. The College educates a diverse community of over 1,200 students to become highly skilled, well-informed, and responsible professionals – empowering them to shape the world. First published in 2007, the annual *Otis College Report on the Creative Economy* focuses on the ways in which California's creative industries form an essential part of its overall economy.

More information is available at otis.edu.

Developed with
Support from:

The California Community Foundation; City National Bank; Department of Cultural Affairs, City of Los Angeles; Gallagher; Getty Foundation; Los Angeles Tourism & Convention Board; Marsh; Mellon Foundation; Moss Adams; Music Man Foundation; Perenchio Foundation; The Ralph M. Parsons Foundation; and Sony Pictures Entertainment.



THE CREATIVE
ECONOMY



The *2022 Otis College Report on the Creative Economy* is part of an ongoing research project, first commissioned in 2007, to better understand the size, growth, structure, and character of the creative economy in California, with an emphasis on Los Angeles County.

The *Report's* approach focuses primarily on five creative sectors. By analyzing creative industry employment, wages, and demographics, we provide a more complete look at the economic impact of the creative economy in California and regions across the state. This year's *Report* also examines the broader economic climate in California, assesses the impacts of the 2008 and 2020 recessions on the creative industries, and highlights what we can learn from the depth, speed, and size of job losses as well as the trajectory of the labor market recovery. Throughout the *Report*, the theme of technology and digital transformation continuously emerges as business models evolve and consumer expectations shift across the creative ecosystem.

As the COVID-19 pandemic enters its third year, it is more critical than ever that stakeholders across California's creative economy engage in evidence-based discussions about how the state can support and foster inclusive development of our creative economy and implement strategies and policies that secure its future economic value.





President's Message

Welcome to the 2022 *Otis College Report on the Creative Economy*.

This year represents the 15th year that Otis College of Art and Design has published the *Otis College Report on the Creative Economy*. When it started in 2007, the *Report* chronicled the size and breadth of creative industries of Los Angeles. It expanded to provide statewide data in 2013 and now features a deeper look into five creative sectors – Architecture and Related Services; Creative Goods and Products; Entertainment and Digital Media; Fashion; and Fine and Performing Arts – across eight regions in California, from Northern California to San Diego.

Earlier this year, we surveyed readers of the *Report* and gained important insights into its power and impact. Key findings from the survey include:

- 85% of respondents agreed or strongly agreed that the *Report* is a critical resource for tracking California's Creative Economy.
- 83% of respondents agreed or strongly agreed that the content of the *Report* is relevant to their work.
- 75% of respondents agreed or strongly agreed that the information provided in the *Report* cannot be found elsewhere.

When we asked readers to share how the *Report* advances their work, we received responses across a broad spectrum of disciplines and occupations. Many cited its importance in improving arts education in California, by helping to inform grant-making, and by providing important research to higher education to plan for the future. It also proved valuable for informing small businesses, and helping the public sector understand the creative landscape.

We learned that the *Report* is also important to those outside of California, with responses representing regions across the United States and around the world. Our 2022 *Report* features some new content including macroeconomic analysis of the quickly changing economic landscape, comparisons between COVID-19 recovery and the Great Recession of 2008, in-depth creative sector analysis, including comparisons with New York, and much that you have grown to look for in the *Report*.

I want to thank CVL Economics for their authorship of the *Report* and for our sponsors who made it possible: the California Community Foundation; City National Bank; Department of Cultural Affairs, City of Los Angeles; Gallagher; Getty Foundation; Los Angeles Tourism & Convention Board; Marsh; Mellon Foundation; Moss Adams; Music Man Foundation; Perenchio Foundation; The Ralph M. Parsons Foundation; and Sony Pictures Entertainment.

Best regards,

Charles Hirschhorn
President

THE CREATIVE
ECONOMY

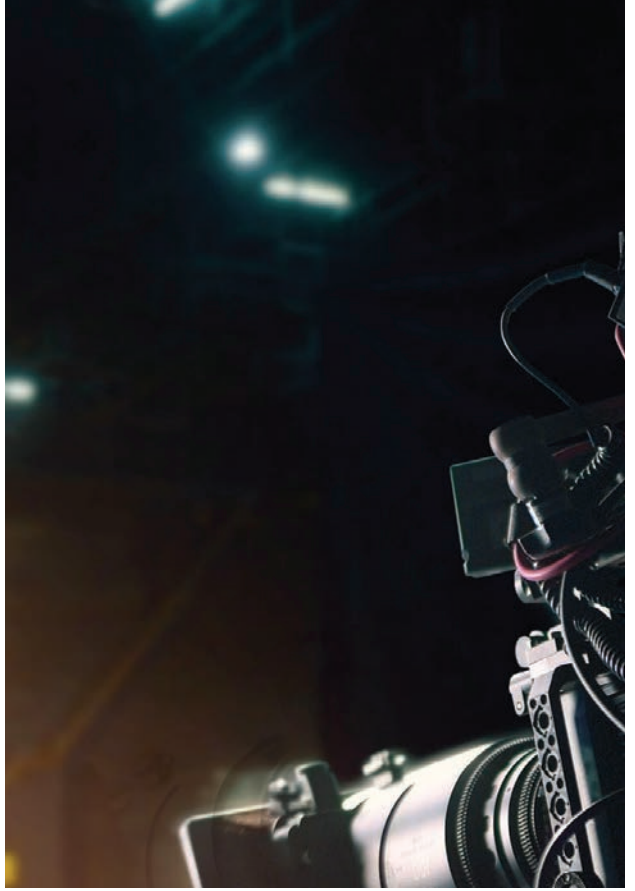
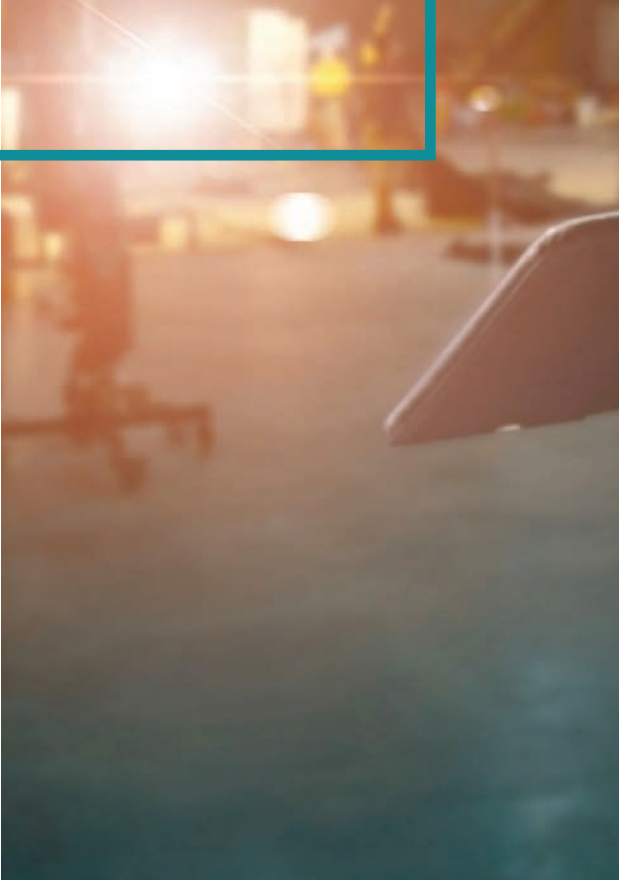


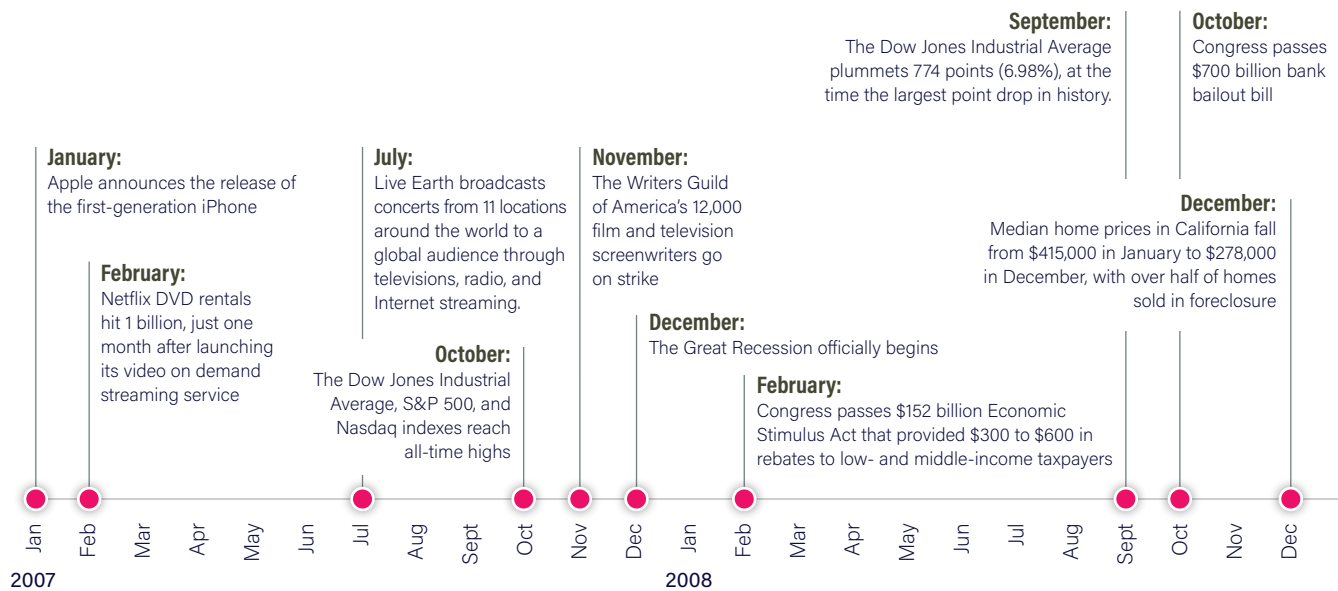
Table of Contents

1	Executive Summary
15	Introduction
19	Part 1: Context
21	Chapter 1.1: Macroeconomic Conditions
28	Chapter 1.2: Historical Analysis
43	Part 2: Industry Analysis
53	Chapter 2.1: Entertainment and Digital Media
74	Chapter 2.2: Fine and Performing Arts
90	Technology Spotlight: Virtual Production
92	Chapter 2.3: Architecture and Related Services
110	Chapter 2.4: Creative Goods and Products
127	Technology Spotlight: The Rise of Digital Platforms
130	Chapter 2.5: Fashion
145	Part 3: Regional Profiles
148	Chapter 3.1: Northern California
156	Chapter 3.2: The Capital Region
164	Chapter 3.3: The Bay Area
172	Chapter 3.4: The Central Valley
180	Chapter 3.5: The Central Coast
188	Chapter 3.6: Southern California
196	Chapter 3.7: The Inland Empire
204	Chapter 3.8: San Diego and Imperial Counties
213	Part 4: Intervention And Planning Landscape
215	Chapter 4.1: Federal and State Policy
221	Chapter 4.2: A New Mandate, Role, and Model for Philanthropy
228	Chapter 4.3: Creative Placekeeping at the Local Level
233	Part 5: Discussion And Recommendations
244	Appendices



Executive Summary

Creativity is integral to the character of our state and manifests as a powerful component of the California economy. Overall, the creative economy in California continues to exhibit strength and resilience. However, disaggregated data analysis and modeling reveals divergence and disparity. The analysis that follows reveals the creative economy is home to both some of the hardest hit sectors by the COVID-19 recession, such as Fine and Performing Arts, as well as sectors that were able to pivot and grow, like Entertainment and Digital Media, by adapting business models to shifting consumer demands.



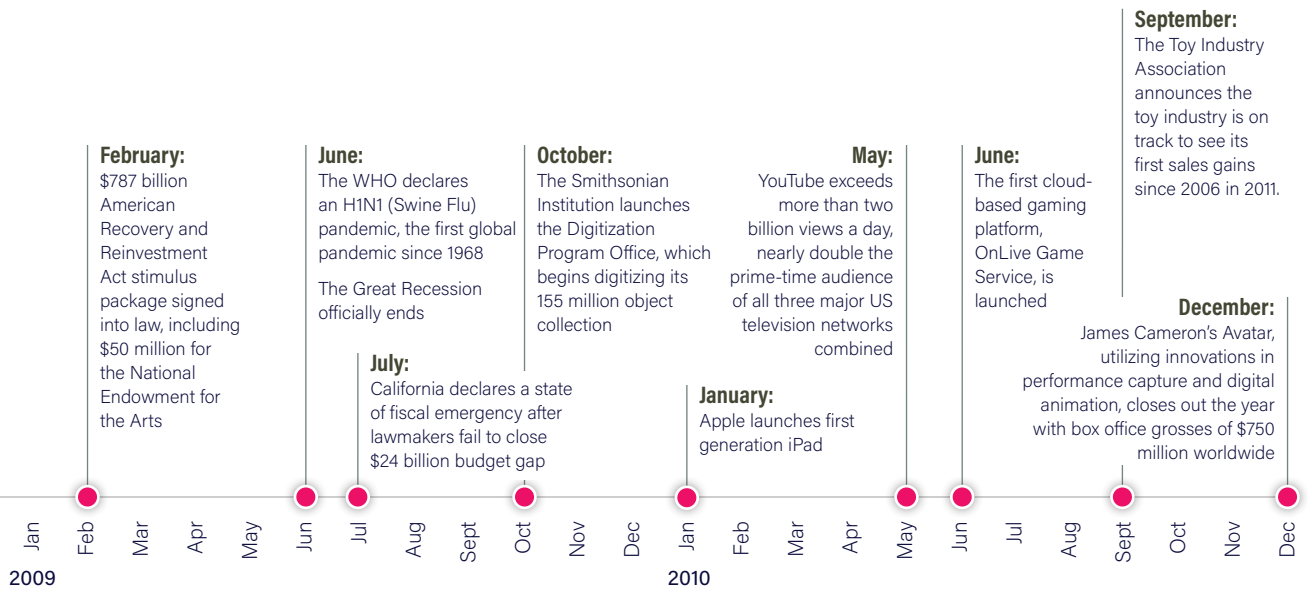
Activities and production among the creative industries rely on interrelationships and supply chains throughout most of California's economy. When accounting for the business-to-business transactions and spending by employees working in the five sectors – Entertainment and Digital Media, Fine and Performing Arts, Architecture and Related Services, Creative Goods and Products, and Fashion – the creative economy was responsible for a total value added gross regional product (GRP) impact of \$687.6 billion in 2020, which was the equivalent of roughly 23% of the state's GRP.

Directly employing almost 1.4 million people and supporting a total of 3.9 million workers across the state, the creative economy outperforms industry sectors like government, manufacturing, health care, and retail trade – sectors that often receive greater economic development, talent development, and policy support.

- For every 100 jobs in the creative industry sectors, an additional 180 jobs are supported in other sectors of the California economy.
- The economic activity that the creative economy generated in California was worth over \$122.7 billion in taxes for all levels of government in 2020. In total, each job supported by the industry's activity resulted in \$31,461 in additional tax revenue.

MEASURING GROWTH

There are several ways to quantify and measure the size of an economy, and three distinct metrics are used in this *Report*: (1) gross regional product (or GRP), the sum of value added at every stage of production for all final goods and services within a region in a given period of time (or stated another way, the final market value of all goods and services produced in a given region); (2) gross value added, which measures the value of goods and services produced by an industry, minus the cost of all inputs; and (3) employment, which captures the number of salaried and self-employed workers in a given industry or subsector.



Macroeconomic Conditions

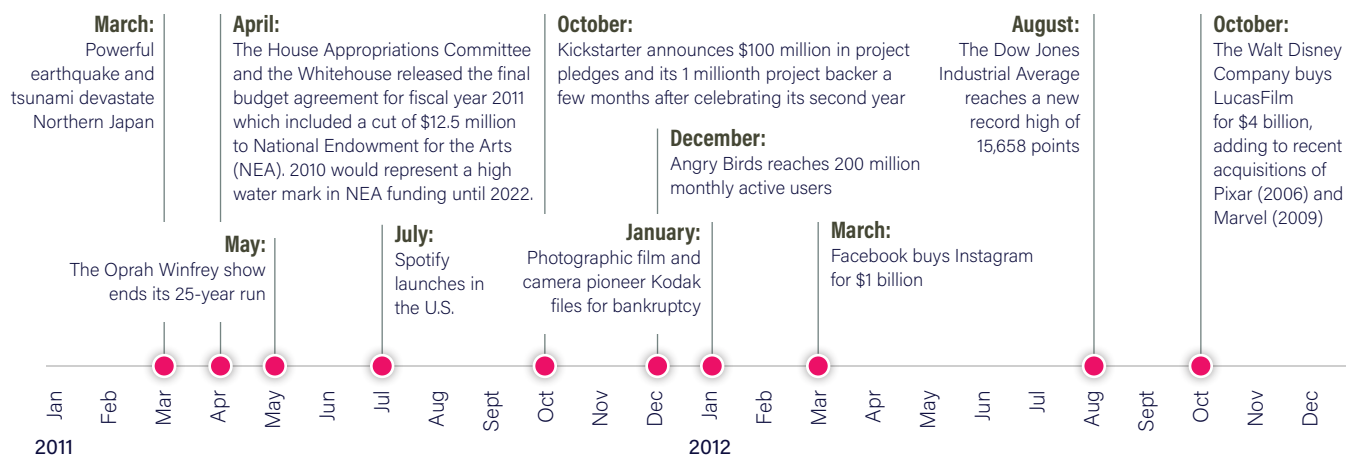
California's creative economy sits within the larger context of the U.S. and global economies. Understanding the broader economic landscape over the past two years provides insights into the performance of the state's creative industries and the issues that will continue to shape the recovery.

- The Recession:** The second quarter of 2020 was the largest and most rapid economic contraction in post-war history. The initial drop in economic activity was almost four times larger than the Great Recession of 2008. Many sectors were disproportionately affected by the economic downturn and the recovery trajectory among the creative sectors and their component subsectors vary significantly.
- Inflation:** In 2021, the pace of inflation growth was higher for goods rather than services. Yet inflationary pressures do not affect all industries or households evenly. At the close of the year, the Consumer Price Index (CPI) was up 12.2% for new vehicles, 12.0% for groceries, and 2.5% for medical care services. For individuals whose wages and salaries or Social Security payments are adjusted for inflation, for example, inflation will have less of an impact.

- Supply Chain Disruption:** Supply chain issues continue to constrain supply and drive inflation upwards, most notably in the case of semiconductor chip shortages, which are causing a drag on the production of an assortment of products from smartphones to new automobiles. Within the creative economy, the supply chain disruption is adversely affecting the Creative Goods and Products and Fashion sectors.

To the extent housing, energy, and grocery prices keep rising, consumers may shift household discretionary spending from goods to Entertainment and Digital Media – a trend that accelerated during the pandemic – or allocate funds away from discretionary spending altogether to cover the higher household costs.

- Labor Shortages:** The composition of the labor force shifted considerably due to the economic shutdown. Workers who lost their jobs or took part in the so-called “Great Resignation” have increasingly turned to entrepreneurial pursuits reflecting similar trends in the broader economy. In addition, a significant number of older workers are estimated to have taken an “early retirement” between February 2020 and August 2021, with the vast majority leaving the workforce due to the fear of infection among an aging and/or vulnerable segment of the workforce.



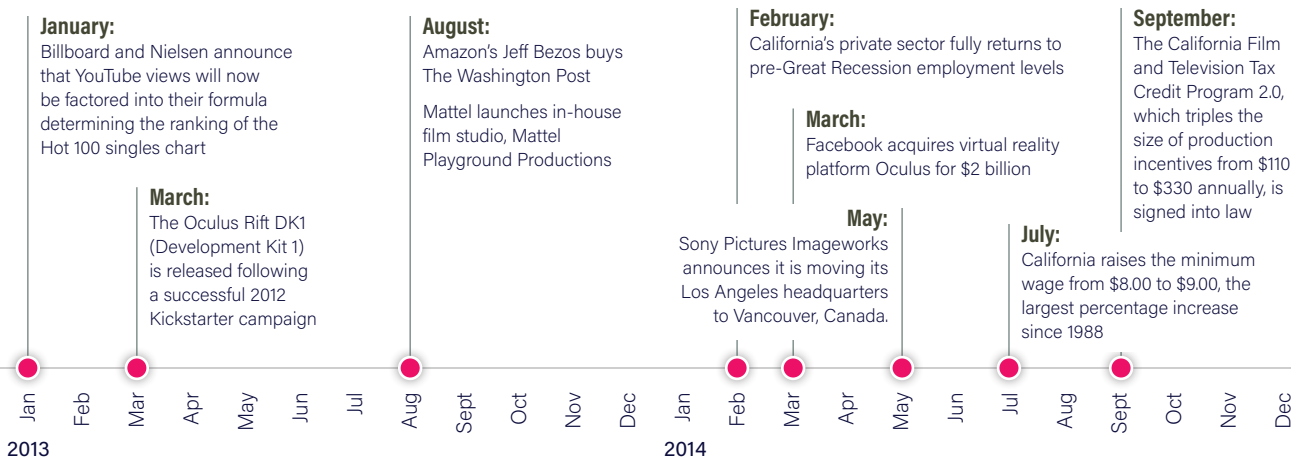


- Racial Disparities:** The creative economy mirrored the broader economy when it came to disproportionate impacts felt by COVID-19. By December 2021, socially disadvantaged populations continued to experience an elevated unemployment rate – 8.6% for Black workers and 6.8% for Hispanics or Latinx workers, compared to 5.3% of all workers economy-wide. Similarly, the share of the labor force

that had been unemployed for six months or longer was 1.8% across all sectors, but 2.9% for Black workers and 2.0% for Hispanics or Latinx workers.¹ Women continue to struggle to get back to pre-pandemic employment levels. At the end of 2021, 3.6% of all women were unemployed, with nearly 5% of Hispanic or Latinx women and 6% of Black women still seeking work.²

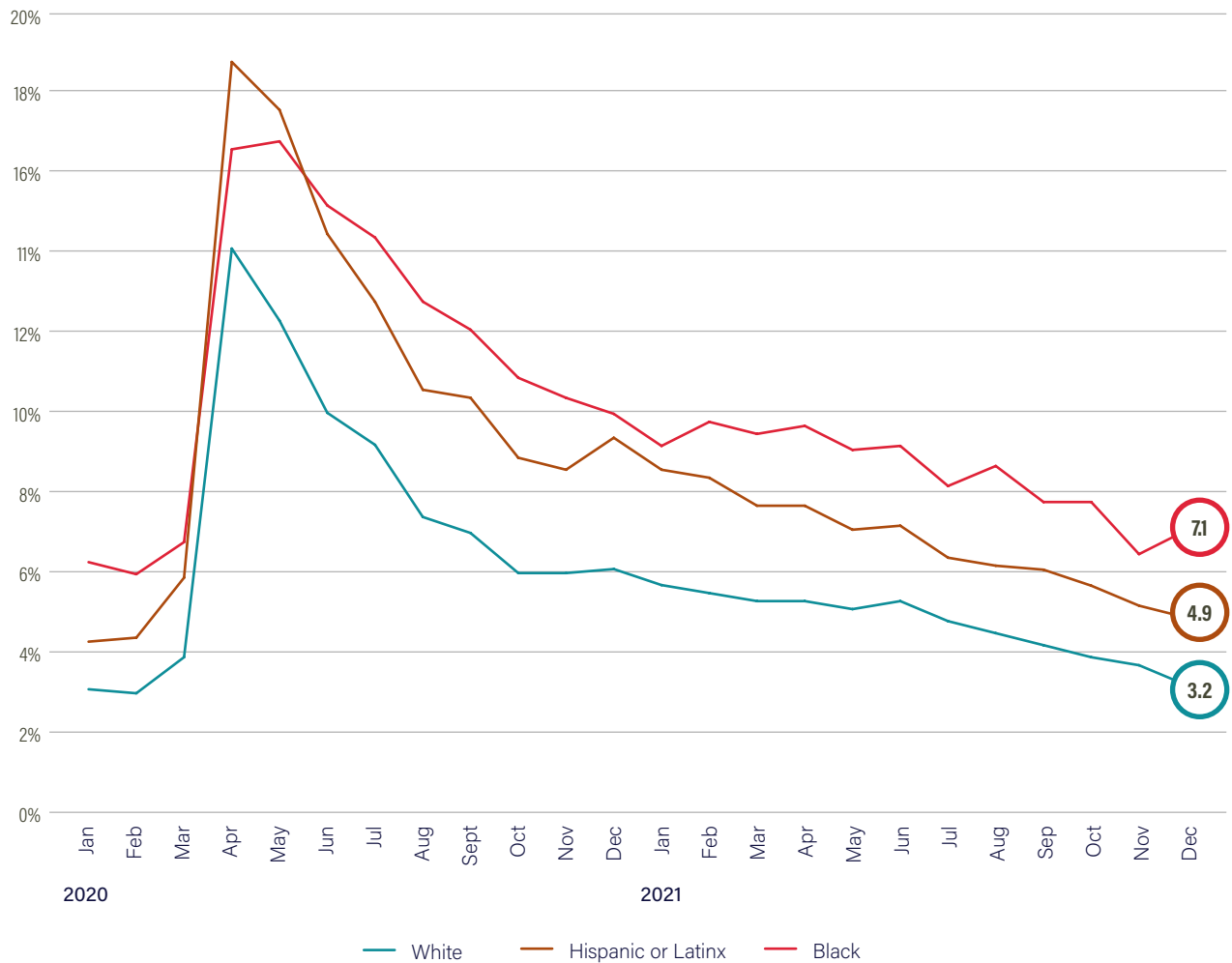
¹ Economic Policy Institute, State of Working America Data Library, "Unemployment" 2022

² Gonzales, Matt. "Nearly 2 Million Fewer Women in Labor Force." SHRM, February 18, 2022. <https://www.shrm.org/resourcesandtools/hr-topics/behavioral-competencies/global-andculturaleffectiveness/pages/over-1-million-fewer-women-in-labor-force.aspx>



U.S. UNEMPLOYMENT RATE BY RACE/ETHNICITY FOR ALL SECTORS JANUARY 2020 to 2021

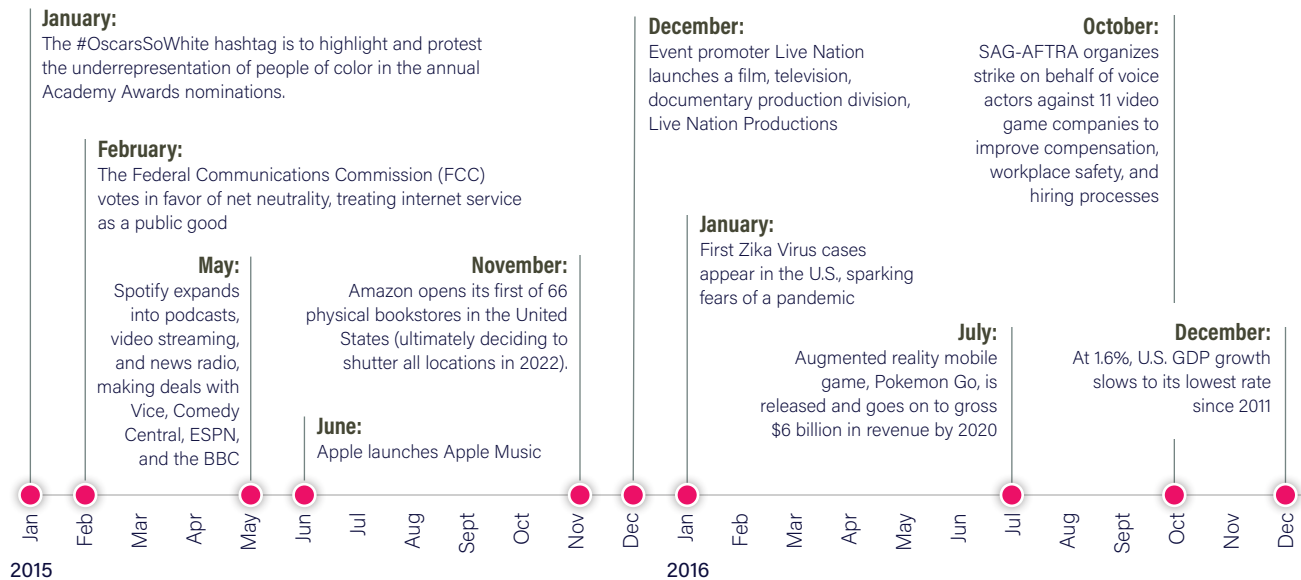
EXECUTIVE SUMMARY



Source: U.S. Bureau of Labor Statistics Current Population Survey

THE CREATIVE ECONOMY

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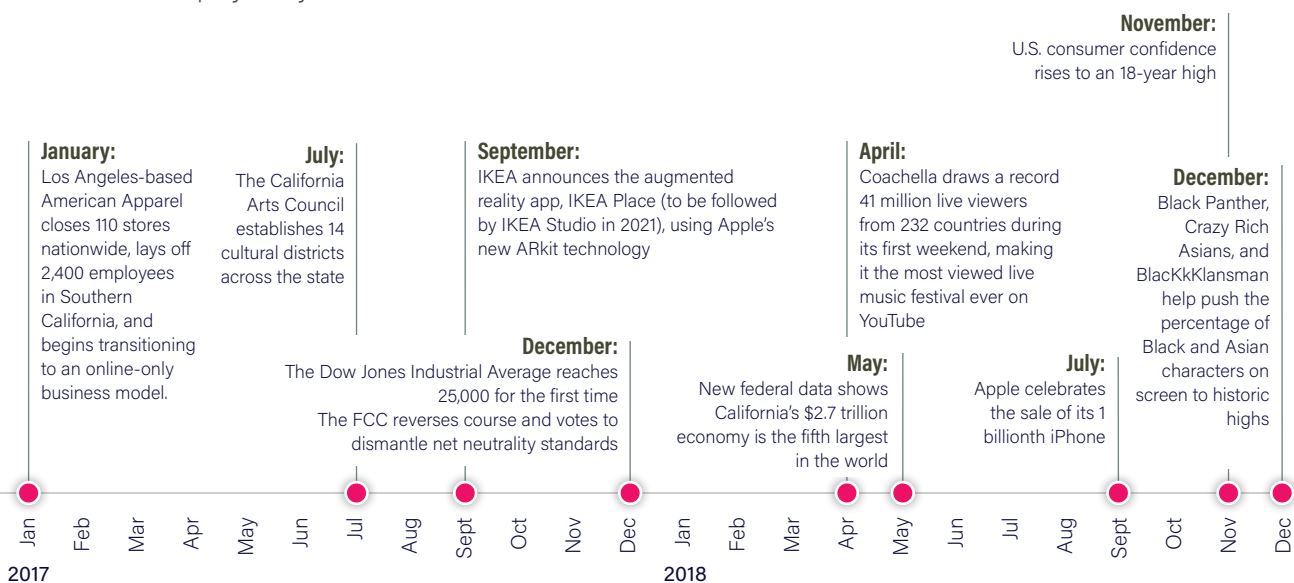
Employment In California's Creative Industries

- Of the five sectors, Architecture and Related Services was the most stable in the years following the Great Recession and the most resilient one in the face of the pandemic's economic disruption. Employment fell by only 2.2% between 2019 and 2020, where sector jobs totaled 226,000.
- On the other side of the spectrum, Fine and Performing Arts went from being among the fastest growing sectors in the creative economy prior to the pandemic to the one with the steepest drop in employment. Its workforce contracted by 19.4% due to the economic shutdown, accounting for only 76,000 jobs statewide in 2020.
- Although Entertainment and Digital Media's performance dipped by 3.3% in 2020, in large part due to the changes of producing entertainment content, it remains California's most robust sector and employed nearly one million workers statewide, largely concentrated in Los Angeles County and the Bay Area.
- Creative Goods and Products accounted for the largest single-year loss in jobs in California, with approximately 4,000 or a 10.4% reduction in 2020, but the pandemic only accelerated employment trends already in motion well before the Great Recession. A victim of broader manufacturing trends, the sector employs only about 35,000 in California.
- As with Creative Goods and Products, Fashion has been experiencing a long and steady statewide decline for years. Employing 52,000 workers in 2020, the sector saw a contraction in jobs of 14.4% from the previous year due to COVID-19.

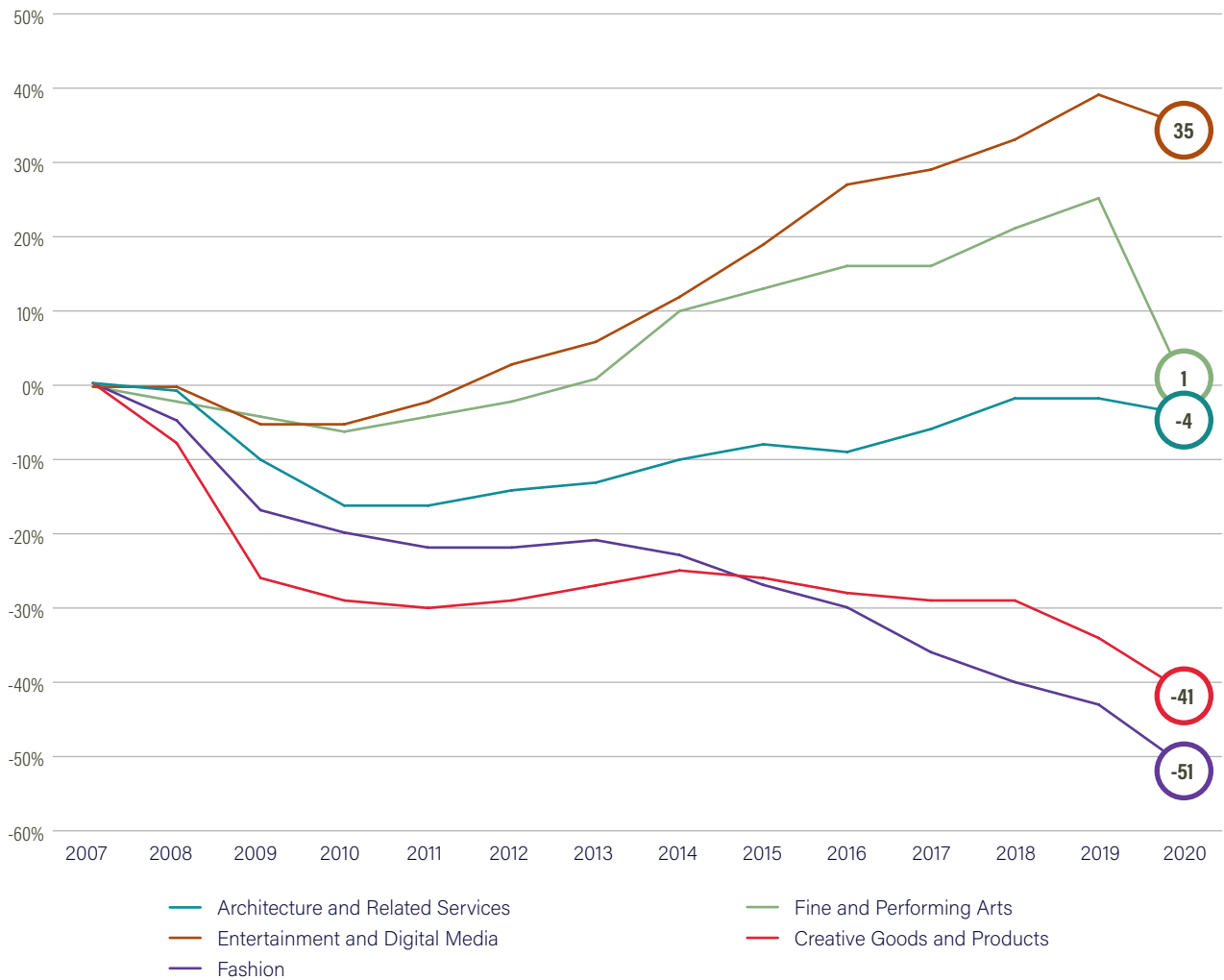
STREAMING INTO THE FUTURE

Within the Entertainment and Digital Media sector, the Motion Picture and Video subsector has seen phenomenal employment growth alongside the rise in streaming video on demand platforms. Since 2007, California has added almost 320,000 jobs – doubling the subsector's employment over the 13-year period.

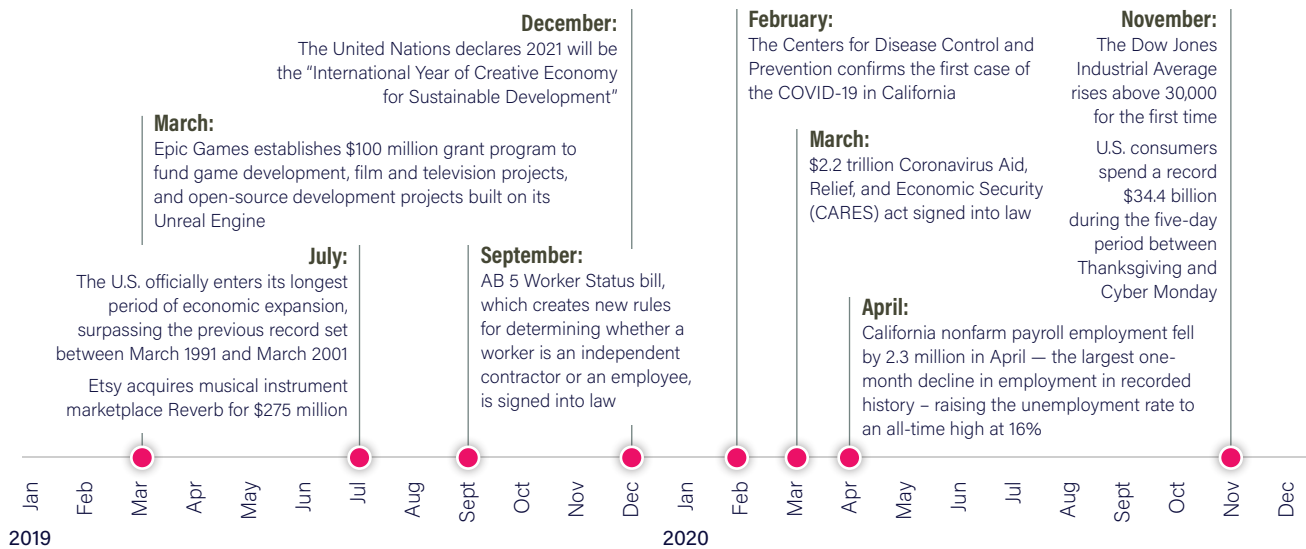
Entertainment and Digital Media consumption patterns continue to change – in part due to the impact of the pandemic. Digitally connecting with each other for weddings, religious ceremonies, graduations, and other significant life events fast-tracked social acceptance of new ways of engaging online. Gaming platforms where users can interact with intellectual properties, brands, and other users will continue to blur traditional industry silos and will likely drive significant economic changes in Entertainment and Digital Media over the next decade.



RELATIVE CHANGE IN EMPLOYMENT AMONG CALIFORNIA'S CREATIVE INDUSTRIES 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages



Geographic Comparison

Contrasting the California and Los Angeles County creative economies with those in New York State and New York City is instructive. At both the state and regional levels, there are few other large jurisdictions that can act as a point of reference to gauge how well its creative economy is doing, while controlling for the effects of global forces affecting the overall economy. Like Los Angeles County, for example, New York City boasts robust economic activity across all five creative economy sectors, experiences patterns of sectoral cross-pollination, and serves as its state's creative economy epicenter.

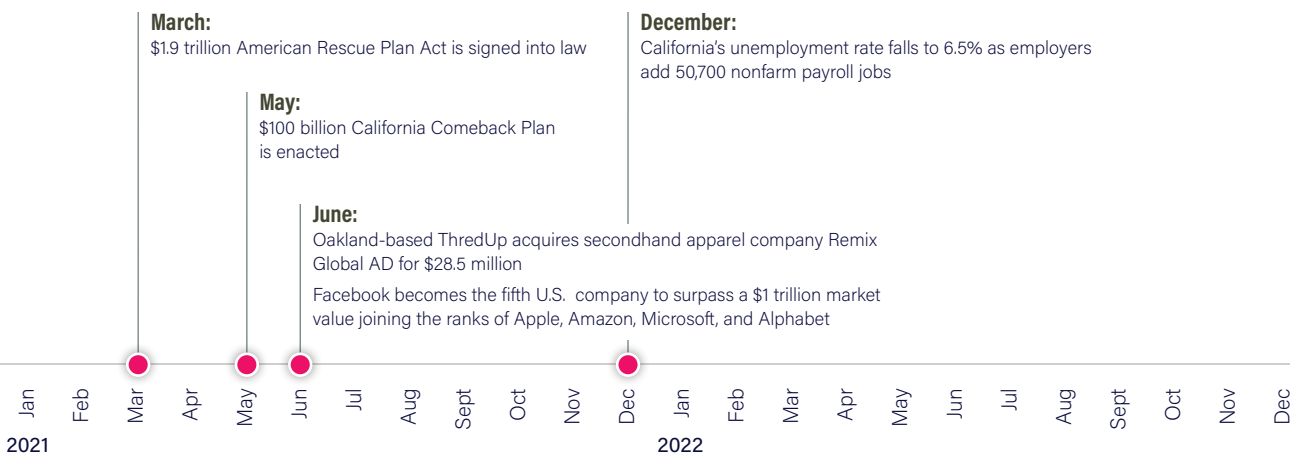
- In 2020, California had more than twice as many creative economy jobs than New York State, though New York's creative economy comprised a larger share of the overall economy compared to California (46.8% vs. 25.6%).

- New York City has a higher share of creative economy jobs relative to statewide creative economy employment compared to Los Angeles County (70.8% vs. 31.7%) but has a smaller creative workforce in absolute terms (4.3 million workers vs. 4.6 million workers).
- Although relatively even with respect to Architecture and Related Services sector employment, New York City edges out Los Angeles County in high-growth sectors (Entertainment and Digital Media, Fine and Performing Arts), whereas Los Angeles County has an excess of jobs in declining sectors (Creative Goods and Products, Fashion).

CREATIVE ECONOMY EMPLOYMENT IN LOS ANGELES COUNTY AND CALIFORNIA COMPARED TO NEW YORK CITY AND NEW YORK STATE 2020

	California	Los Angeles County	Share of State Jobs	New York State	New York City	Share of State Jobs
Entertainment and Digital Media	980,986	306,066	31.2%	478,277	361,949	75.7%
Fine and Performing Arts	76,442	29,861	39.1%	64,994	45,678	70.3%
Architecture and Related Services	225,867	52,999	23.5%	95,774	53,959	56.3%
Creative Goods and Products	35,055	12,346	35.2%	14,595	3,380	23.2%
Fashion	52,123	33,253	63.8%	20,803	12,258	58.9%
Creative Economy	1,370,473	434,524	31.7%	674,442	477,224	70.8%
Overall Economy	18,046,323	4,628,838	25.6%	9,183,955	4,301,942	46.8%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages



Creative Economy Sector Wages

Employment in the creative economy industries is highly transformative in terms of income generation. Average annual wages across the creative economy were \$158,500 in 2020, whereas average annual wages economy-wide were \$76,500. However, the creative economy is far from monolithic. Employment in creative economy sectors includes both high-earning creatives working in Entertainment and Digital Media (\$189,000) and Architecture and Related Services (\$101,000) as well as lower-earning creatives working in Fine and Performing Arts (\$52,800). These disparities occur within sectors as well and are most stark when looking at worker status. For example, salaried employees in Fine and Performing Arts in Los Angeles County have an average annual wage of \$91,500 compared to their self-employed peers who have an average annual salary of \$37,000.

Technology

As a result of the disruption caused by the pandemic, creative firms and workers have had to rely on technology more than ever before to adapt to constantly changing conditions, which in turn have pushed innovation further, faster, and in new directions. These technological advancements, which were occurring before COVID-19 but have accelerated over the past two years, are increasing spillover and blurring between creative industries. Digitization is transforming the value chains of each of the sectors in the creative economy from creation, production, and distribution of creative goods, services, and content. Emerging modalities of engagement and consumption paired with changing production processes are going to require serious shifts in California's educational and workforce development infrastructure if the creative economy workforce is to better represent the diversity of the state and the global consumer.

UNDERSTANDING THE SCALE OF CALIFORNIA'S CREATIVE ECONOMY

In 2020, California's Entertainment and Digital Media sector had a total value added GRP of \$599.4 billion. For comparison and scale, if the Entertainment and Digital Media sector's total value added economic impact were represented as a U.S. city, it would rank above Dallas, Texas (\$534.8 billion) and Seattle, Washington (\$426.9 billion) in terms of GRP.

The total value added GRP for the Fine and Performing Arts sector the same year was more modest due to the economic shutdown and amounted to just over \$8.0 billion statewide. Still, its total value added economic impact was higher than that of Bloomington, Indiana (\$7.9 billion) and equal to Jackson, North Carolina (\$8.0 billion).

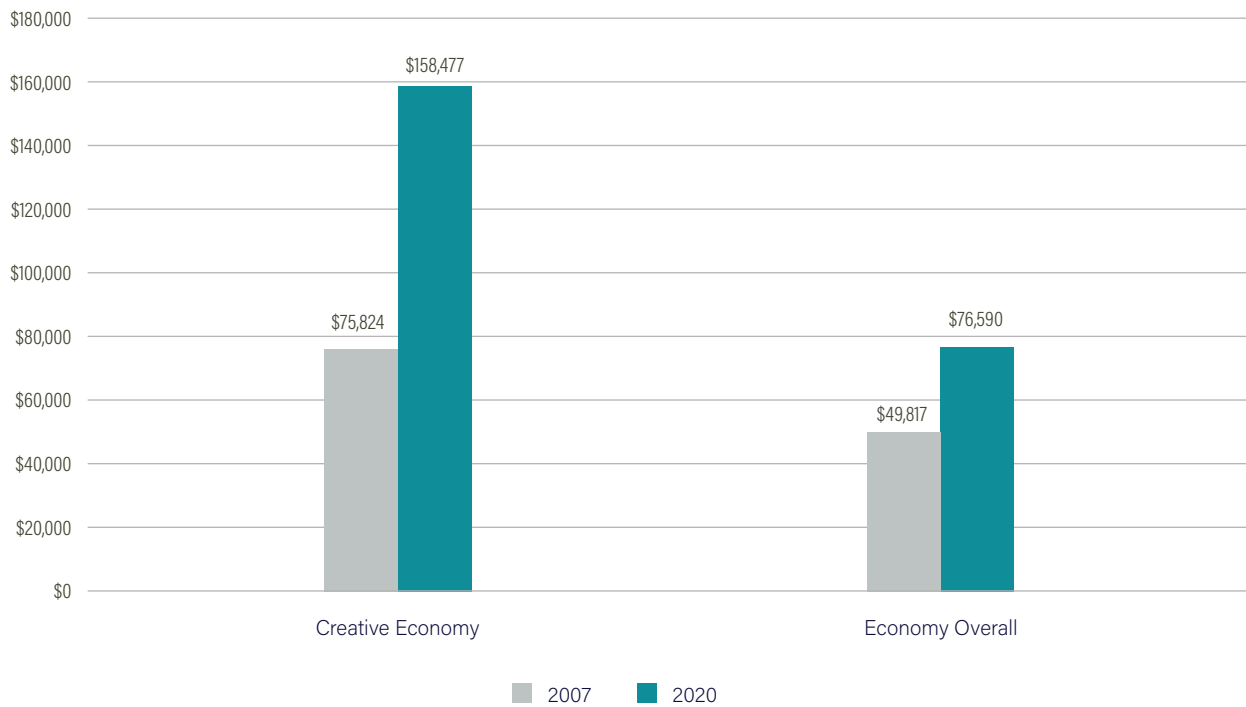
The Architecture and Related Services sector's total value added GRP, by contrast, was \$55.2 billion, placing it ahead of Baton Rouge, Louisiana (\$52.8 billion), and Tulsa, Oklahoma (\$53.6 billion).

The Creative Goods and Products sector's total value added GRP for 2020 came in around \$7.6 billion and had a greater total impact than the overall economies in Flagstaff, Arizona (\$7.5 billion) and Santa Fe, New Mexico (\$6.8 billion).

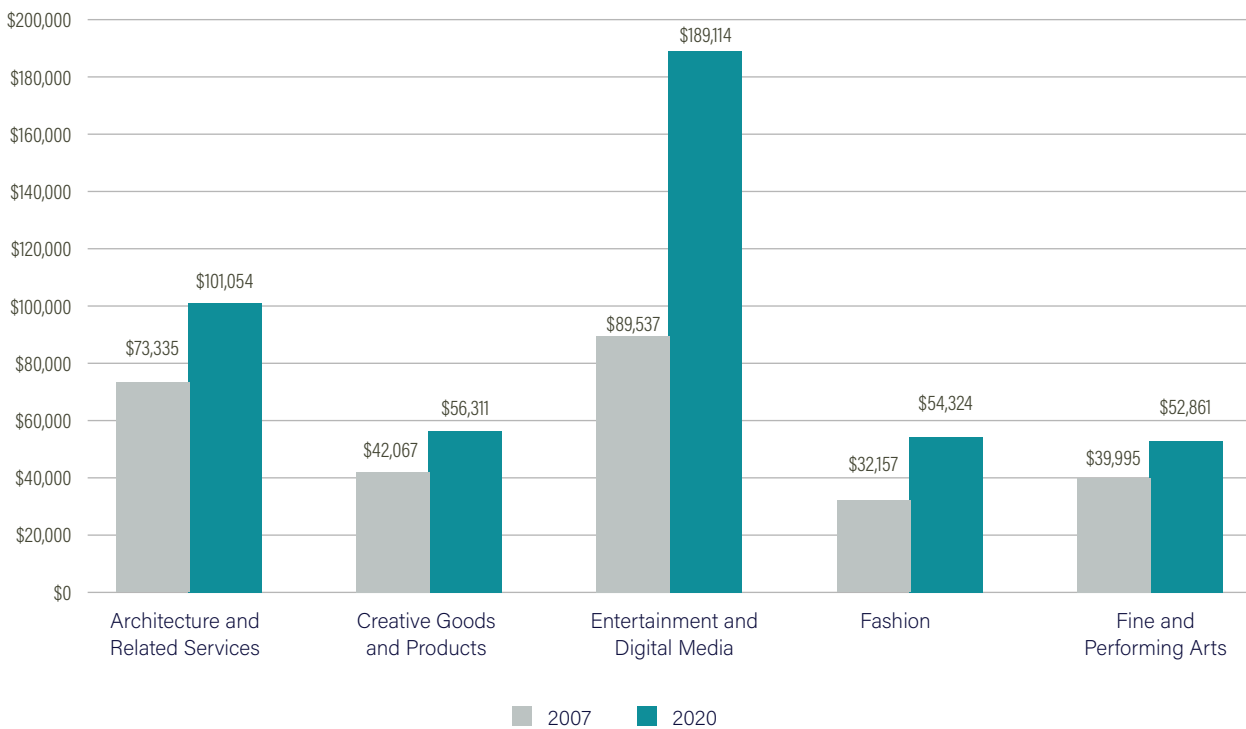
The total value added GRP for California's Fashion sector was \$17.4 billion. If it were a city, the Fashion sector's total value add economic impact would rank above Gainesville, Florida (\$16.5 billion) and Eugene, Oregon (\$16.6 billion) with respect to GRP.

CHANGE IN CREATIVE ECONOMY AVERAGE ANNUAL WAGES IN CALIFORNIA 2007 to 2020

(a) Overall



(b) By Subsector



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

Nonprofits in the Creative Ecosystem

There is a strong relationship between the success of nonprofit organizations and commercial firms in the creative economy, and their combined economic activity has spillover effects into other industries in terms of total output, value added, and employment multipliers. Many creative economy stakeholders in the nonprofit space highlight continuing challenges around State Assembly Bill 5.³ There needs to be continuing conversations with policymakers, organizations, and advocacy groups in the creative economy about how best to continue to refine the law. Legal and educational support should continue to be a priority for professional groups and associations.

Recommendations

In the short term, many of the creative economy sectors covered in the pages of this *Report* are recovering from the COVID-19-induced recession and returning to a pre-pandemic equilibrium. In the longer term, the warning signs of global competition are flashing as California's strategy and policy infrastructure for the creative economy have largely ossified. The pre-pandemic policy model for the creative economy ecosystem in California has reached its limit, and it's time for a new paradigm that encompasses models that can foster more robust outcomes and position the state to lead the global creative economy over the next decade. Two major challenges require a new sense of urgency and a statewide strategy: market support and talent cultivation.

Market Support:

- State and local government should facilitate the development of entrepreneurs and small businesses that are emerging as film, theater, music, and creative technology sectors experience disruption.
- Given the rapid changes in how visual effects (VFX) content is produced in the Entertainment and Digital Media sector – and ultimately across all the creative

sectors – California should review the Film and Television tax incentive provisions with an eye to the changing nature of content production to ensure the state doesn't lose additional market share given the rapidly growing demand for the VFX, animation, and gaming subsectors.

- Supply constraints on housing and creative commercial space are severely impacting small and microbusinesses, nonprofit organizations, and independent entrepreneurs in the creative economy. State and local governments must address constraints and regulatory structures that have failed to keep pace with the rapid evolution of the sectors that comprise the creative economy.

Talent Cultivation:

- State government must lead in strategy building to activate and sync existing infrastructure, including workforce development, the community college system, and apprenticeships in the private sector to establish clear and structured creative career pathways that support the movement between publicly funded and commercial creative industries.
- There needs to be an ongoing annual investment in assessing skills requirements and changes in the creative economy so the state can train the next generation of creative talent. Across many of the creative economy sectors, there is a lack of common shared understanding with respect to employer needs and the skills necessary for specific roles. As virtual production continues to expand, the lack of a common language and ongoing method of reporting of skills requirements will only exacerbate the gaps between industry requirements, educational offerings, and public sector policy support and investment.

³ AB5 (Worker Status: Employees and Independent Contractors) was a bill signed that took effect in 2020 and aimed to reduce worker misclassification—workers being wrongly classified as “independent contractors” rather than employees. AB 5 codifies the “ABC test” set out by the California Supreme Court and is used to more accurately determine worker status.

ECONOMIC IMPACT OF THE CREATIVE ECONOMY IN CALIFORNIA 2020

(a) California

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	1,370,807 Jobs	1,132,091 Jobs	1,377,412 Jobs	3,880,310 Jobs
Labor Income	\$216.2 Billion	\$106.4 Billion	\$93.9 Billion	\$416.6 Billion
Gross Value Add	\$358.90 Billion	\$160.5 Billion	\$168.20 Billion	\$687.6 Billion
Tax Revenue	-	-	-	\$127.7 Billion

(b) Los Angeles County

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	434,708 Jobs	282,645 Jobs	274,267 Jobs	991,620 Jobs
Labor Income	\$52.7 Billion	\$24.9 Billion	\$17.6 Billion	\$95.1 Billion
Gross Value Add	\$93.7 Billion	\$38.9 Billion	\$31.5 Billion	\$164.1 Billion
Tax Revenue	-	-	-	\$27.7 Billion

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.



CALIFORNIA'S CREATIVE ECONOMY

EXECUTIVE SUMMARY

\$687.6B

TOTAL VALUE
ADDED GRP
2020

23%

APPROXIMATE
SHARE OF GRP
2020

\$416.6B

TOTAL LABOR
INCOME
2020

\$127.7B

TOTAL TAX
REVENUE
2020

1,370,473

CREATIVE
ECONOMY JOBS
IN 2020
2020

- 980,986 Entertainment and Digital Media
- 76,442 Fine and Performing Arts
- 225,867 Architecture and Related Services
- 35,055 Creative Goods and Products
- 52,123 Fashion

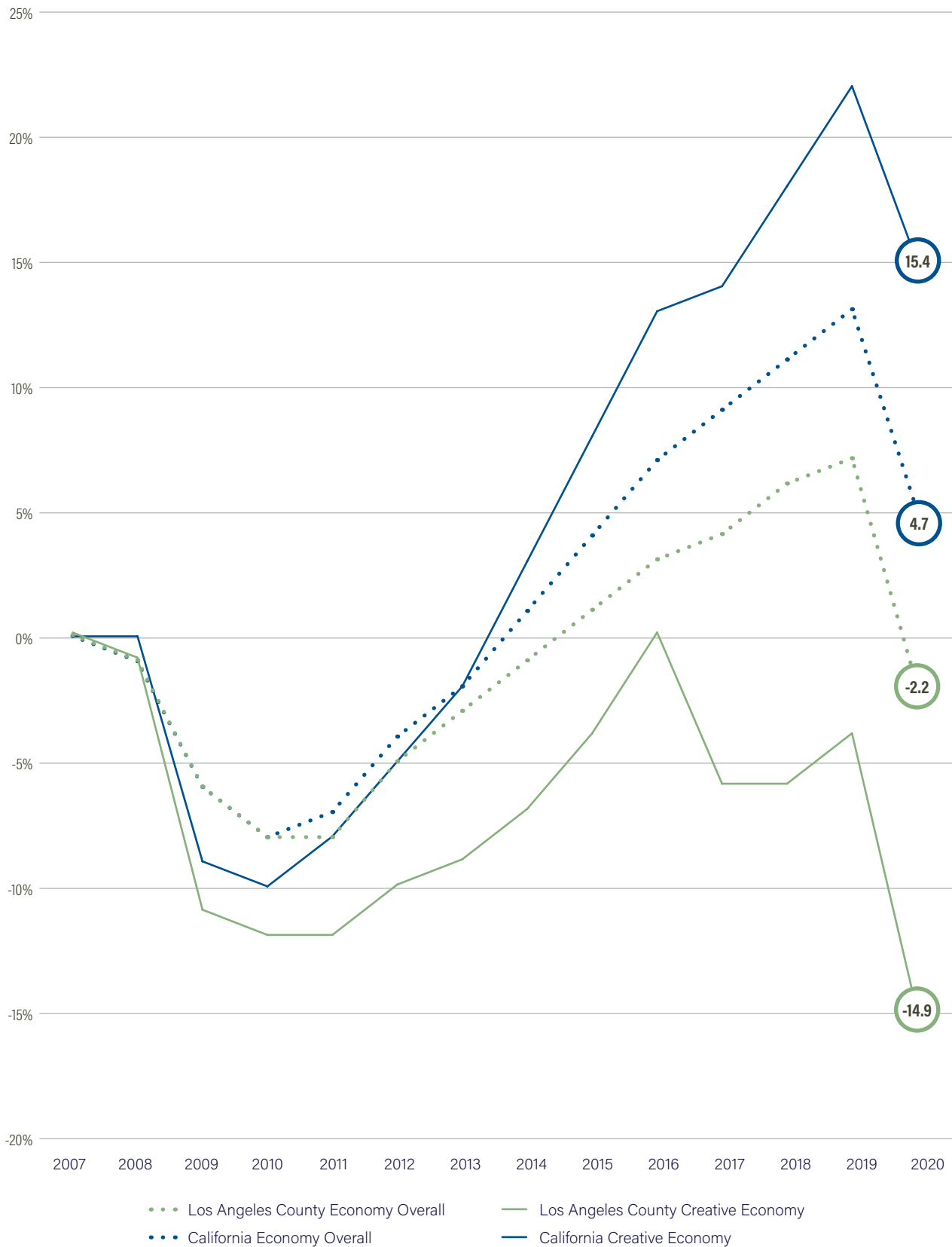
\$158,477

CREATIVE ECONOMY
AVERAGE ANNUAL WAGES
2020

\$76,590

TOTAL ECONOMY
AVERAGE ANNUAL WAGES
2020

RELATIVE CHANGE IN TOTAL EMPLOYMENT VS. CREATIVE ECONOMY EMPLOYMENT IN CALIFORNIA
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages



Introduction

Fifteen years ago, the Otis College of Art and Design published the inaugural edition of this *Report* to articulate the value and economic potential of the creative economy. Few other avenues existed to study the creative industries in a methodical way and track growth across a diverse set of activities – which include, but are by no means limited to, design, fashion, music, publishing, animation, live performance, and visual and literary arts, as well as architecture, advertising, broadcasting, and gaming – especially given the complexity and ever-evolving nature of the creative economy itself.

One recurrent theme over the years has been the transformative power of technology in shaping the form and trajectory of the creative economy. Digital content is increasingly replacing physical goods in our lives, and a substantive part of the creative economy is moving from the world of brick and mortar and physical objects to the dematerialized world of internet-powered platforms.

The increasing reach of information communication technology around the globe – to say nothing of the emerging metaverse – coupled with shifts in demographics, lifestyles, and cultural patterns is opening new export opportunities to creative

enterprises large and small. Technological disruption is reinventing value chains for content creation, production, and distribution that both respond to and drive consumer demand, which in turn is leading to new business models. The resulting expansion of potential markets beyond just traditional goods as well as the global export of creative services are presenting sizable opportunities for California's creative entrepreneurs and businesses.

Indeed, amidst the challenges wrought on the creative economy over the past two years, the pandemic has unleashed a cycle where creative firms and workers

U.S. EXPORTS FOR SELECT CREATIVE ECONOMY SERVICES 2019

	Value of Exports	3-Year Change
Advertising and Related Services	\$21.4 Billion	+27%
Audiovisual Services	\$17.8 Billion	-6%
Licenses to reproduce and/or distribute audiovisual products*	\$4.9 Billion	+37%
Architectural Services	\$942 Million	+30%
Artistic Related Services	\$659 Million	-13%
New Agency Services	\$295 Million	-6%

*Accounts for the rights to reproduce and/or distribute. An example would be a U.S. movie studio selling reproduction/distribution rights to a German company to distribute the movie in Europe. Includes: Movies, television programming, books and sound recordings, broadcasting, and recording of live events.

Source: U.S. Bureau of Economic Analysis

have had to rely on technology more than ever before to adapt to constantly changing conditions, pushing innovation along further, faster, and in new directions. Virtual and augmented reality – often relegated to the gaming sphere by popular sentiment – have taken on novel applications in every creative sector. Artists and performers have sought out different ways to perform live in an expanding roster of streaming services and are exploring different ways to collaborate online. Museums and galleries that have spent much of the past two years shuttered have turned to digitizing the visitor experience, allowing them to reach wider audiences.

At the same time, surveys tracking pent-up consumer demand show that the desire to return to in-person events and programming is growing month-over-month.⁴ Among performing arts organizations in Los Angeles that have survived the worst of the economic downturn, 35% have reopened and shut down multiple times and only 25% have subsequently adjusted their

business models.⁵ Technology will surely shape the in-person experience in novel ways, but it is likely that a hybrid model that mixes traditional and online approaches will emerge.

Of course, the pandemic has also pointed to more sobering aspects of the way the creative economy is structured. A renewed attention on racial disparities nationwide has revealed the extent of systemic barriers across the creative industries. Black representation in film and television remains a central issue in Entertainment and Digital Media, even in light of, or more likely because of, efforts to diversify Hollywood such as through Ava DuVernay's ARRAY Alliance for filmmakers and the Handy Foundation for below-the-line talent.

Even in cases where industries are increasing diversity, other problems persist. A lack of sensitivity towards Asian and Pacific Islander actors in the performing arts is only now being acknowledged on a wider scale and hints at deeper equity issues below the surface.⁶ Hispanic and/or Latinx workers, overrepresented in California's apparel manufacturing subsector, received formal rights and safeguards under the recent Garment Worker Protection Act, though they may be subject to layoffs as manufacturers choose to shut down operations rather than comply with new regulations.⁷

Major institutions like the Los Angeles County Museum of Art, where 49% of its employees and 42% of its curatorial staff are non-white, have made great strides.⁸ But as the Los Angeles County Department of Arts and Culture highlighted in the past year, significant pay differences continue to exist between entry-level museum workers who are white and people of color in museums across the county.⁹

⁴ Shevenock, Sarah. Tracking the Return to Normal. Morning Consult. Accessed March 16, 2022. <https://morningconsult.com/return-to-entertainment/>

⁵ "LA Performing Arts & Reopening Survey," Arts For LA, accessed March 16, 2022, https://www.artsforla.org/la_performing_arts_survey.

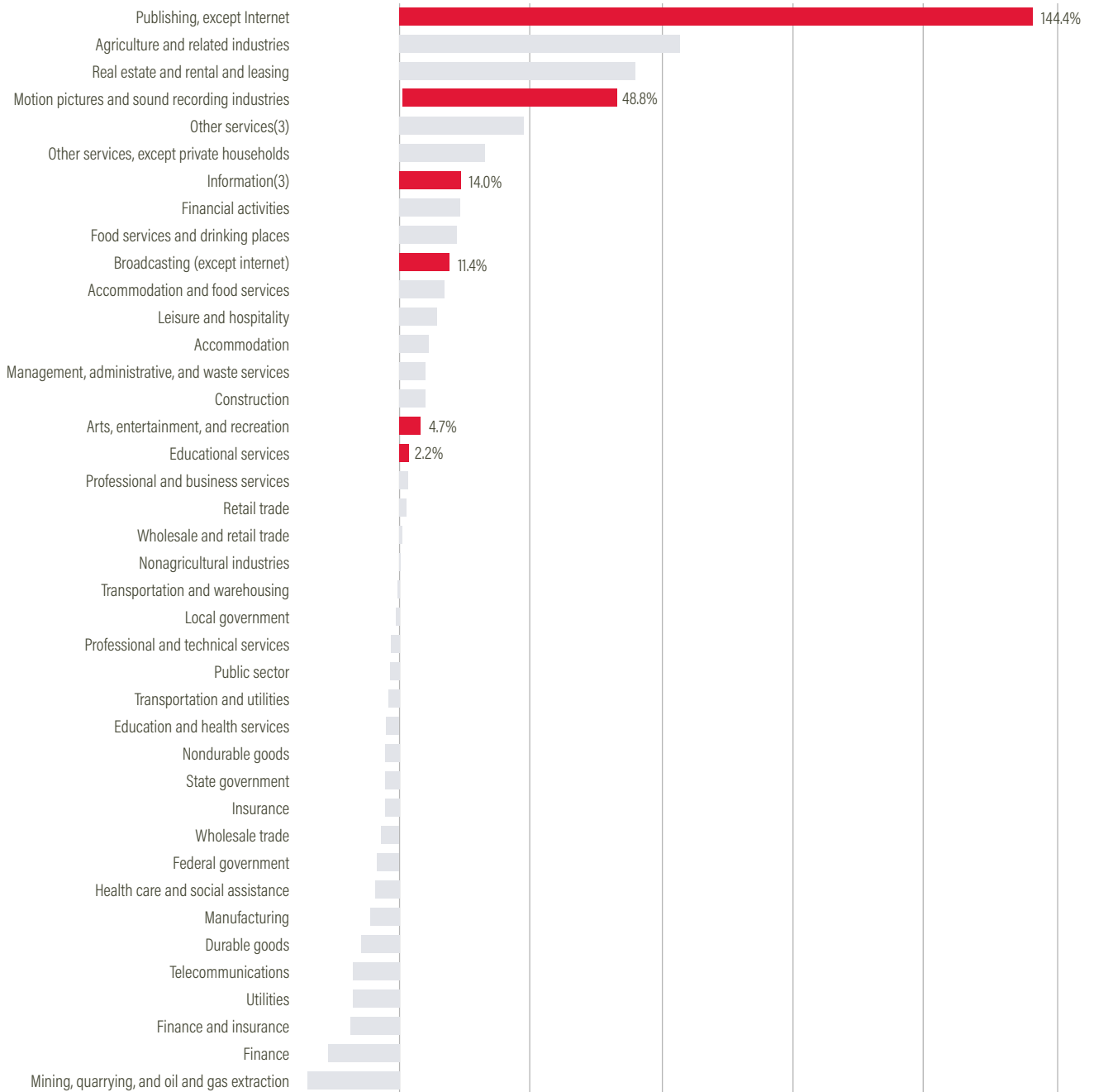
⁶ Evans, Greg. L.A. Stage Alliance Ceases Operations After Membership Revolt Following Misidentification Of Asian Ovation Award Nominee. Deadline. April 5, 2021. <https://deadline.com/2021/04/l-a-stage-alliance-cease-operations-membership-revolt-misidentification-asian-actress-ovation-awards-1234727617/>

⁷ Duara, Nigel. Garment manufacturers worry California bill threatens 'golden window' to reshore jobs. August 20, 2021. CalMatters. <https://calmatters.org/california-divide/2021/08/garment-manufacturers-los-angeles-california-bill-threatens-jobs/>

⁸ Kenney, Nancy. "Exclusive Survey: What Progress Have Us Museums Made on Diversity, after a Year of Racial Reckoning?" The Art Newspaper - International art news and events. The Art Newspaper - International art news and events, September 28, 2021. <https://www.theartnewspaper.com/2021/05/25/exclusive-survey-what-progress-have-us-museums-made-on-diversity-after-a-year-of-racial-reckoning>.

⁹ Mauldin, Bronwyn, and Cobi Krieger. Make or Break: Race and Ethnicity in Entry-Level Compensation for Arts Administrators in Los Angeles County. Los Angeles County Department of Arts and Culture, 2021.

CHANGE IN UNION REPRESENTATION BY INDUSTRY 2020 to 2021



Source: U.S. Bureau of Labor Statistics Current Population Survey

¹⁰ Seymour, Tom. "State of the Unions: Why Us Museum Workers Are Mobilising against Their Employers." The Art Newspaper. February 2, 2022. <https://www.theartnewspaper.com/2022/02/02/state-of-the-unions-a-new-renaissance-at-us-museums>.

¹¹ Oladipo, Doyinsola. "Museum Workers, Jolted by Pandemic Job Losses, Turn to Unions." Bloomberg CityLab. October 24, 2021. <https://www.bloomberg.com/news/articles/2021-10-04/museum-workers-embrace-unions-after-pandemic-job-cuts>

¹² Greenhouse, Steven. "Newsrooms are Unionizing Pretty Much 'Nonstop.' Here's Why." Nieman Reports. January 19, 2022. <https://niemanreports.org/articles/newsrooms-labor-unions/>

¹³ Pullian-Moore, Charles. "The workers behind Rick and Morty and Solar Opposites are unionizing." The Verge. February 23, 2022. <https://www.theverge.com/2022/2/23/22947255/rick-and-morty-solar-opposites-animation-guild>

¹⁴ Kilkenny, Katie. "iHeartPodcast Network Union Secures Voluntary Recognition from Management." The Hollywood Reporter. February 24, 2022.

In response to challenges surrounding representation, fair pay, and working conditions, organized labor is reclaiming a central role in shaping the workforce. Unionization efforts were already underway in museums across the U.S. in the years leading into the pandemic, but furloughs, equity issues, and low pay are rallying lower-level staff in ways not seen in the past decade. On average, workers at museums with unions, which accounted for 13% of all museums nationwide, were 28% less likely to be laid off and at least 35 partially or fully unionized institutions were able to negotiate for hazard pay and improved working conditions.^{10 11} Such activity is occurring in nearly every sector of the creative economy. Beyond the near-strike by the International Alliance of Theatrical Stage Employees in October elevating the urgency to address worker rights in Hollywood, union activity increased significantly during the pandemic, spanning newsrooms, animation studios, and podcast networks.^{12 13 14}

The 2022 *Otis College Report on the Creative Economy* tells the story of the pandemic's impact on the California creative economy, refracted through multiple lenses. The Great Recession of 2008 cast a long shadow over many key creative sectors. Understanding how different elements of the creative ecosystem have fared in the intervening years provides some insight into what we can expect, and mistakes we can avoid, as the current recovery progresses into its third year. As in previous editions, the role of technology figures heavily this year, with an expanded review of the Entertainment and Digital Media sector and two spotlights on how the digital world is permeating throughout the entire creative economy. This narrative is presented in five parts:

- **Part 1: Context** provides the broader macroeconomic overview of the world in which the creative economy currently finds itself in. It also places the impact of the pandemic on the creative economy in historical context, comparing the current recovery with the protracted one following the Great Recession.
- **Part 2: Industry Analysis** examines the composition and output of the creative economy's five sectors. This section leads off with the two sectors that proved to be the most resilient in the years following the Great Recession – Entertainment and Digital Media and Fine and Performing Arts – followed by an examination of the Architecture and Related Services, which has been relatively stable over the past decade. Finally, the section closes with the Creative Goods and Products and Fashion sectors – both victims of the long-term secular decline of manufacturing – which continue to contract.
- **Part 3: Regional Profiles** provides capsule summaries of the creative economy across eight regions in California: Northern California, the Capital Region, the Bay Area, the Central Valley, the Central Coast, Southern California, the Inland Empire, and San Diego and Imperial Counties.
- **Part 4: Intervention and Planning Landscape** looks at the various responses taken at the national, state, regional, and local levels to mitigate the worst effects of the pandemic on the creative economy and the innovative ways some initiatives – such as the L.A. Arts Recovery Fund and Destination Crenshaw – are building back better on their own terms.
- **Part 5: Discussion and Recommendations** concludes this *Report* by looking ahead and presenting bold ideas about shifting the creative economy away from a recovery trajectory and towards a more transformational one in the months and years to come.





PART 1:

Context

The economic climate in the wake of COVID-19 is complex, dynamic, and at times confounding. Officially, the 2020 recession – which lasted from mid-February to mid-April – was the shortest in U.S. history. By the end of 2021 the U.S. unemployment rate fell to 3.9% from a high of 14.7% just 15 months earlier, real GRP had returned to its pre-pandemic growth trajectory, and the stock market hovered near record highs. At the same time, employers across multiple sectors experienced acute labor shortages, domestic consumer demand far outstripped global supply chain capacity, and inflation increased at a rate not seen since the 1980s.

The extent to which such factors affected households and communities varied along established socioeconomic patterns. White-collar workers on average were able to adapt to and in many cases thrive in a work-from-home economy,¹⁵ capitalizing on a trend underway well before the first stay-at-home orders took effect.¹⁶ But low-wage employees and socially disadvantaged populations continued to disproportionately shoulder the nation's economic burdens. Compared to 29% of white households, over 55% of Black and Hispanic or Latinx households reported facing serious financial distress due to the economic downturn.^{17,18}

It is against this backdrop that today's creative economy is attempting to regain its footing. As with the national economy overall, the effects of the pandemic on California's creative economy are multidimensional.

The number of jobs in the Architecture and Related Services and Creative Goods and Products sectors bounced back rapidly from their lows in April 2020, while the Fine and Performing Arts sector has yet to recover from a precipitous drop in employment. The performance of the Entertainment and Digital Media and Fashion sectors falls somewhere in between, with employment only slightly higher relative to pre-pandemic levels compared to employment growth just after the 2007 Global Financial Crisis.

Given the complex factors shaping the creative economy, it is instructive to take a wider look at the broader trends and forces currently at play, as well as to revisit how the creative economy performed in the months following the Great Recession to determine the challenges and opportunities ahead.



¹⁵ Feintzeig, Rachel. "These People Who Work from Home Have a Secret: They Have Two Jobs." The Wall Street Journal. Dow Jones & Company, August 13, 2021. <https://www.wsj.com/articles/these-people-who-work-from-home-have-a-secret-they-have-two-jobs-11628866529>.

¹⁶ Hess, Abigail J. "People Who Work from Home Earn More than Those Who Commute-Here's Why." CNBC. October 13, 2019. <https://www.cnbc.com/2019/10/13/people-who-work-from-home-earn-more-than-those-who-commuteheres-why.html>.

¹⁷ Wamsley, Laurel. "Black and Latino Families Continue to Bear Pandemic's Great Economic Toll in U.S." NPR. October 25, 2021. <https://www.npr.org/sections/health-shots/2021/10/25/1048202711/covid-economic-pain-black-latino-native-american>.

¹⁸ Gender disparities came into sharper relief as well. Women accounted for 47% of the U.S. labor force in February of 2020 but saw their ranks contract by 5.7% two months later – largely due to a lack of childcare options or a shift to caring for at-risk family members – compared to a 4.6% drop in male labor force participation. Women of color fared considerably worse, with labor force participation for Black and Hispanic or Latinx women over 20 years of age falling by 7.2% and 9.3%, respectively.



1.1: Macroeconomic Conditions

Although the COVID-19-induced recession will be remembered for its unprecedented plunge in output and employment between March and April of 2020 – a decline more severe than over any two-month period during the Great Depression – the nation is experiencing a recovery that is nearly the fastest on record since World War II.¹⁹

Yet the recovery still feels far off for many Americans. Employment across the nation remains well below where it was in February 2020 despite labor demand nearly returning to pre-pandemic levels. In Los Angeles County, employment was actually 2% lower, or 85,800 jobs fewer, in 2021 than it was on the eve of the 2007 Global Financial Crisis, which caused the United States to slip into its second longest recession in the 20th century. Compared to the County's 8.8% loss of jobs between 2019 and 2020, declines in the U.S. and California were more modest at 5.1% and 6.2%, respectively, which kept their job counts closer to 2015 levels (Figure 1.1).²⁰

The pace of economic growth between Los Angeles County and the state overall – buoyed by Silicon Valley – has been diverging for decades, and the pandemic has served as much as an accelerant to these trends as an underlying cause.²¹ Sectors that were in decline before these economic shocks were pushed further in that direction, whereas those sectors that were growing demonstrated resilience and eventually recovered. Even the explosive expansion in health care jobs in Los Angeles since 2007, which at 90.7% far outpaces the 32.2% growth in health care nationwide (Table 1.1), has not been able to offset job losses from the collapse of the County's manufacturing base, a steady decline in regional banking and finance, and the effects of the pandemic spread across several sectors, such as retail trade, wholesale trade, and arts, entertainment, and recreation.²²

¹⁹ Wheelock, David C. "Comparing the COVID-19 Recession with the Great Depression." Economic Synopses, No. 39. Federal Reserve Bank of St. Louis, 2020. <https://doi.org/10.20955/es.2020.39>

²⁰ California gained approximately 890,650 jobs between 2007 and 2021 compared to a national increase of 5.13 million jobs over the same period.

²¹ Storper, Michael, Naji Philip Makarem, Taner Osman, and Thomas Kemeny. *The Rise and Fall of Urban Economies: Lessons from San Francisco and Los Angeles*. Stanford, CA: Stanford Business Books, 2015.

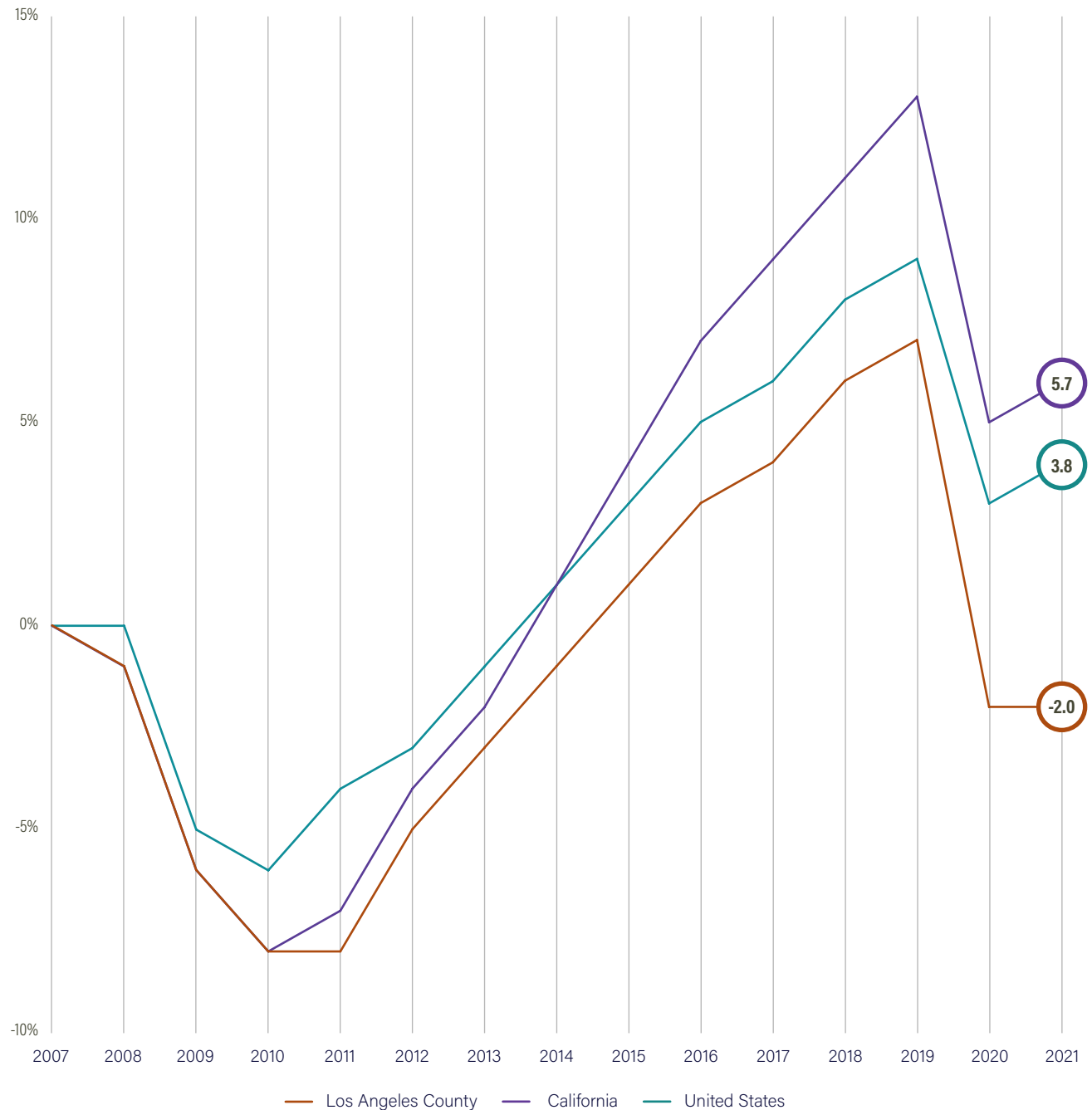
²² The massive employment change in obliquely named "Other Services (except Public Administration)" sector is mainly attributed to a realignment in the North American Industry Classification System (NAICS) in 2012. Still, the highest proportion of job losses is in Los Angeles. The same realignment is likely responsible for declines in the "Unclassified Industry" sector, but the number of jobs captured here is too small to the relative size of each region's overall economy to matter.

²³ The information sector, as defined by NAICS, includes jobs in industries dominant in Los Angeles County, such as movie and film production and sound recording, as well as technology-oriented industries such as data processing and computer programming concentrated in the Bay Area.

California by and large mirrored the Los Angeles County employment trends, but aggressive growth in sectors like professional services and information – which actually increased by 15.3% between 2007 and 2021 while Los Angeles County and the U.S. contracted by 11.8% and 9.3%, respectively – led to a higher relative

net gain in jobs.²³ And even though Los Angeles still maintains a comparative advantage in logistics, California increased its transportation and warehouse sector by 60.5%, a growth rate over two-thirds higher than in Los Angeles County, extending its ranks by nearly 260,000 over the same 15-year period.

FIGURE 1.1: CHANGE IN TOTAL SALARIED EMPLOYMENT IN THE UNITED STATES, CALIFORNIA, AND LOS ANGELES COUNTY
2007 to 2021



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

CHANGE IN SECTOR EMPLOYMENT IN LOS ANGELES COUNTY, CALIFORNIA, AND THE UNITED STATES 2007 vs 2021

Description	LOS ANGELES COUNTY			CALIFORNIA			UNITED STATES		
	2007	2021	Change	2007	2021	Change	2007	2021	Change
Creative Economy *	411,489	351,448	-14.6%	1,012,126	1,198,699	18.4%	6,453,038	7,062,932	9.5%
Agriculture, Forestry, Fishing and Hunting	7,634	4,210	-44.9%	386,025	409,277	6.0%	1,166,333	1,250,746	7.2%
Mining, Quarrying, and Oil and Gas Extraction	4,437	1,650	-62.8%	24,934	17,538	-29.7%	660,272	541,938	-17.9%
Utilities	13,241	12,558	-5.2%	57,882	59,199	2.3%	549,537	545,498	-0.7%
Construction	158,086	147,684	-6.6%	887,963	869,079	-2.1%	7,562,729	7,287,263	-3.6%
Manufacturing	446,158	302,833	-32.1%	1,452,100	1,256,909	-13.4%	13,833,020	12,164,795	-12.1%
Wholesale Trade	230,549	192,628	-16.4%	716,171	637,136	-11.0%	5,987,206	5,639,110	-5.8%
Retail Trade	426,786	374,068	-12.4%	1,683,714	1,507,525	-10.5%	15,509,015	14,647,437	-5.6%
Transportation and Warehousing	143,956	196,403	36.4%	428,542	687,923	60.5%	4,292,447	5,712,908	33.1%
Information	210,587	185,804	-11.8%	470,846	542,747	15.3%	3,029,789	2,746,663	-9.3%
Finance and Insurance	165,247	129,110	-21.9%	617,554	536,985	-13.0%	5,992,376	6,102,112	1.8%
Real Estate and Rental and Leasing	79,876	80,327	0.6%	282,380	282,903	0.2%	2,153,608	2,184,185	1.4%
Professional, Scientific, and Technical Services	274,092	286,548	4.5%	1,059,233	1,332,676	25.8%	7,635,058	9,676,502	26.7%
Management of Companies and Enterprises	159,267	59,140	-0.2%	206,578	243,746	18.0%	1,839,616	2,339,610	27.2%
Admin Support / Waste Management and Remediation Services	273,633	245,362	-10.3%	992,338	1,067,463	7.6%	8,385,119	8,638,766	3.0%
Educational Services	91,584	97,379	6.3%	258,364	305,671	18.3%	2,284,556	2,779,374	21.7%
Health Care and Social Assistance	386,666	737,386	90.7%	1,370,049	2,443,989	78.4%	15,148,606	20,023,923	32.2%
Arts, Entertainment, and Recreation	72,588	64,068	-11.7%	250,055	203,772	-18.5%	1,953,899	1,759,155	-10.0%
Accommodation and Food Services	325,094	321,391	-1.1%	1,302,056	1,261,472	-3.1%	11,373,660	11,120,761	-2.2%
Other Services (except Public Administration)	247,474	119,189	-51.8%	718,009	444,364	-38.1%	4,438,440	3,977,629	-10.4%
Government	581,606	557,437	-4.2%	2,423,846	2,420,141	-0.2%	21,353,889	21,214,518	-0.7%
Unclassified Industry	2,437	-	-	51,936	711	-98.6%	216,926	142,233	-34.4%
Total	4,200,997	4,115,183	-2.0%	15,640,572	16,531,228	5.7%	135,366,102	140,495,126	3.8%

*The industries that make up the creative economy draw from many sectors such as Manufacturing, Information, Educational Services, and Arts, Entertainment, and Recreation. Since the job numbers that appear here are already counted among the sectors listed in this table, they are excluded from the sum total below to avoid double-counting.

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

Indeed, California's rapid rise and Los Angeles County's dominance in transportation and warehousing mitigated job losses across some retail sectors in an otherwise devastating second quarter in 2020. Durable goods sales dropped precipitously in the days following initial stay-at-home orders but rocketed to all-time highs within two weeks (Figure 1.2). As consumers began to realize they would be sheltering in

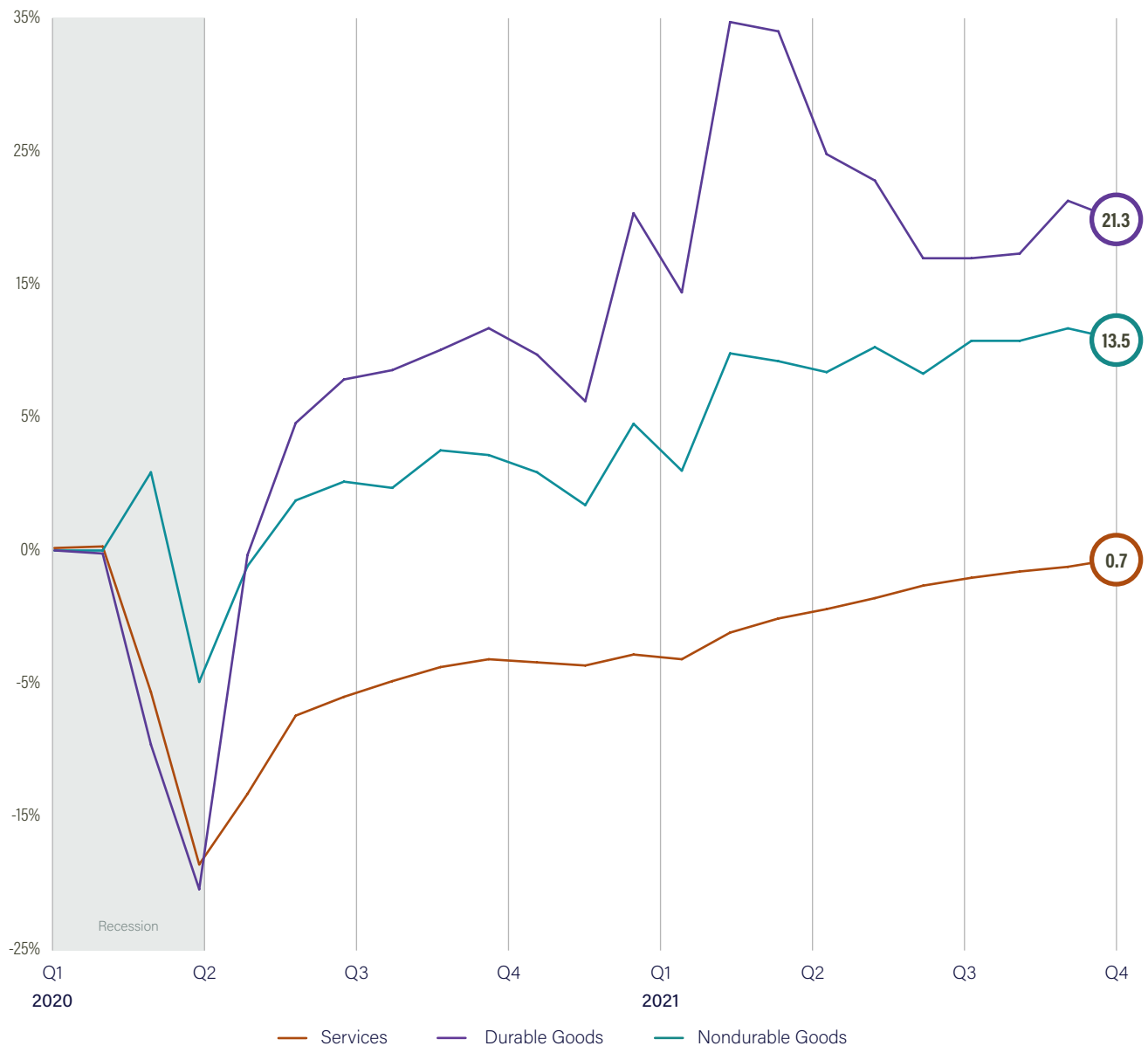
place indefinitely, household purchases like treadmills, air fryers, and televisions replaced spending on gym memberships, restaurants, and hotels, among several other service subsectors. Not surprisingly, those businesses already engaged in e-commerce and those able to quickly pivot to online sales platforms greatly benefited during the first two months of the economic shutdown; non-store retail sales increased

from 11.4% of overall retail in the first quarter of 2020 to 15.7% in the second, topping out at nearly \$204 billion nationwide (Figure 1.3).

Conversely, in-store retail sales took a \$1 trillion hit in the lockdown's first weeks and only returned to their pre-pandemic trajectory six months later. Grocery stores were among the very few businesses in the retail sector that saw an immediate bump in sales as consumers scrambled to stock fridges and pantries. During the week of March 16th, retail food sales were

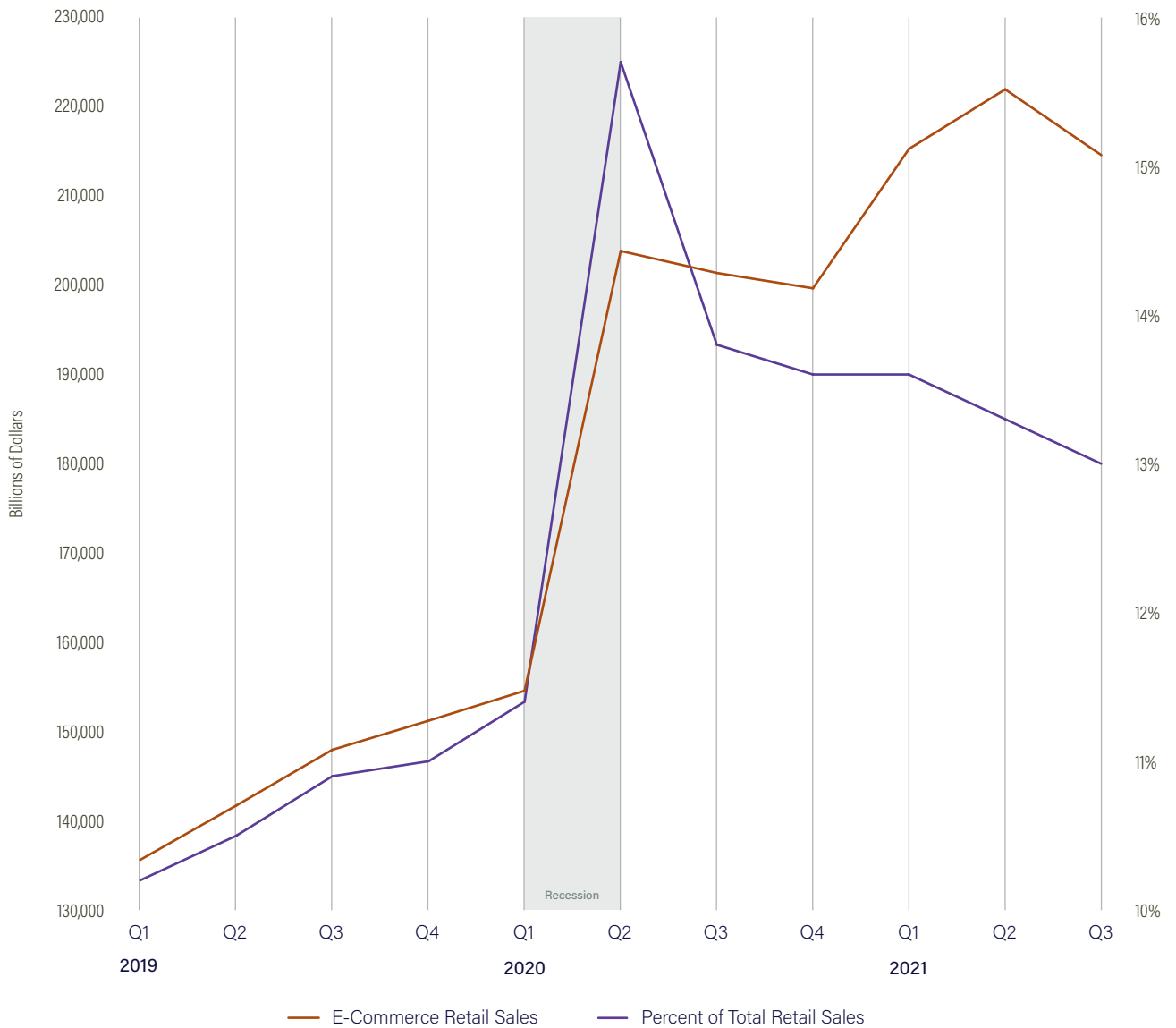
67% higher than during the same period in 2019. Spending on most nondurable goods, which include food and toilet paper as well as items like gasoline and clothing, plummeted within the first few weeks of the shutdown (Figure 1.4). As the country emerged from a winter that saw COVID-19 cases peaking at around 300,000 in early January 2021, brick-and-mortar stores enjoyed a brief surge in February before stabilizing again in the spring. In contrast, businesses engaged in services struggled to regain ground over the course of the year.

FIGURE 1.2: REAL CONSUMER SPENDING ON GOODS AND SERVICES
Q1 2020 to Q4 2021



Source: U.S. Bureau of Economic Analysis

FIGURE 1.3: U.S. E-COMMERCE RETAIL SALES BY QUARTER
Q1 2019 to Q3 2021 (SEASONALLY ADJUSTED)



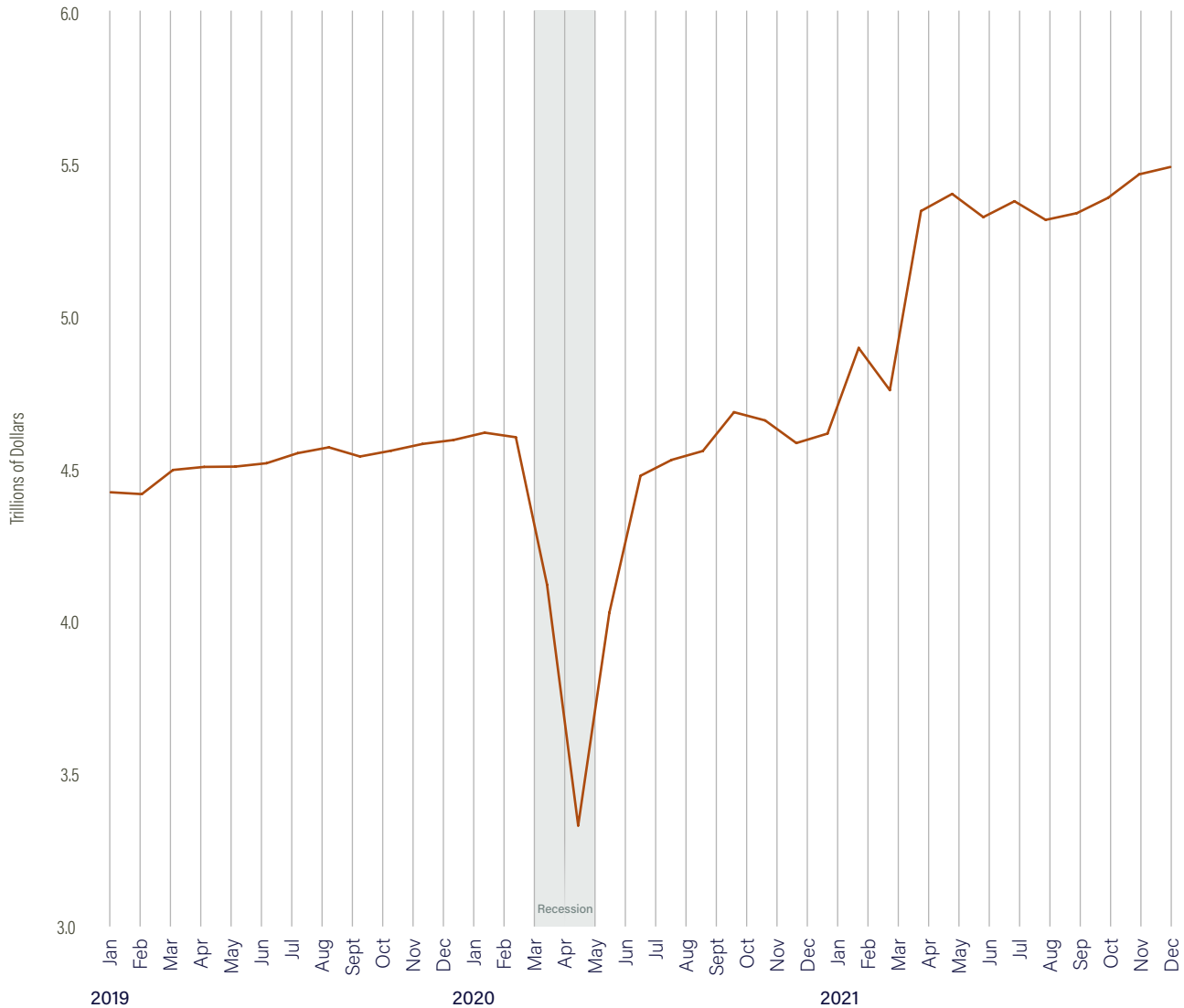
Source: U.S. Census Bureau Monthly Retail Trade Survey

Although the so-called “pandemic economy” boosted demand to new highs – real consumer expenditures were just shy of \$14 trillion by the close of 2021 – it has had the opposite effect on the supply of labor. In some cases, the pandemic is the direct cause; the Centers for Disease Control and Prevention attributes approximately 290,000 deaths for the U.S. population between 50 and 64 years of age.²⁴ Moreover, there was a sharp increase in the number of U.S. adults who chose to retire over past two years. Approximately 2.4 million workers are estimated to have taken an

“early retirement” between February 2020 and August 2021, with the vast majority leaving due to the fear of infection.²⁵ And while some shifted to part-time work, part-time employment among older workers remained significantly below pre-pandemic levels (-8%) in December 2021.²⁶

The pandemic has also had an effect on the number of people looking for work in California. Between July 1, 2020, and July 1, 2021, the state population had a net loss of over 173,000 residents, or nearly

FIGURE 1.4: U.S. RETAIL SALES EXCLUDING NON-STORE RETAIL
 JANUARY 2019 to NOVEMBER 2021



Source: U.S. Census Monthly Retail Trade Survey

a half-percentage decrease (Table 1.2); the number of Los Angeles County and San Francisco County residents, which collectively account for about 44% of California’s population, declined by 0.7% and almost 2%, respectively. Although the cost of living is rising statewide, especially in dense urban areas, only 12% of the decrease is due to exit migration. Rather, domestic and international migration to California dropped by 38% between March 2020 and September 2021, with the most pronounced effects in the Bay Area.²⁷

There are several push-pull factors in play, but existing trendlines only grew steeper after the onset of the pandemic.²⁸

The pandemic has also had an effect on the number of people looking for work in California. Between July 1, 2020, and July 1, 2021, the state population had a net loss of over 173,000 residents, or nearly a half-percentage decrease (Table 1.2); the number of Los Angeles County and San Francisco County

residents, which collectively account for about 44% of California's population, declined by 0.7% and almost 2%, respectively. Although the cost of living is rising statewide, especially in dense urban areas, only 12% of the decrease is due to exit migration. Rather, domestic and international migration to California dropped by 38% between March 2020 and September 2021, with the most pronounced effects in the Bay Area.

TABLE 1.2: PERCENTAGE CHANGE IN CALIFORNIA AND LOS ANGELES COUNTY POPULATION
JULY 1, 2018 to JULY 1, 2021

(a) California

	Population (July 1)	Numeric Change	Percent Change	Natural Increase	Net Migration
2018	39,476,064	-	-	-	-
2019	39,529,566	53,502	0.14%	183,977	-130,475
2020	39,541,786	12,220	0.30%	157,000	-144,780
2021	39,368,613	-173,173	-0.44%	76,066	-249,239

(b) Los Angeles County

	Population (July 1)	Numeric Change	Percent Change	Natural Increase	Net Migration
2018	10,100,671	-	-	-	-
2019	10,063,851	-36,820	-0.36%	44,491	-81,311
2020	10,012,474	-51,377	-0.51%	33,978	-85,355
2021	9,944,953	-67,521	-0.67%	8,997	-76,518

Source: California Department of Finance



²⁴ From the U.S. Centers for Disease Control and Prevention "Provisional COVID-19 Death by Sex and Age" dataset. Number of U.S. deaths attributed to COVID-19 is current through January 26, 2022. Data retrieved from: <https://data.cdc.gov/NCHS/Provisional-COVID-19-Deaths-by-Sex-and-Age/9bhg-hcku>

²⁵ Faria e Castro, Maria. "The COVID Retirement Boom," Economic Synopses, No. 25. Federal Reserve Bank of St. Louis, 2021. <https://doi.org/10.20955/es.2021.25>. The author also suggests that another segment of the workforce who saw a rise in the value of their household assets (such as real estate or stock investments) over the past two years may be able to afford to retire sooner than they anticipated.

²⁶ Davis, Owen. "Employment and Retirement Among Older Workers During the Covid-19 Pandemic," Schwartz Center for Economic Policy Analysis and Department of Economics, The New School for Social Research, 2021.

²⁷ Holmes, Natalie and Evan White. Policy Brief - Pandemic Patterns: California is Seeing Fewer Entrances and More Exits. California Policy Lab, December 2021. <https://www.capolicylab.org/pandemic-patterns-california-is-seeing-fewer-entrances-and-more-exits/>

²⁸ Natural population decline – due to slowing birthrates and the addition of pandemic-related deaths – continues as well, but this is not a proximate cause of the current labor shortage.



1.2: Historical Analysis

The pandemic-induced economic shock of 2020 was the first time in modern history that countries around the globe simultaneously and purposefully shut down broad swaths of their economies. While these measures saved countless lives, it also produced the deepest economic recession in recorded history. Given the uncertainty surrounding the virus, many employers, workers, and economic researchers braced for a slow recovery and protracted unemployment. A collective memory of the glacial economic recovery in the years after the Great Recession only reinforced this pessimistic mood.

However, not only did these dire predictions cease to materialize, but the economy is by some measures growing faster than it was prior to the pandemic. This turn of fortune has been attributed, in large part, to the massive government fiscal stimulus injected into the U.S. economy in the form of unemployment insurance (Pandemic Unemployment Assistance) as well as direct payments to households (Economic Impact Payments) and businesses (Payment Protection Program). Payroll employment still remains below pre-pandemic levels across a number of industries and geographies, though. And inequality continues to be a prevalent issue, especially among low-income and minority communities that have suffered disproportionately both in terms of health and economic well-being.

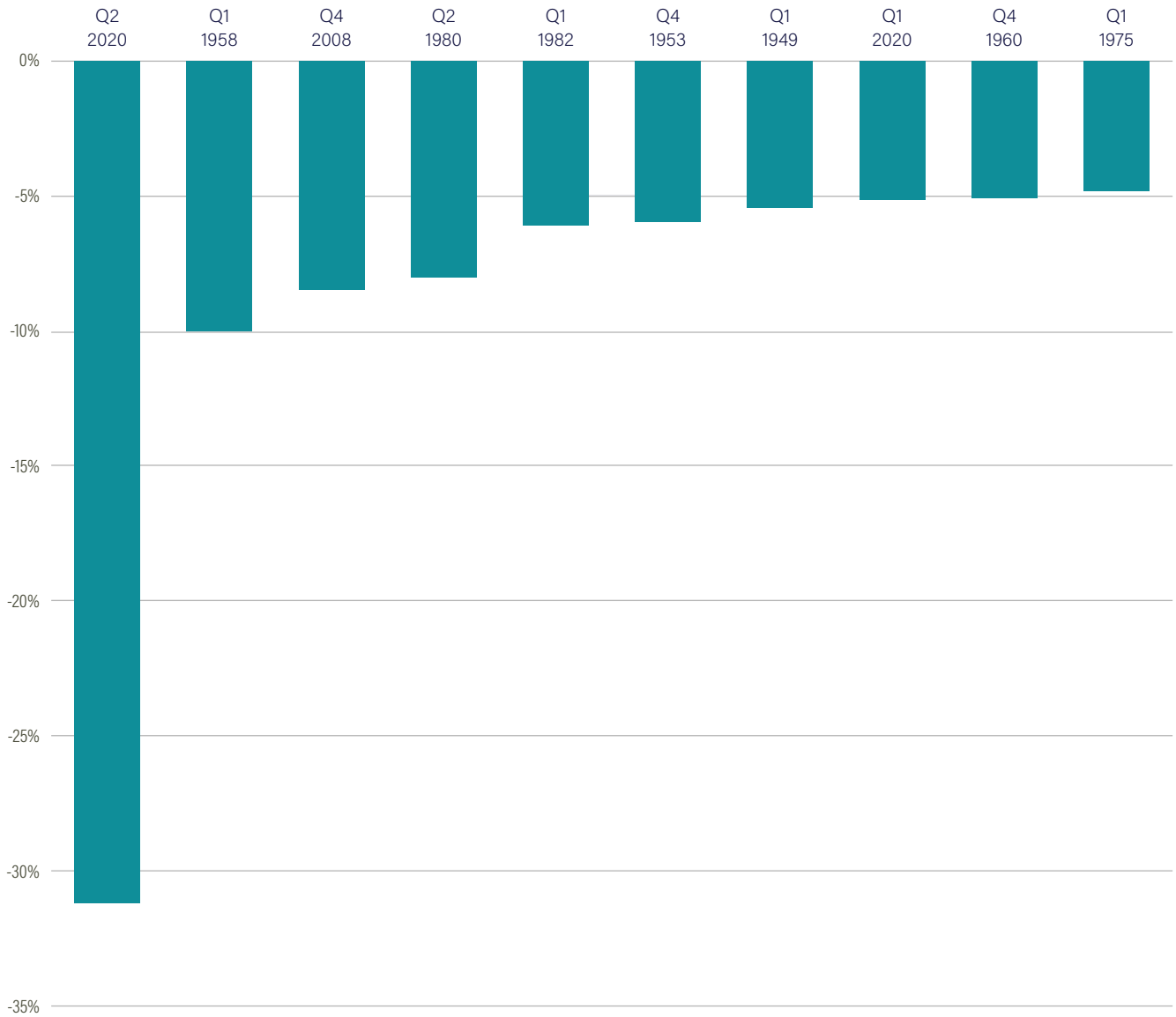
The rapid recovery has benefited the creative economy overall and is expected to alleviate at least some of the growing inequality within it. The extent to which trends will continue to move in this direction remains to be seen. But looking back to 2008, at least one lesson still resonates: recessions can drastically shift the way economy works and provide insights into the resilience of some sectors and the vulnerability of others.

The Great Rebound

The second quarter of 2020 was the largest and swiftest economic contraction in post-war history, with over 20 million people laid off in April 2020 alone. This initial drop in economic activity was greater than the Great Depression in the 1930s and almost four times larger than the Great Recession (Figure 1.5).

Just as remarkable was what occurred in the subsequent months, when output and employment began to rebound at a record-setting pace. By the end of 2021, the economy was already close to 5% larger than prior to the pandemic. At the same point of the recovery from the Global Financial Crisis, the economy remained 3% smaller than pre-recession levels (Figure 1.6). The job market is currently healthier compared to the job market two years after the Great Recession as well, although total non-farm employment remains around 2% smaller than where it was in February 2020 (Figure 1.7).

FIGURE 1.5: LARGEST CONTRACTIONS IN U.S. QUARTERLY GDP (ANNUALIZED)

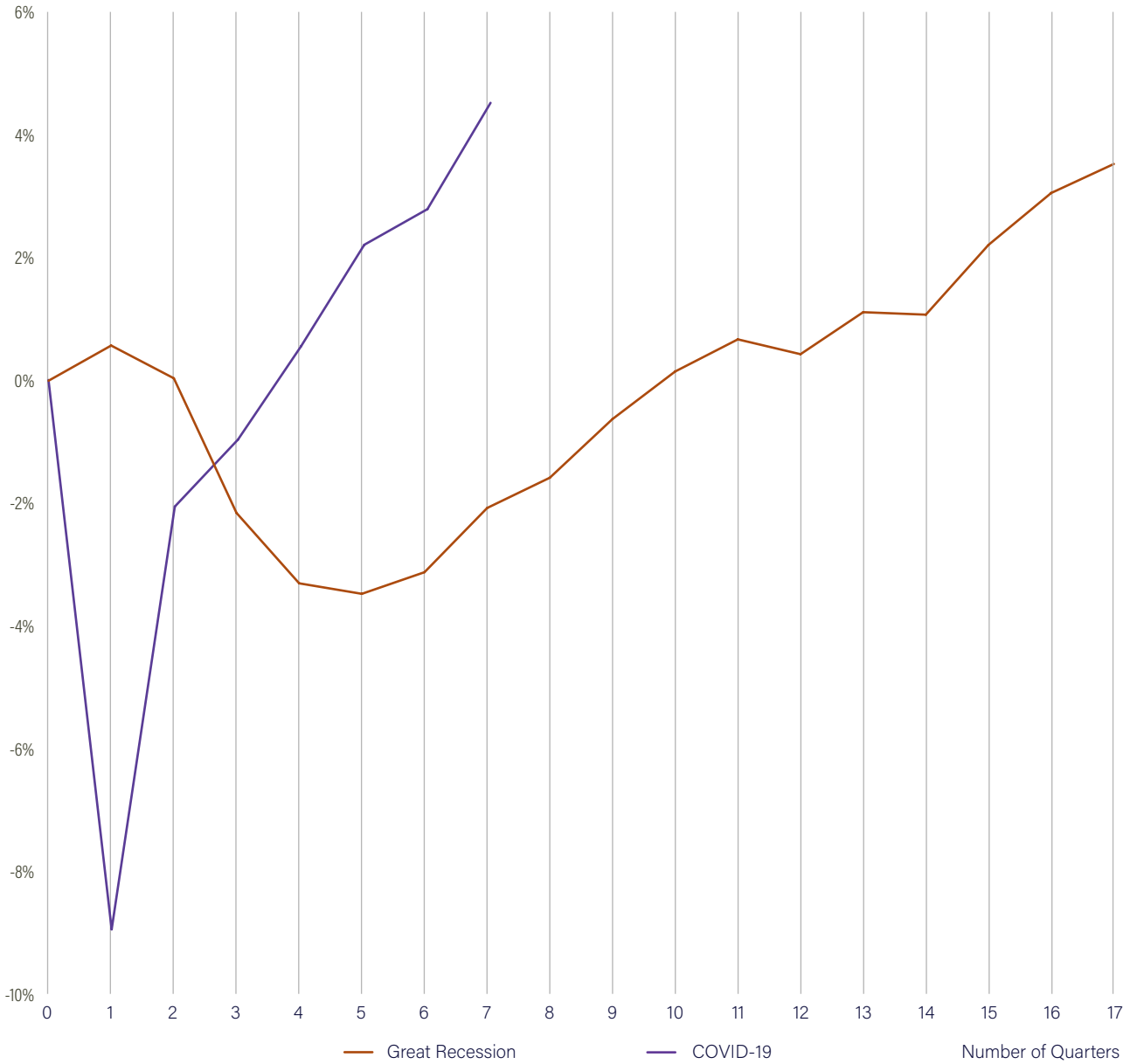


Source: U.S. Bureau of Economic Analysis

Within the creative economy, employment in the Architecture and Related Services and Creative Goods and Products sectors has recovered rapidly compared to 2008, while Fine and Performing Arts has yet to recoup the majority of jobs lost during the early months of 2020. This unevenness encapsulates the varying economic circumstances present in today's recovery.

Unlike in 2008, today's housing market is in a very different place. The Case-Shiller Housing Index for Los Angeles – a widely used metric for housing costs – was up by 18% in November 2021 compared to a year prior. With home prices and sales on the rise, the demand for Architecture and Related Services has increased accordingly, which in turn has helped drive up sector employment in California to within 2% of pre-pandemic highs.

FIGURE 1.6: POST-RECESSION GDP GROWTH BY QUARTER

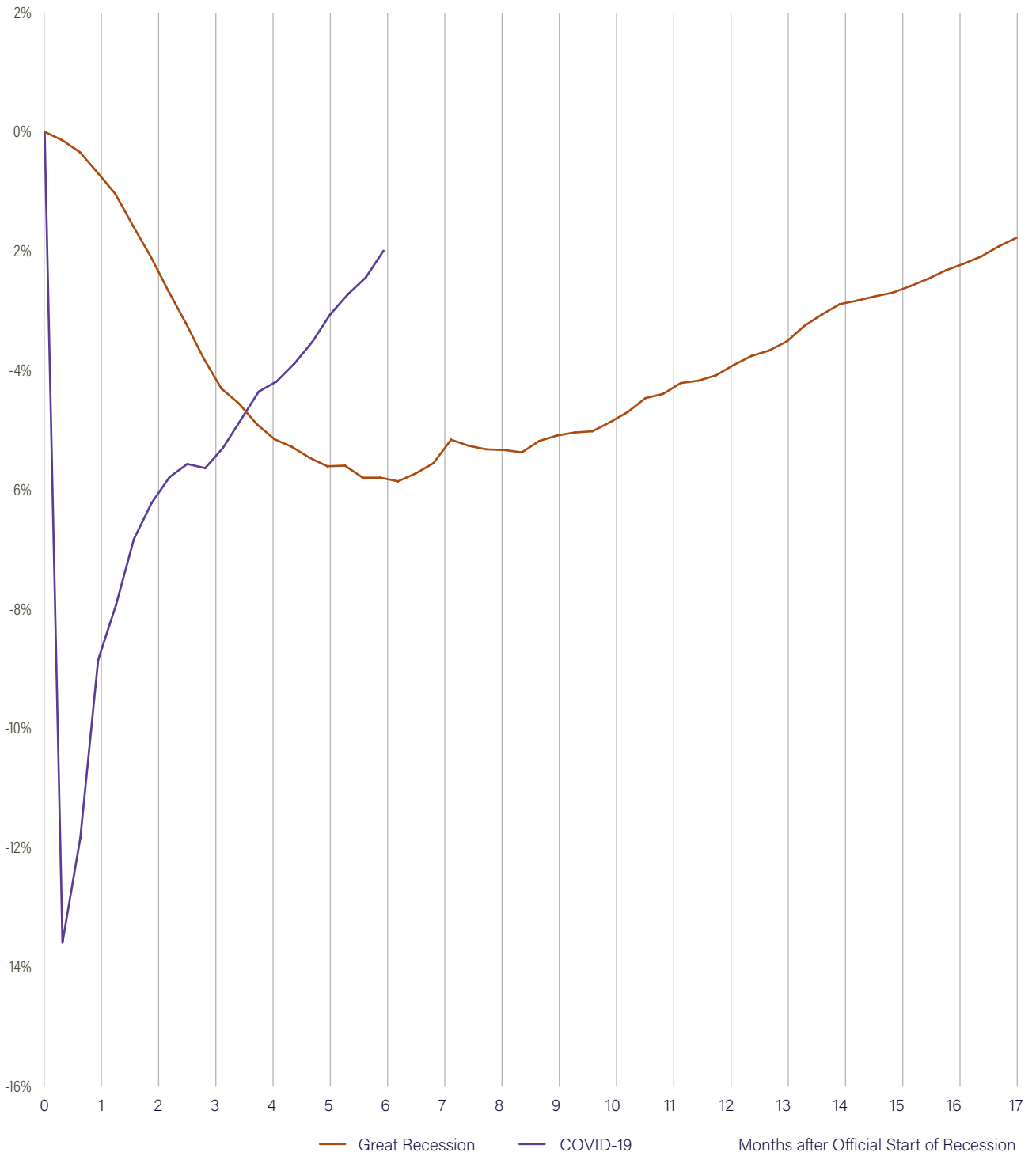


Source: U.S. Bureau of Economic Analysis

The reliance on the Creative Goods and Products sector also reflects the unique nature of the pandemic-induced economic downturn. As stay-at-home measures were rolled out across the nation in early 2020, many consumers shifted spending from services to goods.²⁹ Given that behaviors are sticky, it is likely that changes to the way people consume may persist and could help prop up demand for these industries in the years to come. Recent evidence indeed suggests that even after removal of pandemic-related restrictions

on business and movement, demand for goods still outstrips demand for services by a wide margin (Figure 1.8). And although museums, performance halls, and other in-person venues are coming back online, the persistence of pandemic consumption patterns may have short- to medium-term effects on other sectors like Fine and Performing Arts as households weigh discretionary spending tradeoffs at a time of rising inflation.

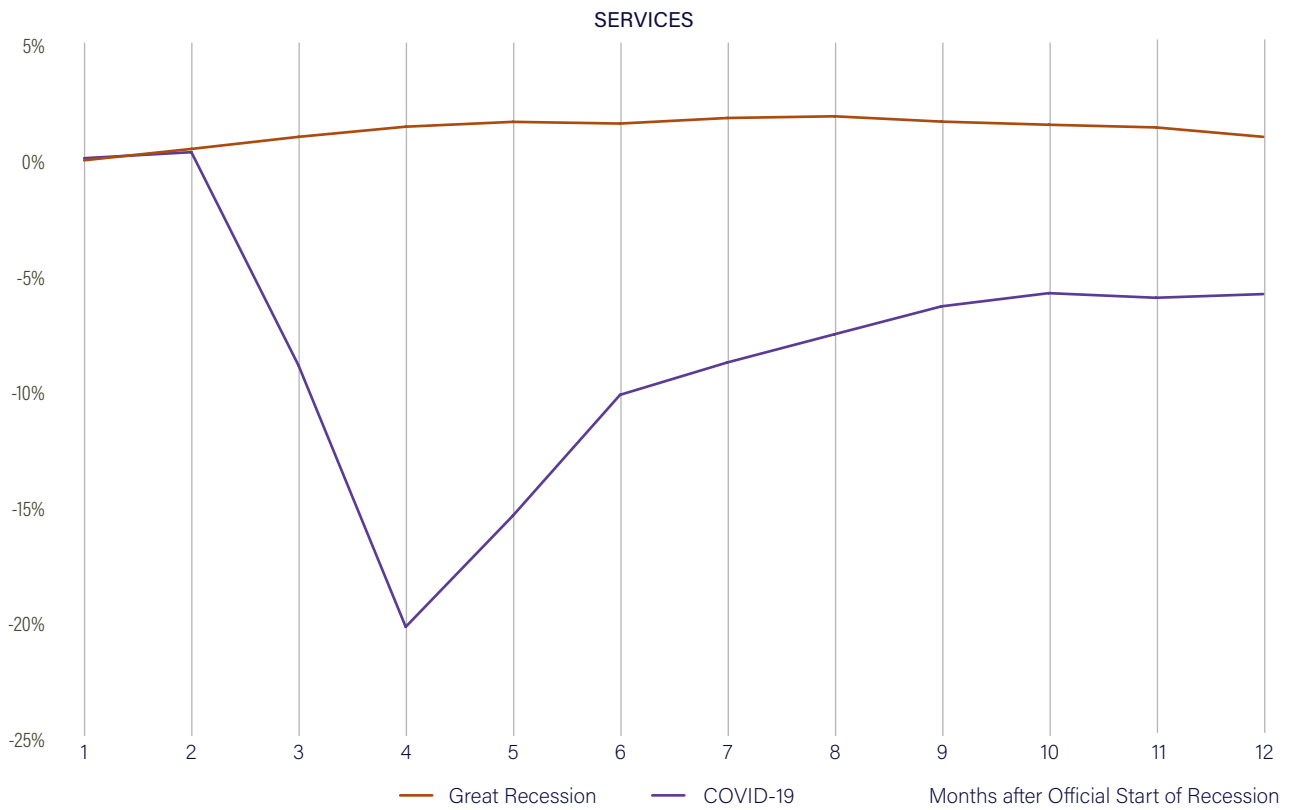
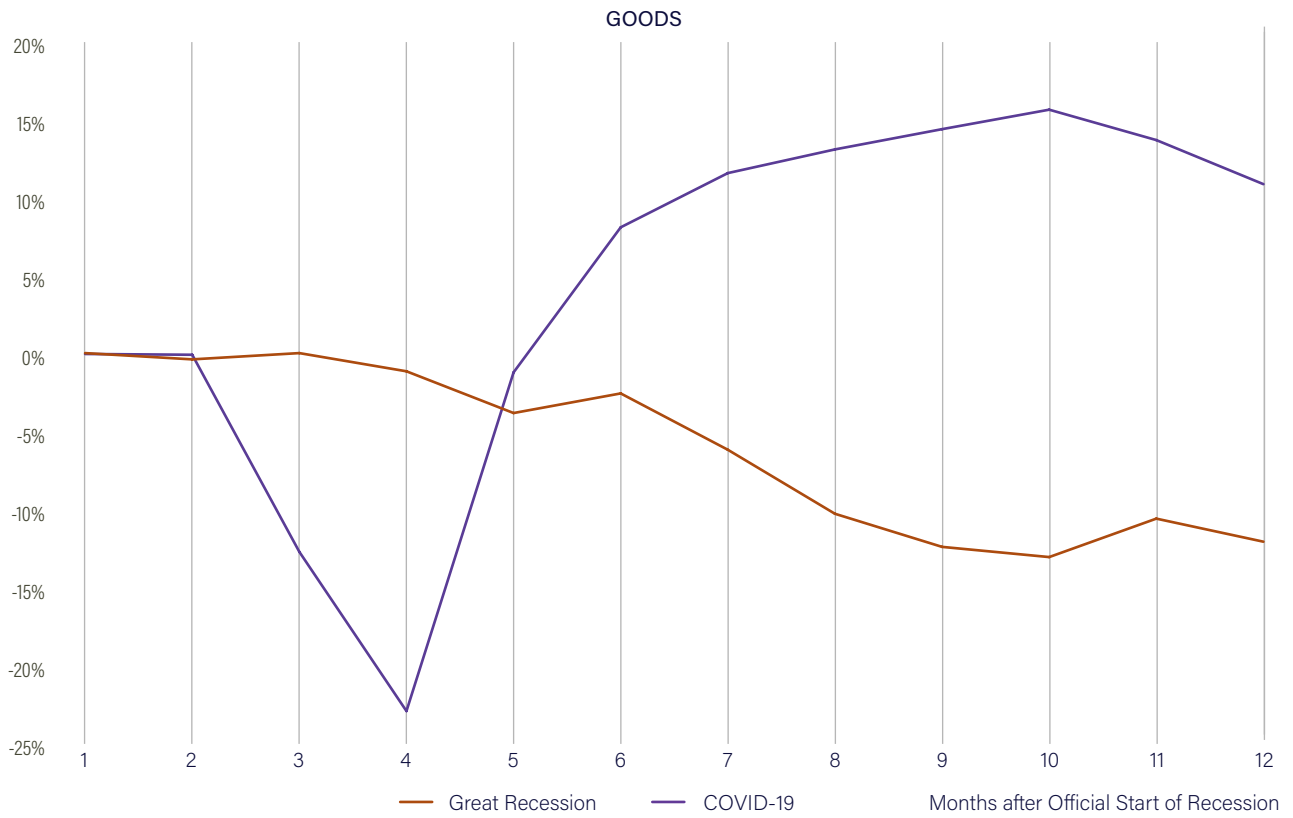
FIGURE 1.7: POST-RECESSION EMPLOYMENT GROWTH BY MONTH



Source: U.S. Bureau of Economic Analysis

²⁹ Service-oriented sectors have also suffered due to the huge drop in domestic and international tourism. International visitors to Los Angeles dropped from 4.5 million in 2019 to just over 775,000 in 2020, according to data from the International Trade Administration.

FIGURE 1.8: COMPARATIVE POST-RECESSION SPENDING ON GOODS AND SERVICES BY MONTH



Source: U.S. Bureau of Economic Analysis



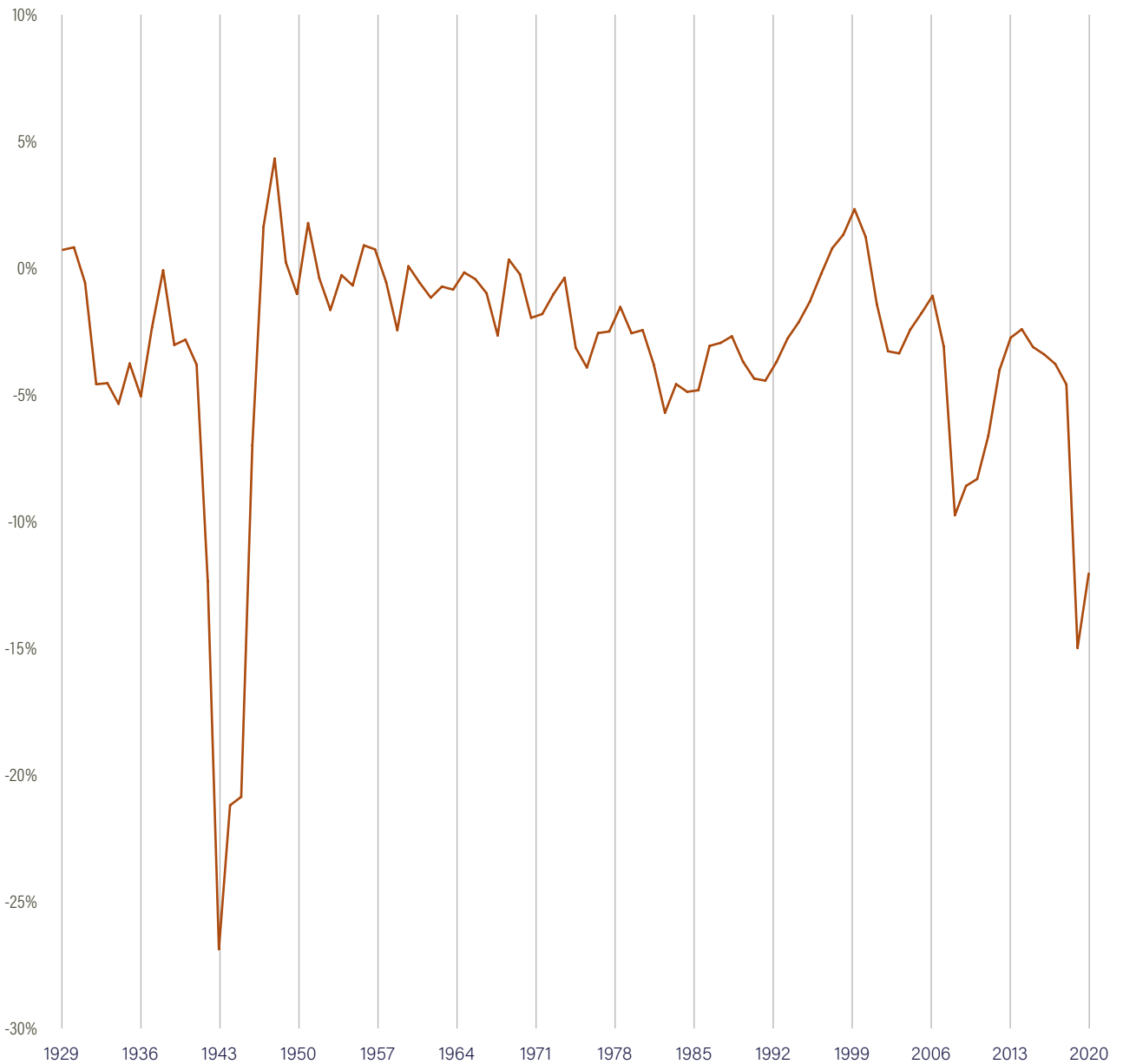
PART 1

Policy and Investment

Macroeconomic interventions also played a large role in the current recovery, and the rapid economic rebound is in no small part due to the massive government stimulus injected into the U.S. economy early in the pandemic. Comparing the federal government deficit to the overall size of the economy can help shed light on exactly how large that spending

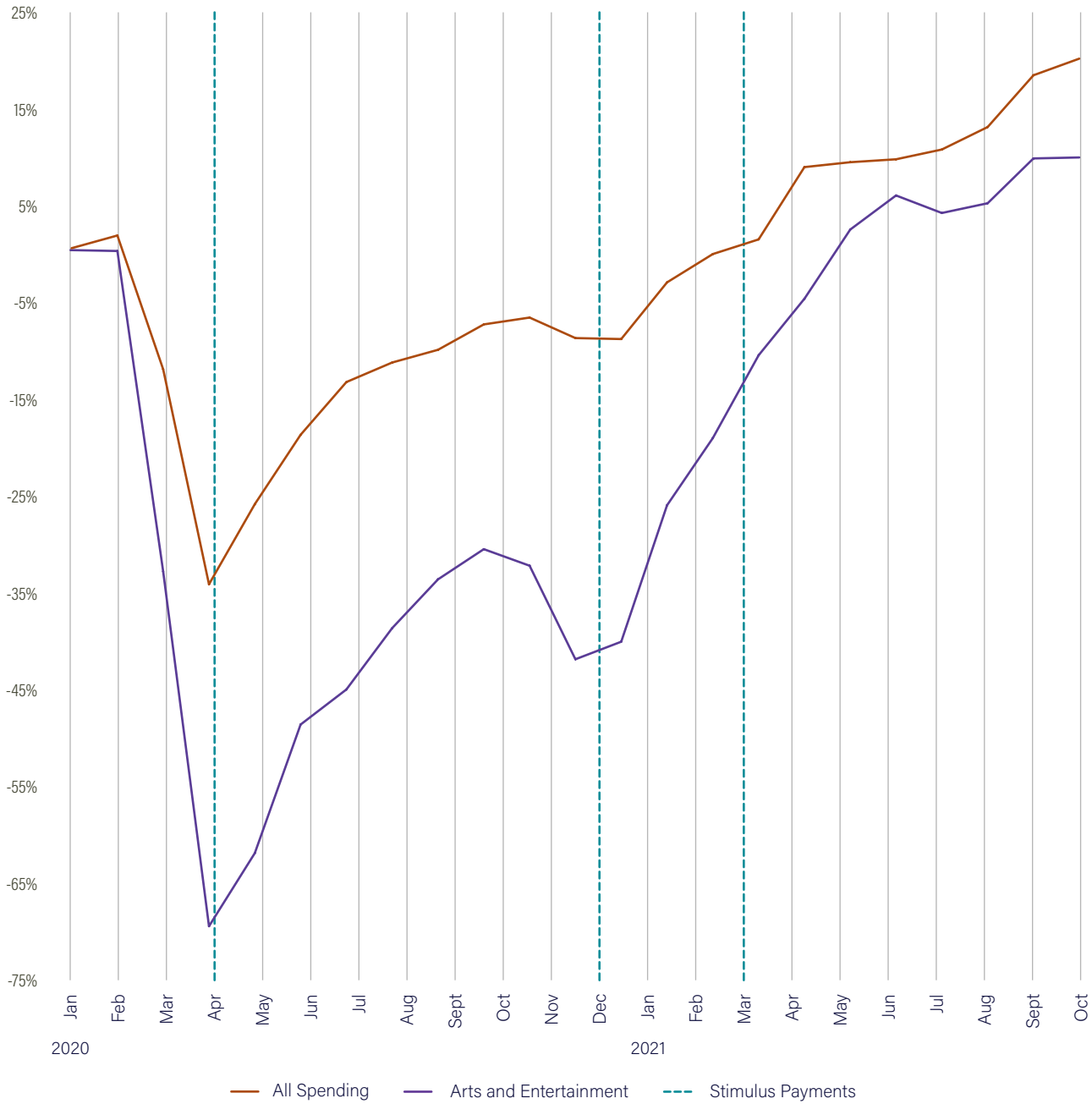
was on a historical basis. According to this measure, the government borrowed close to 14% of GDP in 2020 – a higher amount than in 2009 when stimulus measures totaled around 9% of GDP but far lower than government spending in the lead up to World War II.

FIGURE 1.9: FEDERAL SURPLUS/DEFICIT AS PERCENTAGE OF GDP BY YEAR
1929 to 2021



Source: U.S. Office of Management and Budget

FIGURE 1.10: PERCENTAGE CHANGE IN CALIFORNIA CONSUMER SPENDING ON ARTS & ENTERTAINMENT BY MONTH
 JANUARY 2020 to NOVEMBER 2021



Source: Opportunity Insights

High-frequency data for California clearly shows a spike in total spending, as well as spending on the arts, in the immediate period after Economic Impact Payments stimulus checks were distributed (Figure 1.10). The data, provided by Harvard University's

Opportunity Insights, also shines a light on how businesses and employees fared in the early stages of the pandemic. Spending in the Arts and Entertainment sector, as defined by the U.S. Bureau of Labor Statistics, dropped by 70% compared to the pre-

pandemic baseline and almost twice as much as the economy overall. And although spending is currently higher than pre-pandemic spending levels, the Arts and Entertainment sector continues to trail the broader economy in terms of its recovery trajectory.

Other indicators suggest the current expansion will likely continue through the end of 2022. Domestic businesses investment – which many economists view as an important barometer for future growth and innovation – is now 20% higher than prior to the pandemic. This is a drastic departure from the Great Recession, which saw investment decline by 20% by the two-year mark of the economic recovery. On the labor front, wages have continued to rise at a high

rate. This has particularly benefited those at the lowest income quartiles; the median wage for those at the bottom quartile increased by 5.4% in December 2021, a multi-decade high.

But these broad indicators can obfuscate real economic pain currently experienced across the nation. Although the economy is experiencing economic growth at historic levels in the aggregate, many industries and workers remain negatively impacted by the pandemic. In addition to the slow rates of recovery in some of the more vulnerable sectors, many families are struggling to keep up with rising inflation in recent months and have seen any wage gains in previous years negated by price increases.





The Tale of Two Recessions

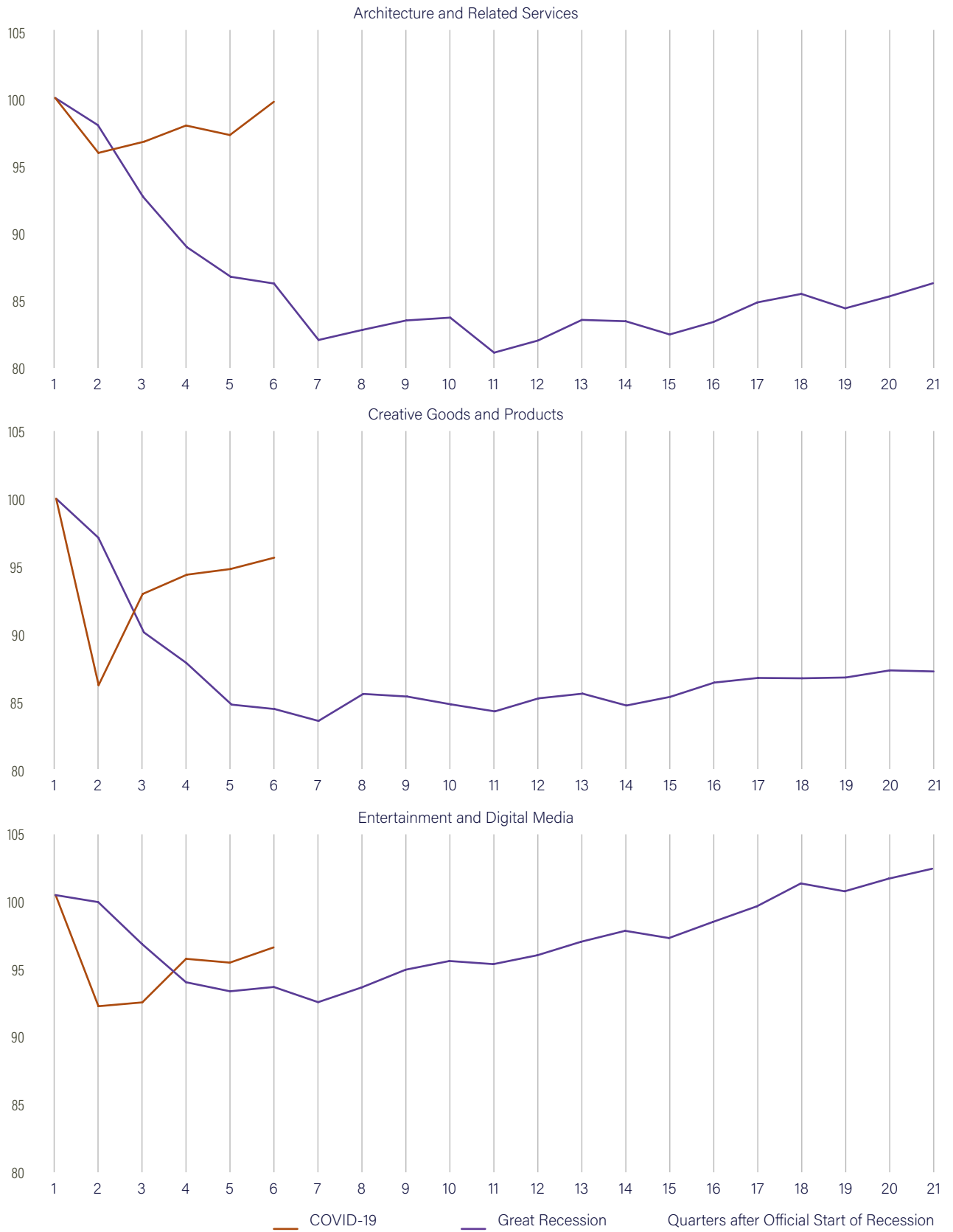
Not all recessions are created equal; each one has had a different depth, rate of job loss, and speed of recovery. Examining these employment patterns provides key insights into the health of the creative economy. Figure 1.11 begins with, and is indexed to, the quarter of the month the U.S. National Bureau of Economic Research officially declared a recession – in this case, 2008 for the Great Recession and 2020 for the COVID-19 Recession – and tracks the percentage of jobs lost and gained each subsequent quarter.

The prolonged nature of the Great Recession stands in stark contrast to the sharp recovery currently underway for both California and Los Angeles County. With the exception of the Fine and Performing Arts sector, the current recovery across the creative economy is years ahead of the recovery from the previous recession. During the Great Recession, job losses for almost all the creative sectors continued over several quarters before bottoming out. In the case of the Creative

Goods and Products sector, employment never fully recovered from the Great Recession. Yet even faster recovering sectors, such as Entertainment and Digital Media, took 17 quarters to fully bring back its workforce to pre-recession levels.

The COVID-19 Recession, on the other hand, caused a roughly 15% drop in creative economy employment, compared to 6% during the Great Recession. In the case of Fine and Performing Arts, the effects were more pronounced. The sector experienced a massive 35% loss of jobs in the first quarter of the COVID-19 Recession but dropped by less than 5% of its workforce during the first quarter of the Great Recession. Still, there are reasons to be optimistic. If past is prologue, Fine and Performing Arts will prove to be resilient in the medium to long term and ultimately resume its role as being both a cultural and economic driver across California.

FIGURE 111: POST-RECESSION EMPLOYMENT GROWTH FOR CREATIVE SECTOR BY QUARTER
California



Source: California Employment Development Department

FIGURE 1.11: POST-RECESSION EMPLOYMENT GROWTH FOR CREATIVE SECTOR BY QUARTER (continued)
California



Source: California Employment Development Department



PART 1

FIGURE 111: POST-RECESSION EMPLOYMENT GROWTH FOR CREATIVE SECTOR BY QUARTER
Los Angeles County



Source: California Employment Development Department

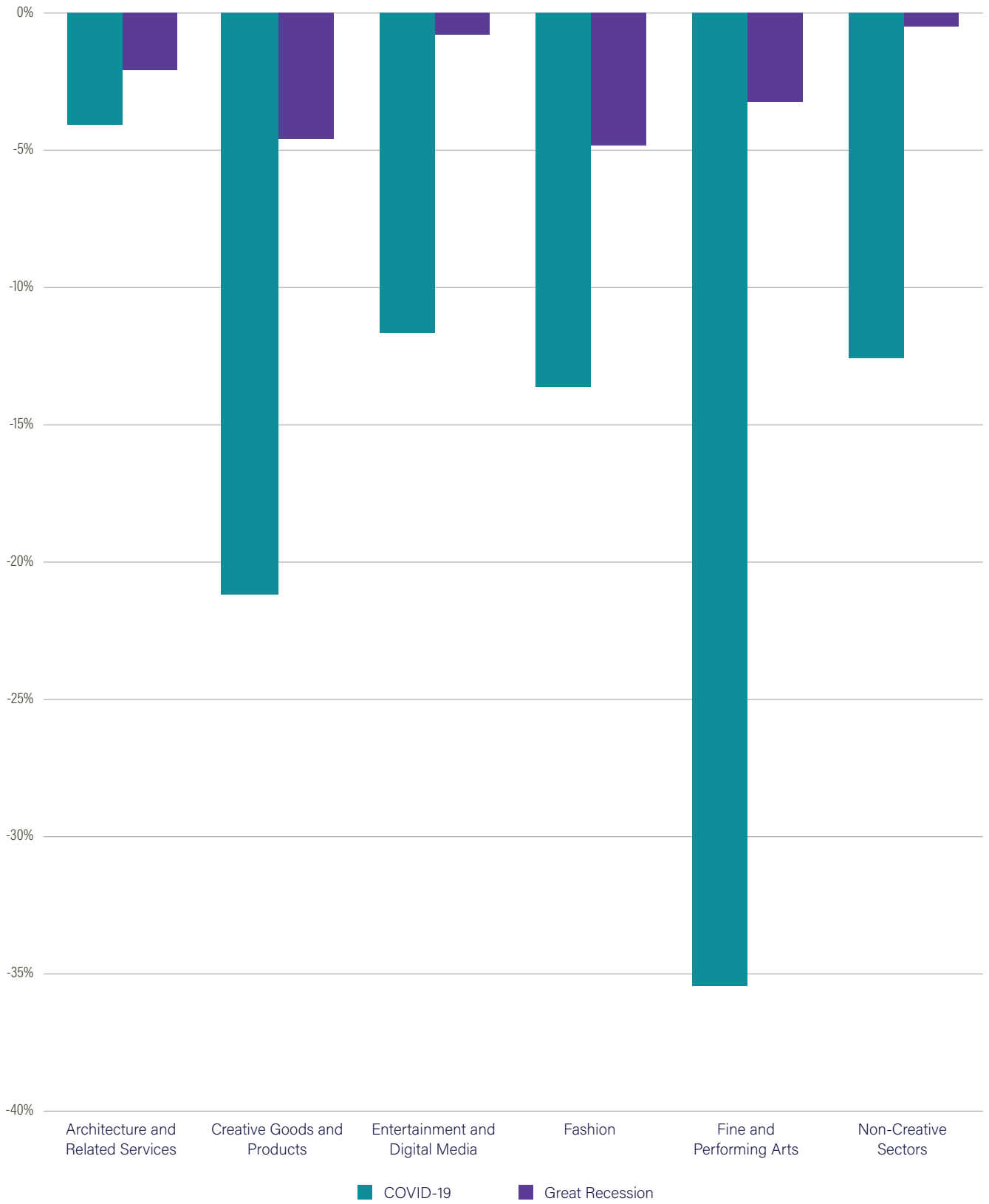
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FIGURE 1.11: POST-RECESSION EMPLOYMENT GROWTH FOR CREATIVE SECTOR BY QUARTER (continued)
Los Angeles County

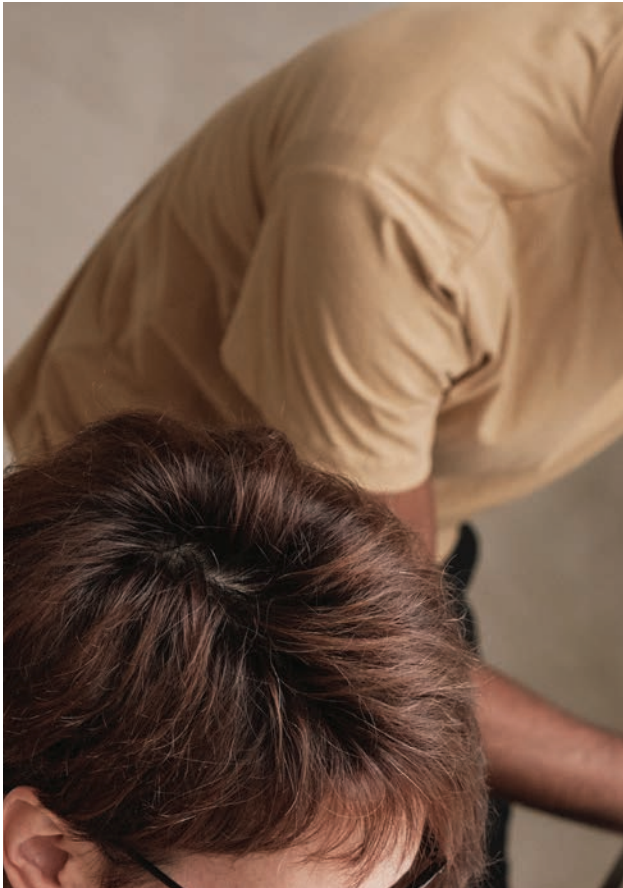


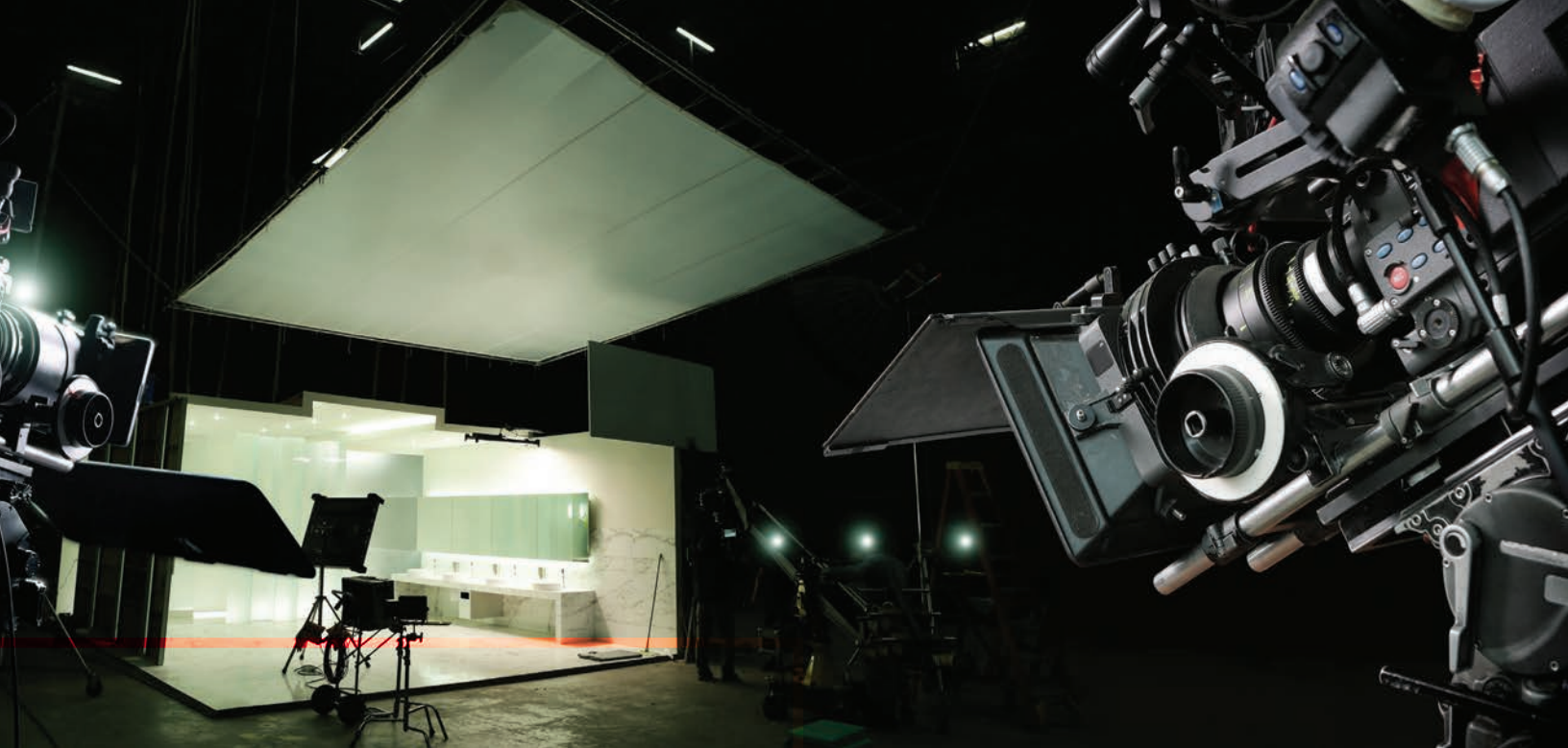
Source: California Employment Development Department

FIGURE 1.12: CALIFORNIA CREATIVE ECONOMY JOB LOSSES IN FIRST QUARTER FOLLOWING OFFICIAL START OF RECESSION



Source: California Employment Development Department





PART 2:

Industry Analysis

The creative economy – even in the wake of the pandemic – remains a crucial component of California’s economic engine. At \$358.9 billion, the creative industries collectively had a direct value added impact that amounted to 11.8% of the state’s GRP in 2020 (Figure 2.1). After accounting for business-to-business transactions and employee spending, this makes its total value-add contribution of \$687.6 billion the largest in the California economy (Figure 2.2), with its 1.4 million workers accounting for only 7.8% of total employment.

This outsized performance was largely due to the dominance of the Entertainment and Digital Media sector, which accounted for nearly 72% of all creative economy workers, a third of which were located in Los Angeles County and a whopping 86.9% of creative economy GRP statewide. Of the remaining sectors, the Architecture and Related Services sector had the next largest employment base at a 16.5% share, followed by Fine and Performing Arts at 5.6%, Fashion at 3.8%, and Creative Goods and Products at 2.6% (Figure 2.3).

Los Angeles County is home to 31.8% of California’s creative economy workforce. This significant percentage – nearly one-third – is an important factor given that Los Angeles County followed a very different growth trajectory between 2007 and 2020 compared to the state (Figure 2.4). Whereas California’s creative economy outperformed the overall economy with respect to employment expansion, Los Angeles County’s creative economy never fully recovered after the Great Recession, with employment languishing 4% below 2007 levels in 2019 and trailing behind employment trends across all sectors by a wide margin.

Moreover, the county's creative industries experienced a sharper decline due to the pandemic compared to the same industries across the state. As a result, the creative industries in Los Angeles County saw employment contract to 85% of 2007 levels, while California's creative economy employment increased by 15% – down from 22% in 2019, but still a positive trendline over the 13-year period.

The reasons for this divergence lie in the composition of sectors within Los Angeles County compared to the state as a whole (Figure 2.5). Even though the dominant Entertainment and Digital Media sector was resilient in the years between recessions, where employment across California grew by 39% between 2007 and 2019, employment growth was far less aggressive in Los Angeles County at just 12%.

Conversely, the county's higher concentration of workers in the lagging Fashion sector – a victim of the steady, long-term decline of manufacturing in the United States, writ large – chipped away at the broader creative economy's growth prospects. California's Fashion sector, while also experiencing precipitous declines, faced smaller proportional decreases, which in turn were offset by gains in the Entertainment and Digital Media, Fine and Performing Arts, and Architecture and Related Services sectors.

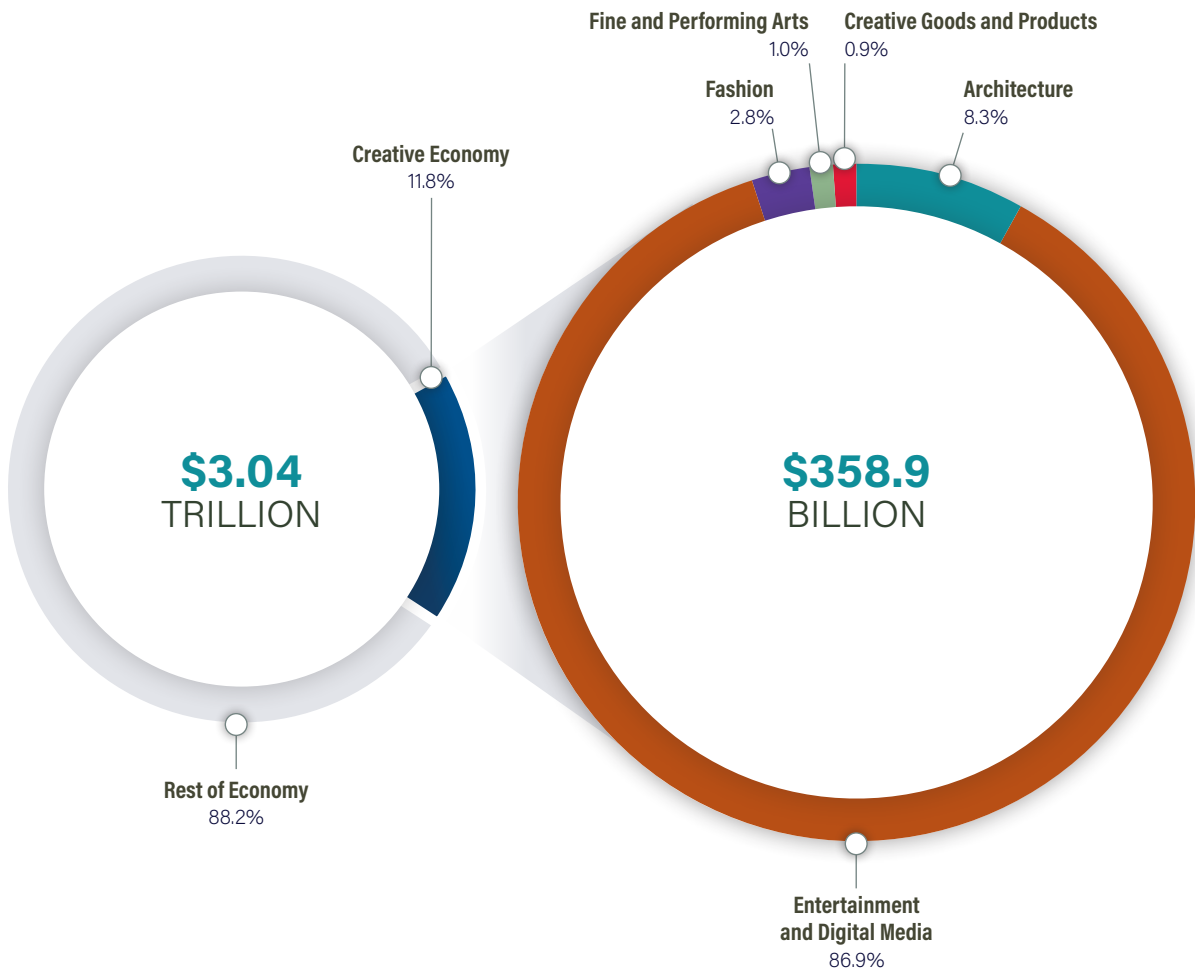
Regardless of locale, it still pays to work in the creative economy on average compared to the non-creative industries (Figure 2.6). In California, creative economy wages more than doubled between 2007 and 2020, from \$75,824 to \$158,477, compared to “only” a 53.7% increase in wages, from \$49,817 to \$76,590, across the overall economy. This trend held in Los Angeles County as well, but to a lesser extent, with creative economy and overall economy wages going up by 64.7% and 41.7%, respectively.

FRAMING THE ANALYSIS

The analysis in the pages that follow is viewed through a number of lenses to place the performance of each sector in the appropriate context:

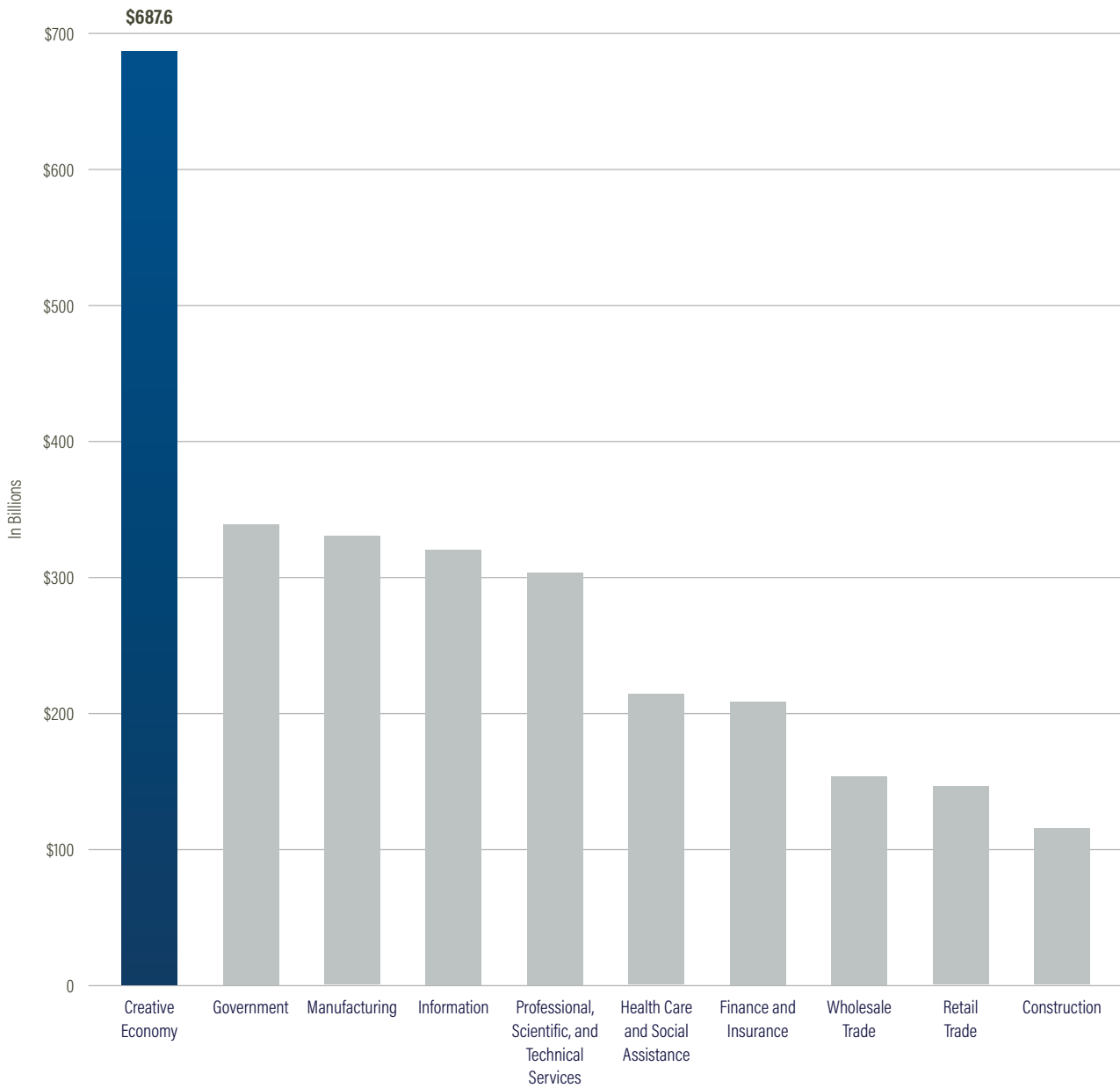
- **Timeframe:** Industry dynamics are tracked across a longer period of time compared to previous editions of this *Report*, from 2007 to 2020 (the last year for which complete data are available). In addition to being the inaugural year of the annual *Otis College Report on the Creative Economy*, anchoring the analysis to the year 2007 provides the opportunity to measure industry performance just before the Great Recession, track industry recovery trajectories over the ensuing 13 years, and compare the effects of the COVID-19 recession with the one that occurred in 2008.
- **Geography:** In examining employment and wages, data for California and Los Angeles County are juxtaposed against similar data for New York State and New York City. This is done for a few reasons. For Los Angeles County, there are few other large jurisdictions that can act as a point of reference to gauge how well its creative economy is doing (accounting for the effects of more global forces affecting the overall economy). Like Los Angeles County, New York City boasts robust economic activity across all five creative economy sectors, experiences patterns of cross-pollination among the creative sectors and subsectors, and serves as its state's creative economy epicenter – though Los Angeles County increasingly faces competition from the Bay Area. This reasoning extends to state-level comparisons as well.
- **Growth:** There are several ways to quantify and measure the size of an economy and its economic growth, and three distinct metrics are used here: (1) gross regional product (GRP, is the sum of value added at every stage of production for all final goods and services produced within a region for a given period of time, or stated another way, the final market value of all goods and services produced in a given region); (2) gross value added (or output, which measures the value of goods and services that have been produced by an industry, minus the cost of all inputs); and (3) employment (which captures the number of salaried and self-employed workers in a given industry or subsector).

FIGURE 2.1: CREATIVE ECONOMY DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA GROSS REGIONAL PRODUCT 2020



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

**FIGURE 2.2: VALUE-ADD CONTRIBUTION TO CALIFORNIA GROSS REGIONAL PRODUCT
2020**

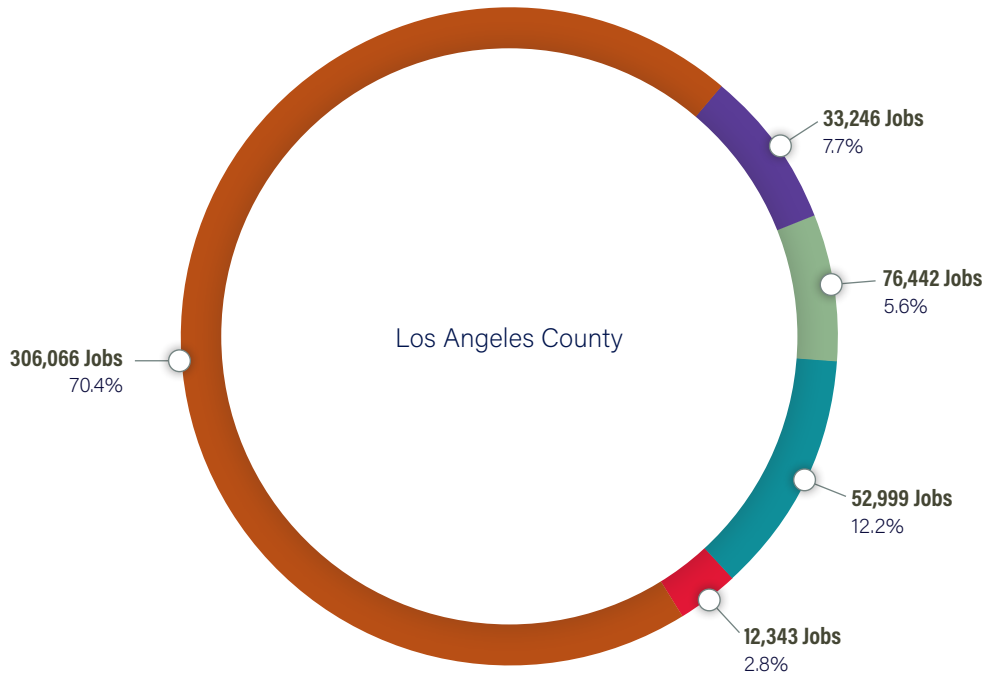
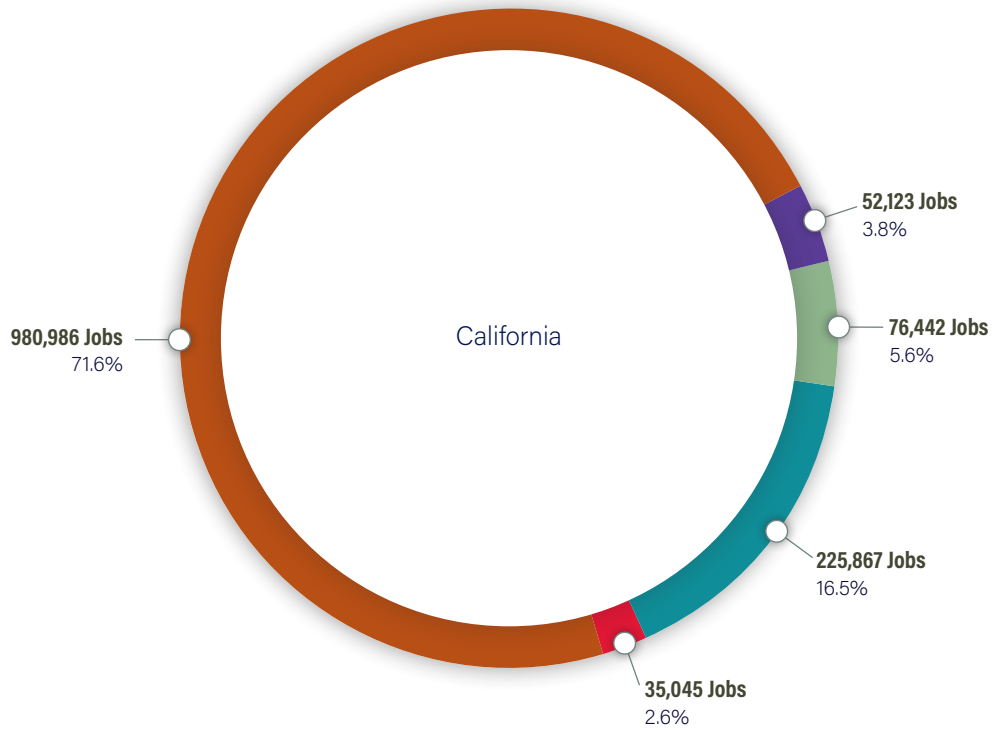


Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

FIGURE 2.3: CREATIVE ECONOMY EMPLOYMENT SHARE BY SECTOR
2020



PART 2

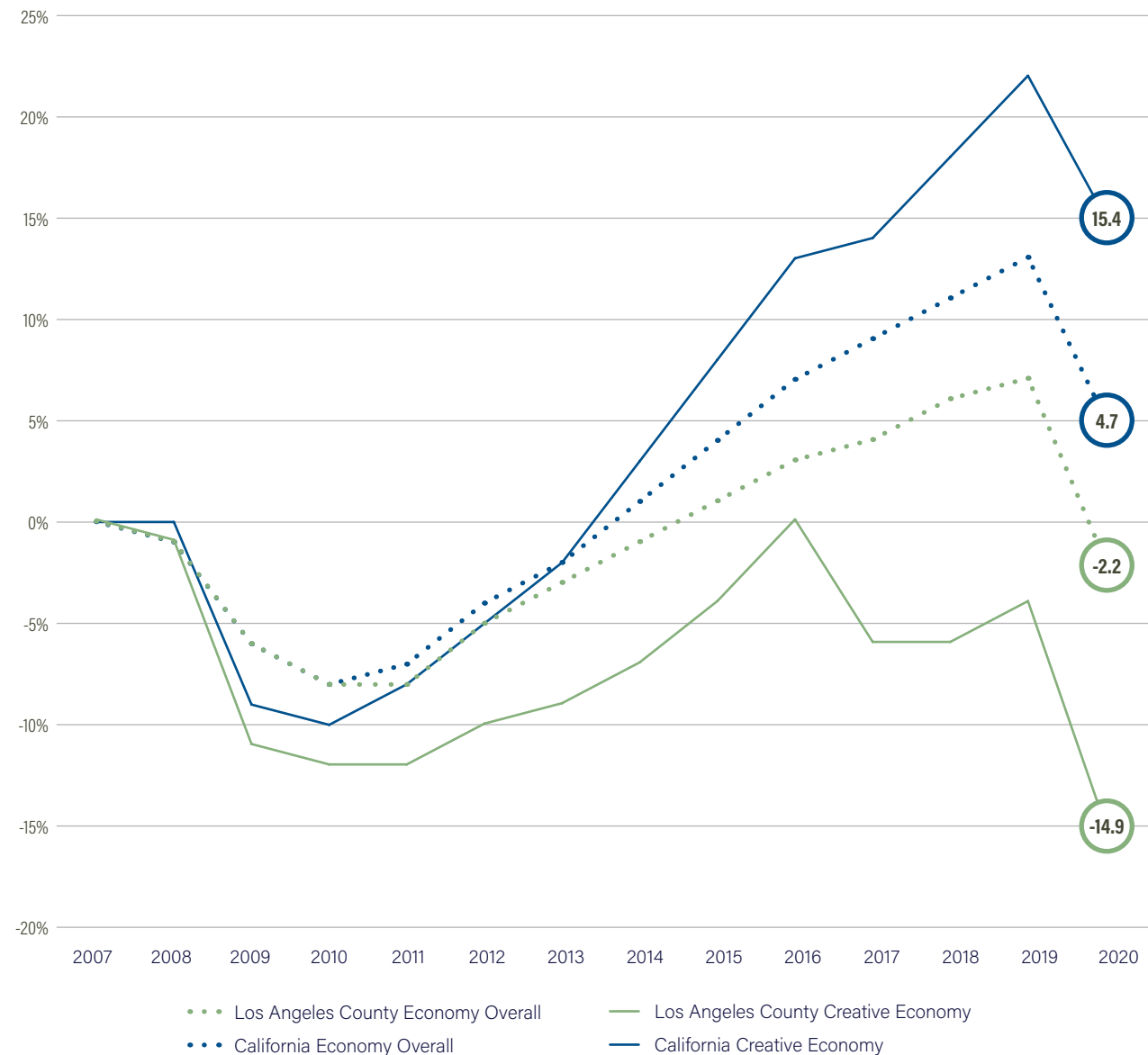


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

TABLE 2.1: CREATIVE ECONOMY EMPLOYMENT IN LOS ANGELES COUNTY AND CALIFORNIA COMPARED TO NEW YORK CITY AND NEW YORK STATE
2020

	California	Los Angeles County	Share of State Jobs	New York State	New York City	Share of State Jobs
Entertainment and Digital Media	980,986	306,066	31.2%	478,277	361,949	75.7%
Fine and Performing Arts	76,442	29,861	39.1%	64,994	45,678	70.3%
Architecture and Related Services	225,867	52,999	23.5%	95,774	53,959	56.3%
Creative Goods and Products	35,055	12,346	35.2%	14,595	3,380	23.2%
Fashion	52,123	33,253	63.8%	20,803	12,258	58.9%
Creative Economy	1,370,473	434,524	31.7%	674,442	477,224	70.8%
Overall Economy	18,046,323	4,628,838	25.6%	9,183,955	4,301,942	46.8%

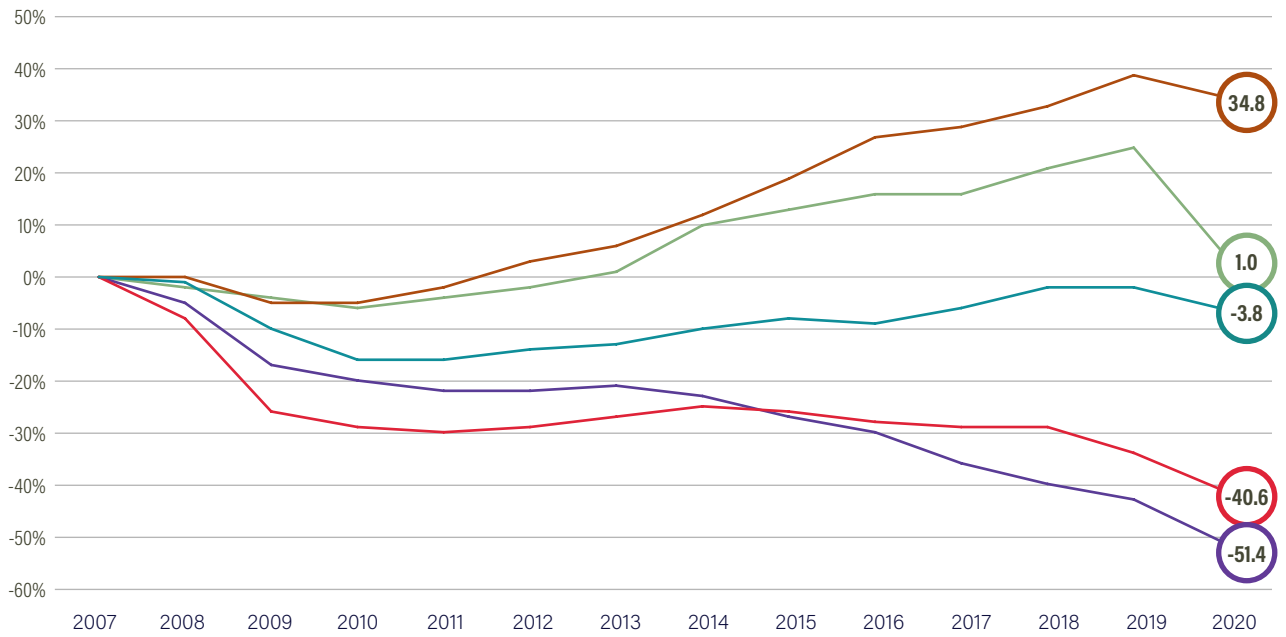
FIGURE 2.4: CHANGE IN TOTAL VS. CREATIVE ECONOMY EMPLOYMENT IN CALIFORNIA AND LOS ANGELES COUNTY
2007 to 2021



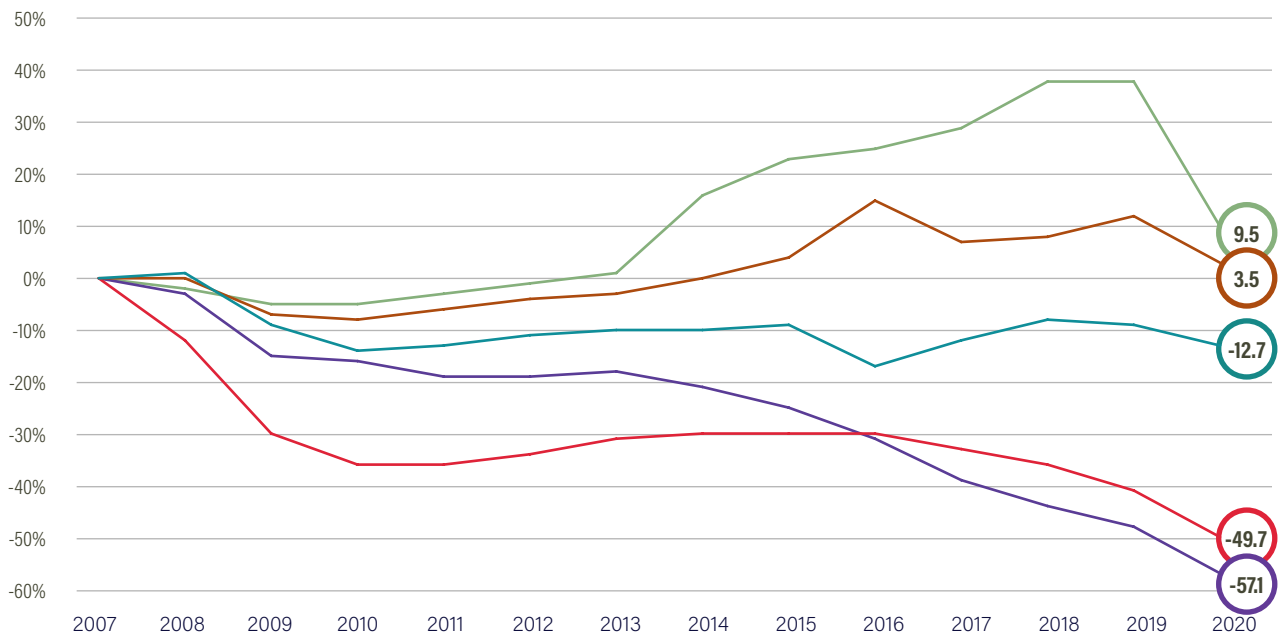
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

FIGURE 2.5: RELATIVE CHANGE IN SECTOR EMPLOYMENT
2007 to 2020

(a) California



(b) Los Angeles County



— Architecture and Related Services — Fine and Performing Arts
— Entertainment and Digital Media — Creative Goods and Products
— Fashion

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

FIGURE 2.6: CREATIVE ECONOMY AVERAGE ANNUAL WAGES
2007 to 2020

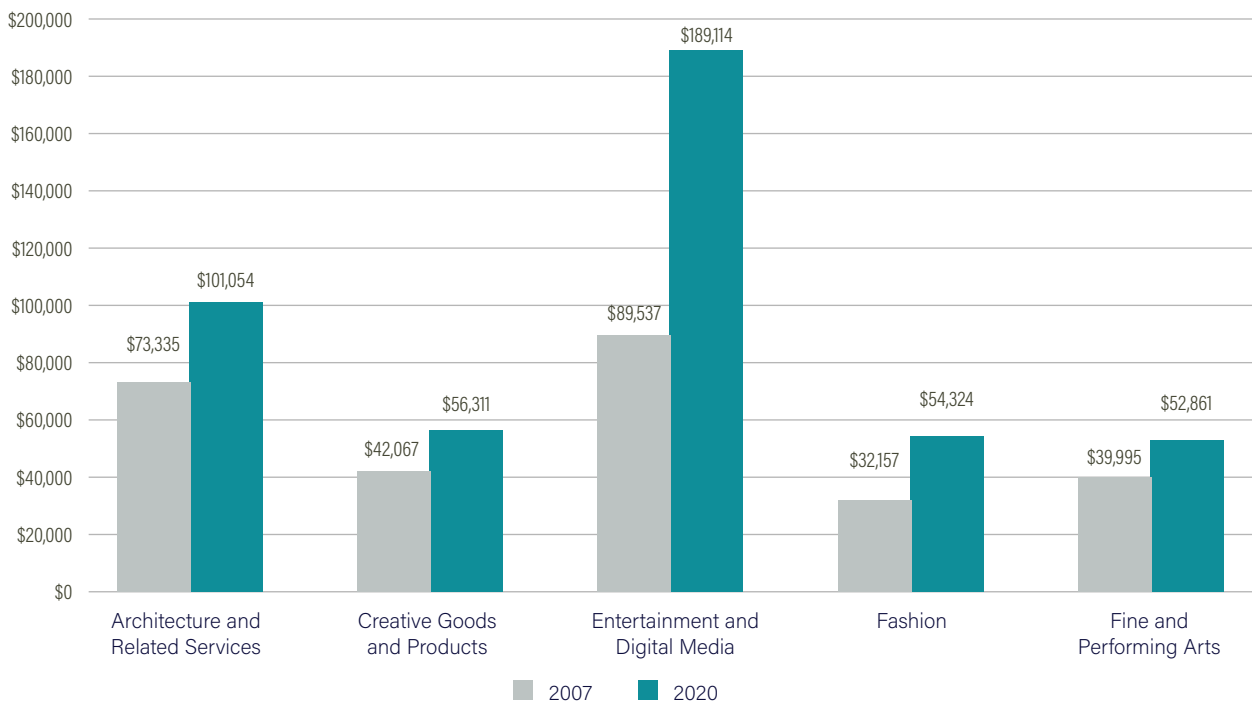


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

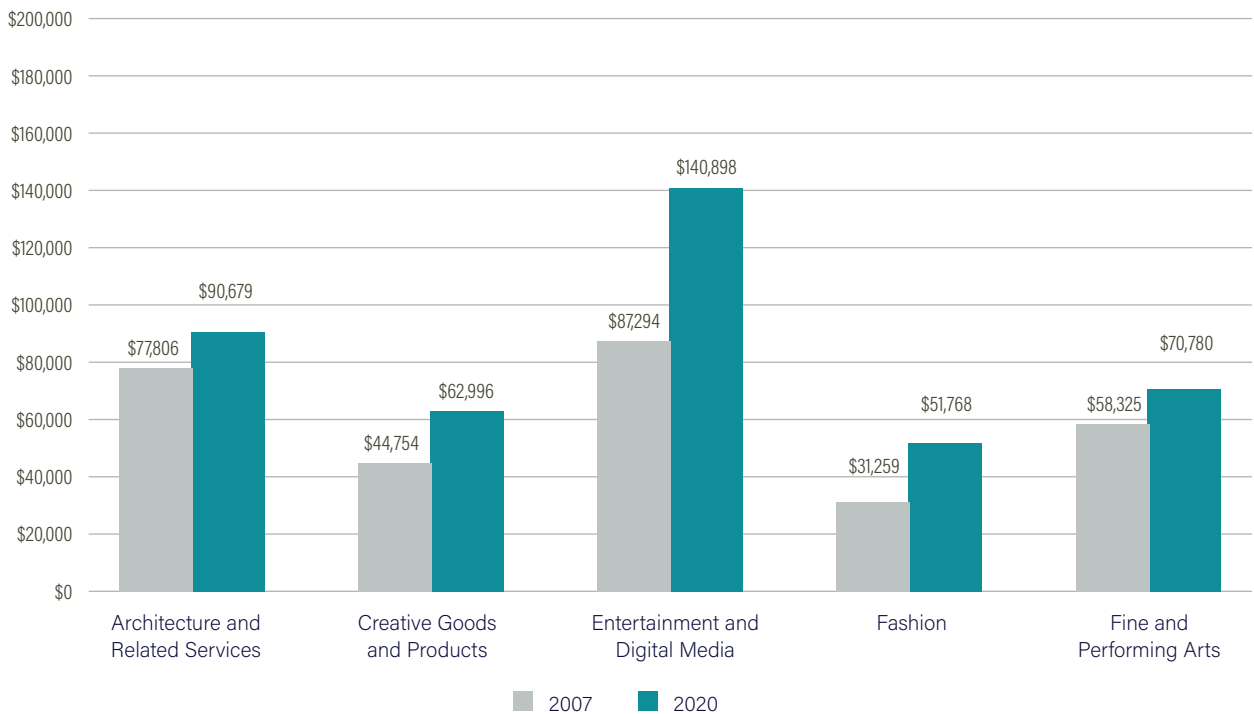


FIGURE 2.7: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR
2007 to 2020

(a) California



(b) Los Angeles County



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

Economic Impact Analysis

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the creative industries had on the overall California economy amounted to \$687.6 billion, with a value-add multiplier effect of 1.9 and an employment multiplier effect of 2.8. In 2020, equivalent to 22.9% of the total California economy. Los Angeles County's

creative industries had a total impact of \$164.1 billion, with a value-add multiplier effect of 1.7 and an employment multiplier effect of 2.3, or about 23.9% of the state's creative economy output. In total, each job supported by activity across California's creative industries results in \$31,461 in additional tax revenue.

TABLE 2.2: ECONOMIC IMPACT OF THE CREATIVE ECONOMY IN CALIFORNIA
2020

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	1,370,807 Jobs	1,132,091 Jobs	1,377,412 Jobs	3,880,310 Jobs
Labor Income	\$216.2 Billion	\$106.4 Billion	\$93.9 Billion	\$416.6 Billion
Gross Value Add	\$358.9 Billion	\$160.5 Billion	\$168.2 Billion	\$687.6 Billion
Tax Revenue	-	-	-	\$127.7 Billion

TABLE 2.3: ECONOMIC IMPACT OF THE CREATIVE ECONOMY IN LOS ANGELES COUNTY
2020

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	434,708 Jobs	282,645 Jobs	274,267 Jobs	991,620 Jobs
Labor Income	\$52.7 Billion	\$24.9 Billion	\$17.6 Billion	\$95.1 Billion
Gross Value Add	\$93.7 Billion	\$38.9 Billion	\$31.5 Billion	\$164.1 Billion
Tax Revenue	-	-	-	\$27.7 Billion

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.





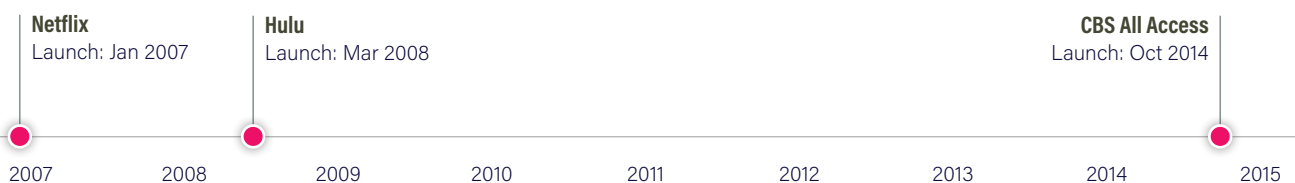
2.1: ENTERTAINMENT AND DIGITAL MEDIA

The Entertainment and Digital Media sector represents 86.9% of the creative economy's GRP in California. Within the sector, Digital Media comprises 74.5% of the GRP and 64.6% of the employment, while Motion Picture and Video represents 8.2% of the GRP and 13.9% of the employment.

The Entertainment and Digital Media sector has seen strong growth over the past decade, with employment growing 34.8% in California compared to 17.8% growth for the state of New York from 2007 to 2020. Prior to the pandemic, from 2018 to 2019, the sector saw a year-over-year change of 4.6%, but as the pandemic ground film and television production activity to a halt, the sector suffered a 3.3% loss in jobs as 2020 ended.

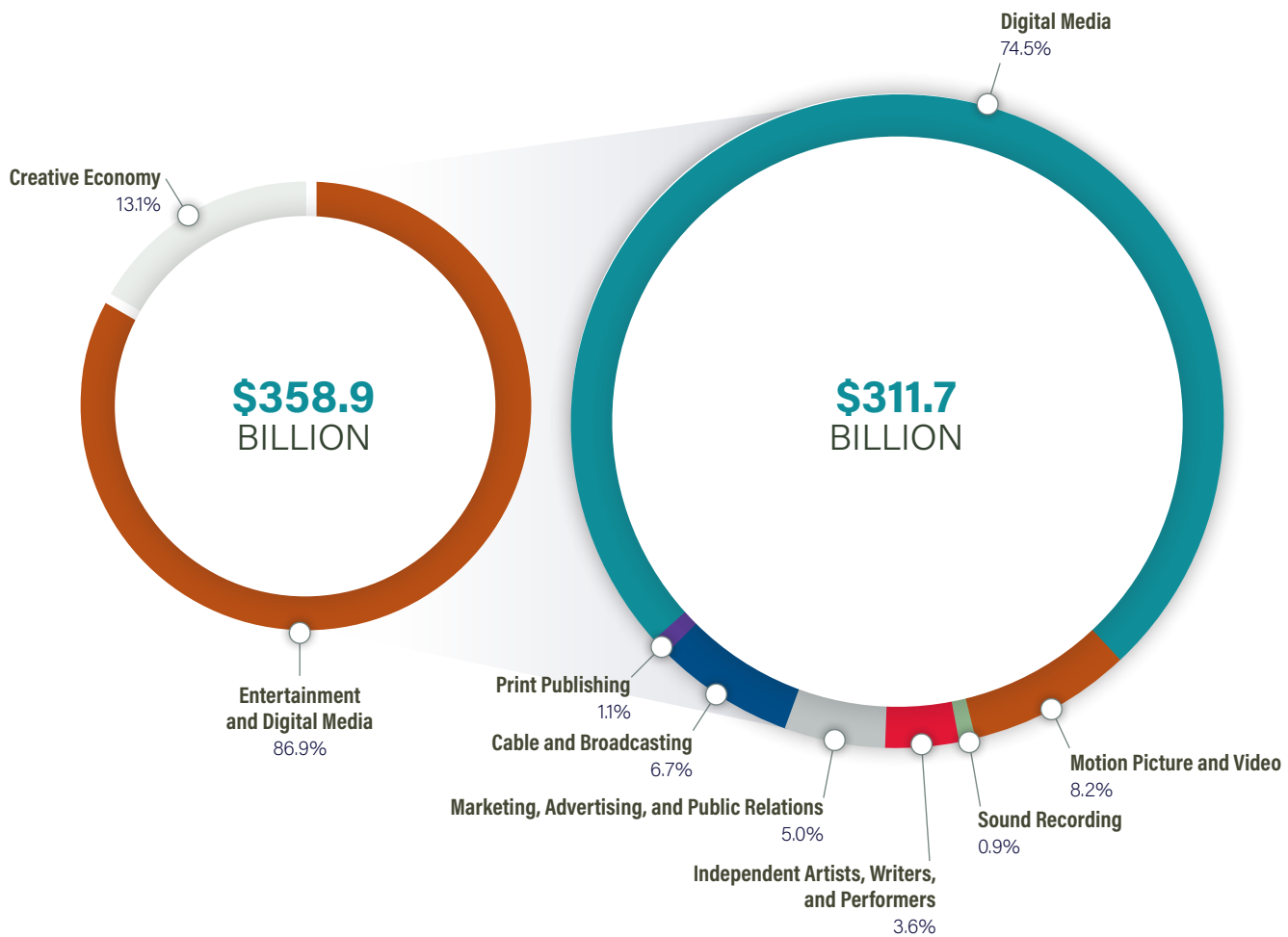
The subsectors that comprise the Entertainment and Digital Media sector had uneven growth trajectories as business models evolved since 2007. The Motion Picture and Video subsector saw phenomenal growth in the state, with employment levels swelling almost 102% as the world of streaming platforms came online (Figure 2.8). New York experienced similar strength with employment growth of 88%. Both states also benefited from strong employment growth in Independent Artists, Writers, and Performers, with roughly 21% growth in California and 16% growth in New York. Print Publishing, in contrast to Motion Picture and Video, contracted by 60% from 2007 to 2020 in California, whereas New York only saw subsector employment shrink by 48%. The two states saw similar trends in Cable and Broadcasting, with both contracting roughly 20%.

FIGURE 2.8: THE PROLIFERATION OF STREAMING VIDEO ON DEMAND SERVICES
2007 to 2021



Source: Variety

FIGURE 2.9: ENTERTAINMENT AND DIGITAL MEDIA DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA'S CREATIVE ECONOMY GROSS REGIONAL PRODUCT 2020



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

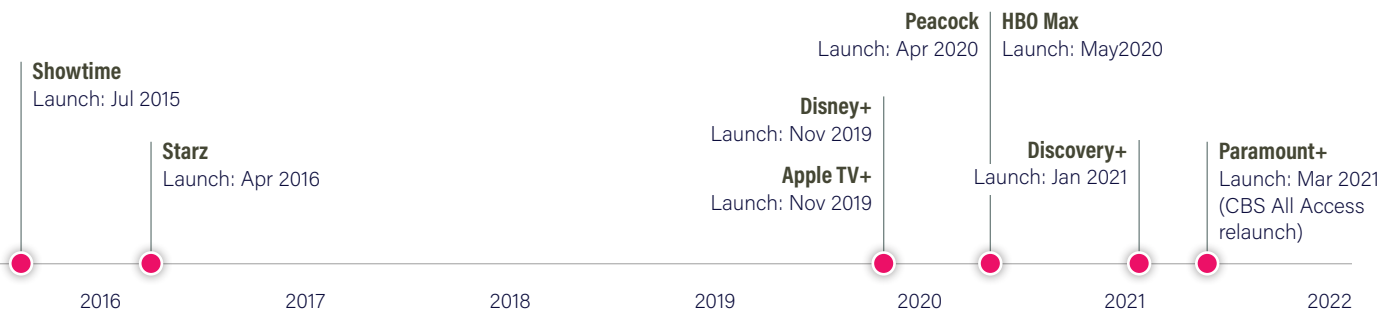
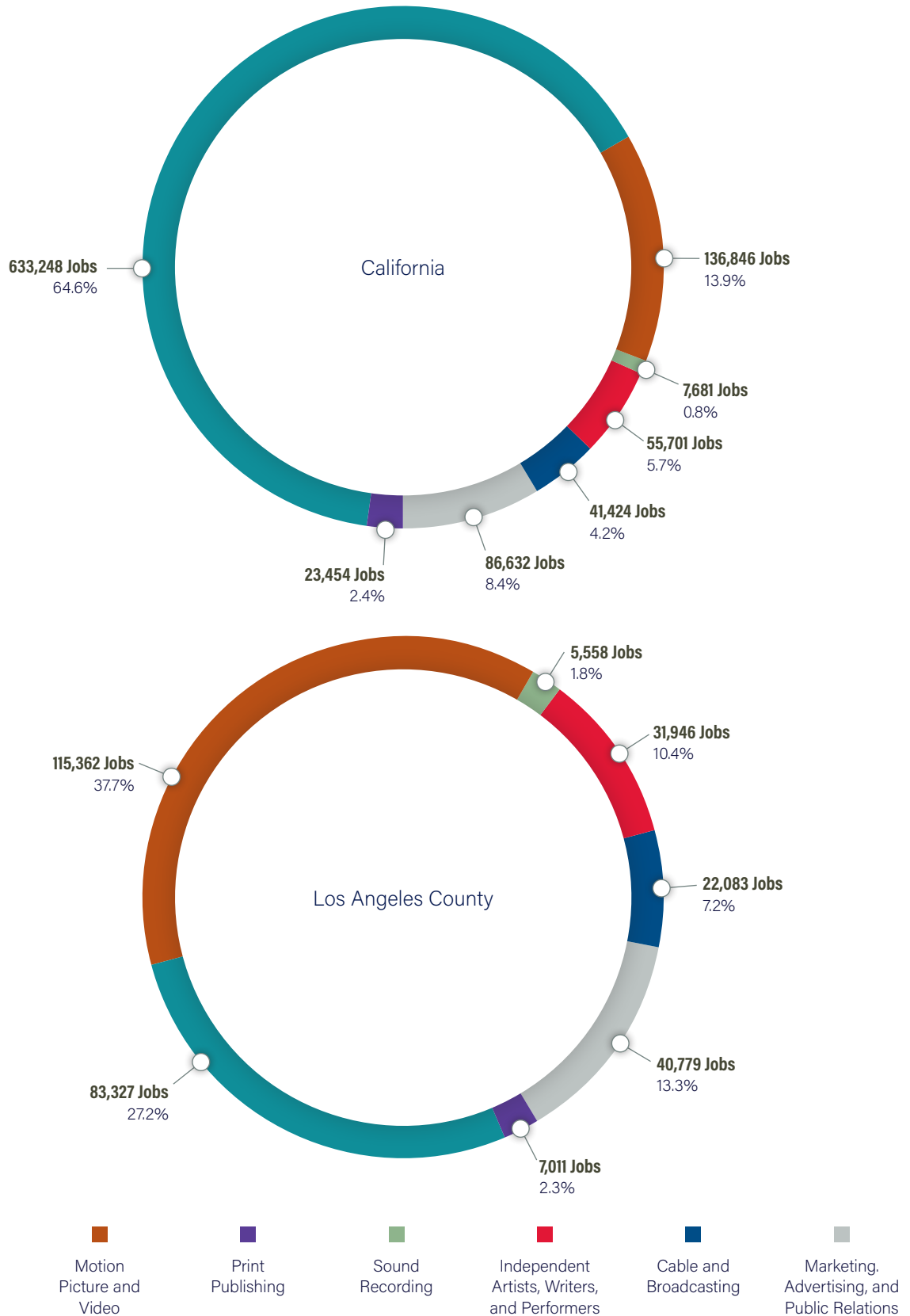


FIGURE 2.10: ENTERTAINMENT AND DIGITAL MEDIA EMPLOYMENT SHARE BY SUBSECTOR
2020



PART 2



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Following nearly 18 months of reduced production activity in California, on-location production levels for the second quarter of 2021 allowed FilmLA to announce Los Angeles had experienced its best quarter of activity since late 2019. However, by the end of 2021, television production activity began to slow. For the year, California saw the steepest year-over-year decline (-39%) in scripted television series production activity in North America (Table 2.4).

On July 31, 2021, the contract between the Alliance of Motion Picture and Television Producers (AMPTP) and the International Alliance of Theatrical Stage

Employees (IATSE), which represents some 43,000 Hollywood workers, was set to expire (Table 2.5), and projects produced under three different contracts – the Basic Agreement, the Area Standards Agreement, and the Videotape Agreement – were on the brink of being put on hold. On October 4, the union announced that its members had voted to authorize a strike for the first time in its 128-year history. Ultimately, an agreement on a new three-year contract framework was reached on October 14 and squeaked through a ratification vote in mid-November.

TABLE 2.4 SCRIPTED TELEVISION SERIES BY LOCATION
2020 to 2021

	2020	2021	Change
California	159	97	-39%
New York	60	41	-32%
Illinois	13	9	-31%
Ontario	25	18	-28%
British Columbia	48	39	-19%
Louisiana	7	6	-14%
United Kingdom	17	15	-12%
Georgia	39	39	0%
Utah	6	7	+17%
Texas	0	9	-

Source: FilmLA

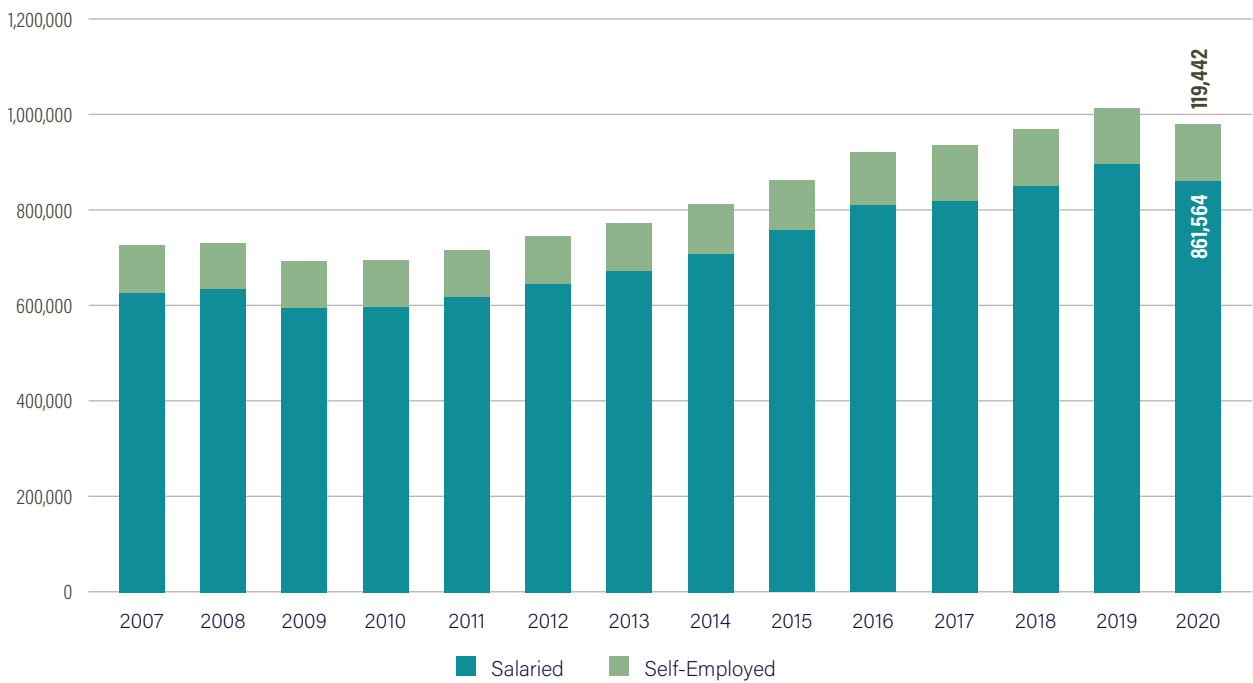
TABLE 2.5: IATSE LABOR UNIONS REPRESENTING GREATER LOS ANGELES
2020

Union	Name	Members
Local 44	Affiliated Property Craftspersons	7,126
Local 80	Motion Picture Studio Grips & Crafts Service	3,893
Local 600	International Cinematographers Guild	9,677
Local 695	Production Sound Technicians, Television Engineers, Video Assist Technicians & Studio Projectionists	1,964
Local 700	Motion Picture Editors Guild	8,605
Local 705	Motion Picture Costumers	2,535
Local 706	Make-Up Artists and Hair Stylists	2,169
Local 728	Studio Electrical Lighting Technicians	2,837
Local 729	Motion Picture Set Painters and Sign Writers	1,065
Local 800	Art Directors Guild	2,804
Local 839	The Animation Guild and Affiliated Optical Electronic and Graphic Arts	4,596
Local 871	Script Supervisors/Continuity, Coordinators, Accountants & Allied Production Specialists Guild	3,428
Local 884	Motion Picture Studio Teachers and Welfare Workers	144
Local 892	Costume Designers Guild	1,184

Source: U.S. Department of Labor

FIGURE 2.11: ENTERTAINMENT AND DIGITAL MEDIA EMPLOYMENT BY WORKER TYPE
2007 to 2020

(a) California



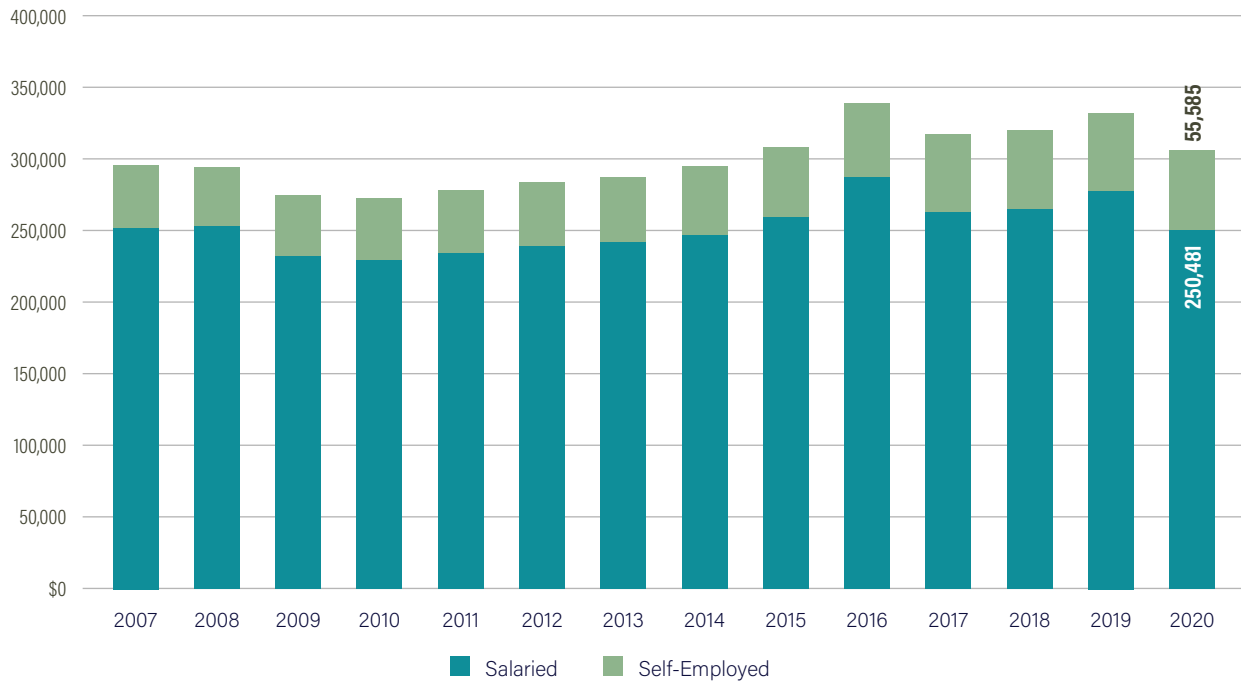
	2016	2017	2018	2019	2020
Number of Jobs	921,495	936,740	969,537	1,014,569	980,986
Salaried	810,175	819,446	851,547	897,425	861,564
Self-Employed	111,320	117,294	117,990	117,144	119,422
Share of Self-Employed	12.1%	12.5%	12.2%	11.5%	12.2%
1-Year Change	-	1.7%	3.5%	4.6%	-3.3%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 2.11: ENTERTAINMENT AND DIGITAL MEDIA EMPLOYMENT BY WORKER TYPE (continued)
2007 to 2020

(b) Los Angeles County



	2016	2017	2018	2019	2020
Number of Jobs	339,161	317,423	320,089	332,301	306,066
Salaried	287,426	262,732	265,243	277,875	250,481
Self-Employed	51,735	54,691	54,846	54,426	55,585
Share of Self-Employed	15.3%	17.2%	17.1%	16.4%	18.2%
1-Year Change	-	-6.4%	0.8%	3.8%	-7.9%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

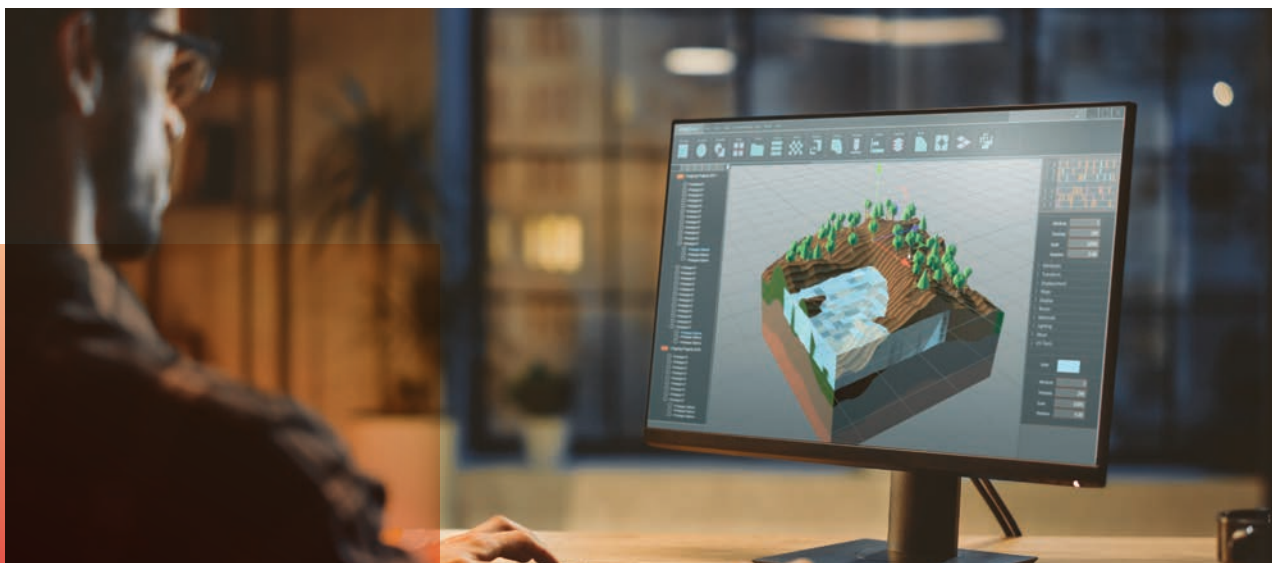


TABLE 2.6: SELECT OCCUPATIONS IN THE ENTERTAINMENT AND DIGITAL MEDIA SECTOR
2007 to 2020

(a) California

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Sector (2020)
Software and Web Developers, Programmers, and Testers	162,827	74,241	84%	16.5%
Actors, Producers, and Directors	50,244	15,418	44%	5.1%
Computer and Information Systems Managers	33,509	21,748	185%	3.4%
Writers and Editors	31,980	4,139	15%	3.2%
Artists and Related Workers	30,597	7,330	32%	3.1%
Market Research Analysts and Marketing Specialists	25,524	18,639	271%	2.6%

(b) Los Angeles County

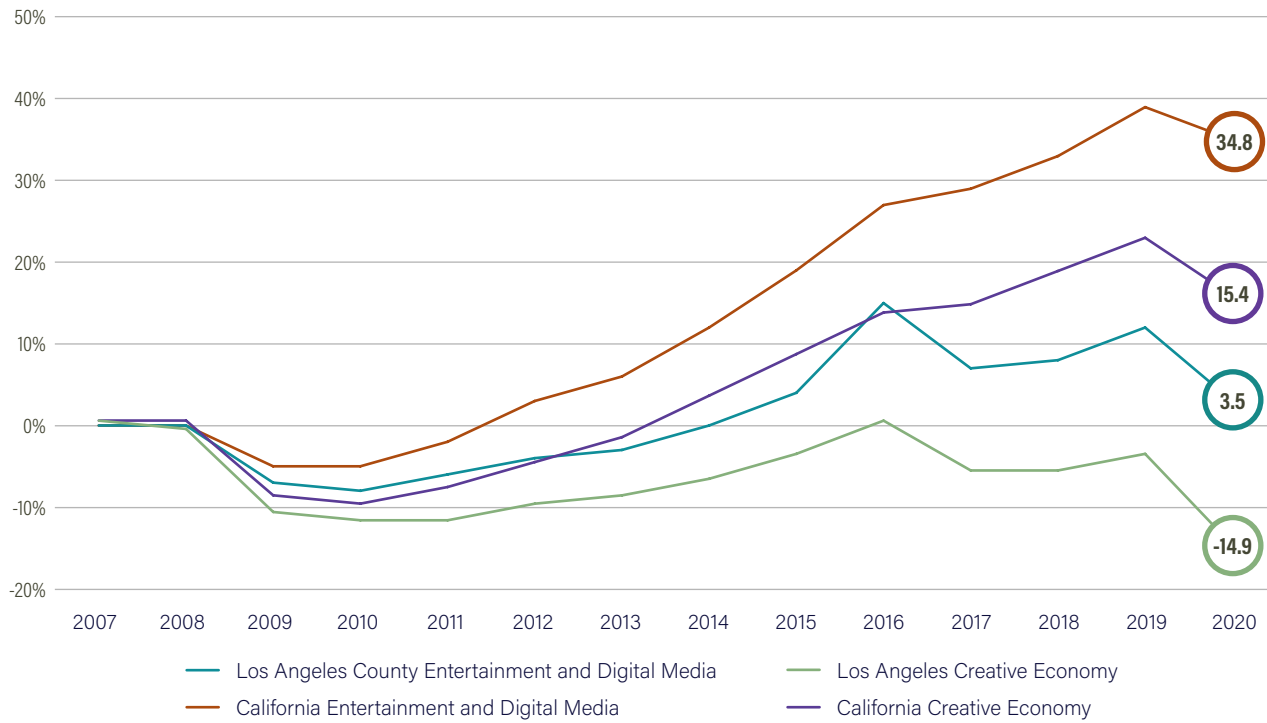
	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Sector (2020)
Actors, Producers, and Directors	39,324	12,280	45%	12.7%
Software and Web Developers, Programmers, and Testers	22,509	7,215	47%	7.3%
Artists and Related Workers	16,757	3,510	26%	5.4%
Writers and Editors	14,438	2,000	16%	4.7%
Television, Video, and Film Camera Operators and Editors	13,236	-771	-6%	4.3%
Broadcast, Sound, and Lighting Technicians	8,930	-2,365	-21%	2.9%

Source: U.S. Bureau of Labor Statistics

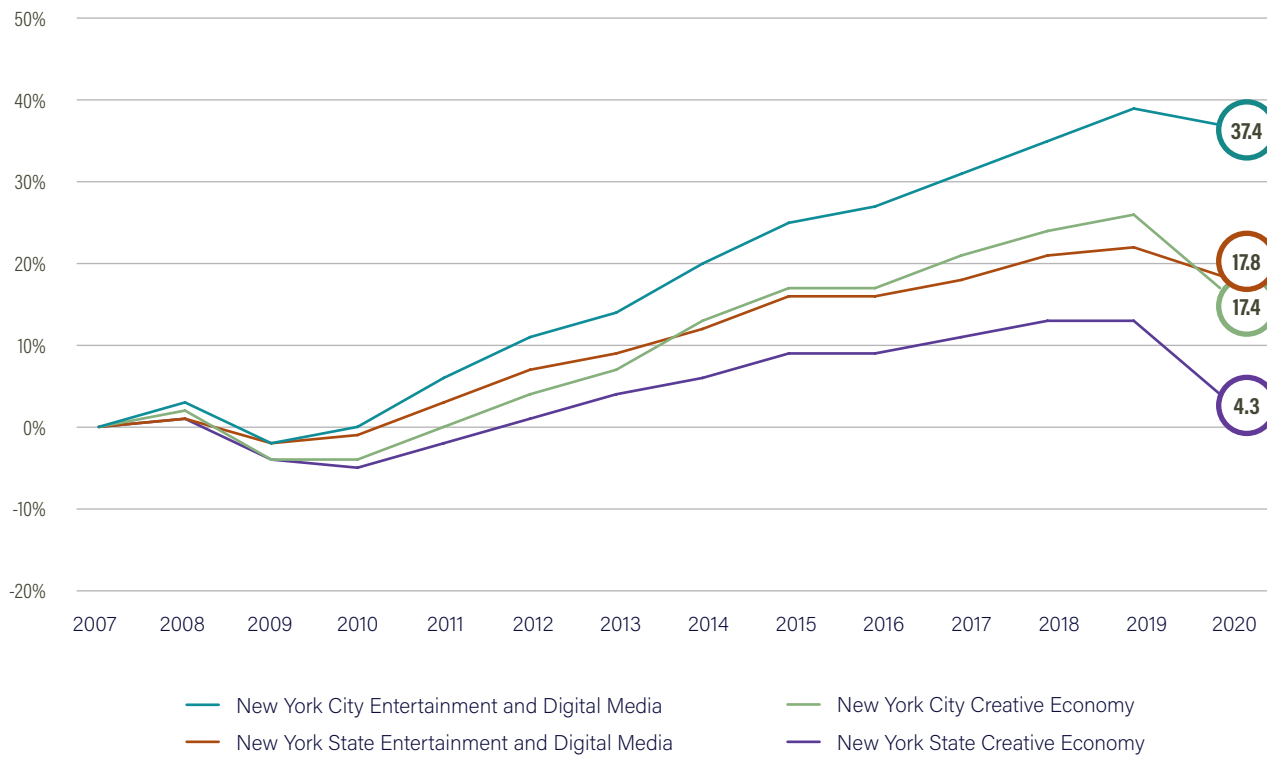


FIGURE 2.12: RELATIVE CHANGE IN ENTERTAINMENT AND DIGITAL MEDIA EMPLOYMENT
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Subsector Analysis

The Entertainment and Digital Media sector includes seven subsectors – Print Publishing; Digital Media; Motion Picture and Video; Sound Recording; Independent Artists, Writers, and Performers; Cable and Broadcasting; and Marketing, Advertising, and Public Relations – and accounts for a larger share of the creative economy in California (72%) than in Los Angeles County (70%). While workers in the Print Publishing subsector make up about 2% of the workforce in both geographies, Los Angeles has a higher concentration of workers than California in Motion Picture and Video (38% versus 14%) and Marketing, Advertising, and Public Relations (13% versus 8%), but a significantly lower concentration in Digital Media (27% versus 65%).

Motion Picture and Video

The Motion Picture and Video subsector is the largest employer in Los Angeles County and second largest employer in the state among all subsectors in Entertainment and Digital Media. In Los Angeles County, this translates to around 115,000 workers, or 38% of all jobs in Entertainment in Digital Media in the County, and 136,000 workers in California, or 14% of Entertainment and Digital Media jobs statewide. In



the early months of the pandemic, the Motion Picture and Video subsector faced significant job losses as box office revenues faced strong headwinds. Estimates indicate that revenues doubled in 2021 yet remained at only 60% of 2019 levels – levels not seen since 1992.³⁰

However, with streaming services ascendent, box office performance is no longer the only determinant of the Motion Picture and Video subsector's fate. New estimates indicate content spending among the nine leading media and technology companies will reach between \$110 and \$140 billion in 2022, which has provided a much-needed lifeline for workers in Motion Picture and Video over the past year.³¹

TABLE 2.7: CONTENT SPENDING AT MAJOR MEDIA COMPANIES, EXCLUDING SPORTS CONTENT
2019 to 2025 (FORECASTED) | IN BILLIONS OF DOLLARS

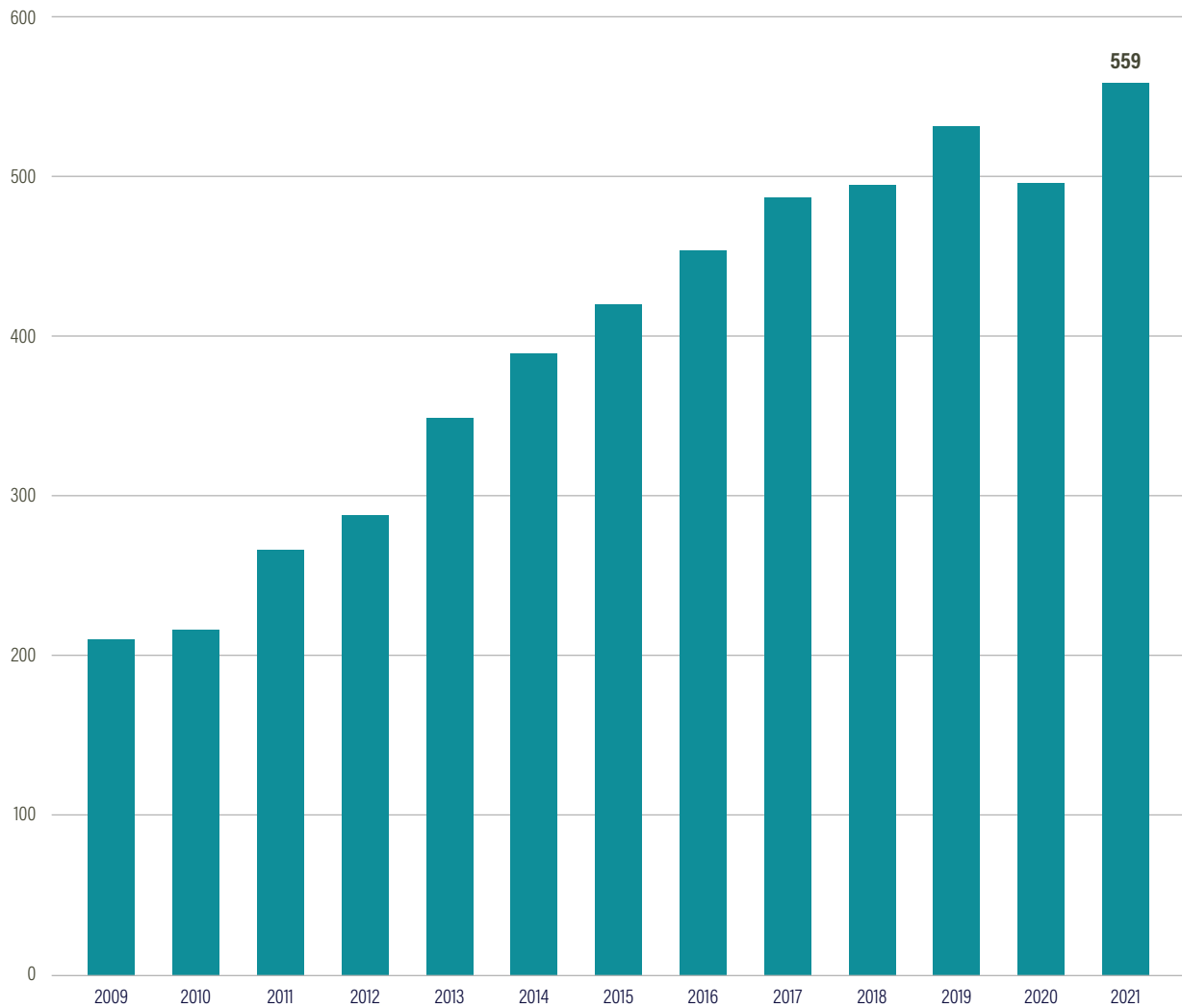
	2019	2020	2021	2022(F)	2023(F)	2024(F)	2025(F)
Disney	13.9	19.5	19.8	21.3	22.2	23.3	24.4
Warner Bros. Discovery	16.4	14.4	16.9	18.4	19.7	20.7	21.4
Netflix	14.6	12.5	17.1	19.3	20.3	21	21.3
Comcast	14.3	13.1	18	18.4	17.8	18.9	18.3
Amazon (including MGM)	5	7.1	9.1	11	13.2	15.2	16.7
ViacomCBS	9.2	10.2	10.9	11.8	12.8	14.2	16
Apple	2	3	6	8.1	10.1	12.2	14
Lionsgate	1.6	1.8	1.9	2	2.1	2.2	2.3
AMC Networks	0.8	0.7	0.7	0.8	0.8	0.9	0.9

Source: Wells Fargo

³⁰ Pamela McClintock, "Box Office Ends Year 60 Percent Behind 2019 With \$4.5B Domestically," The Hollywood Reporter (blog), January 1, 2022. <https://www.hollywoodreporter.com/business/business-news/2021-box-office-revenue-stormy-year-1235067966/>.

³¹ David Bloom, "Streaming Wars Price Tag Continues To Mount, Likely To Top \$140 Billion This Year," Forbes, accessed February 28, 2022, <https://www.forbes.com/sites/dbloom/2022/01/11/streaming-wars-price-tag-continues-to-mount-likely-to-top-140-billion-this-year/>.

FIGURE 2.13: NUMBER OF SCRIPTED ORIGINAL TELEVISION SERIES BY YEAR
2009 to 2021

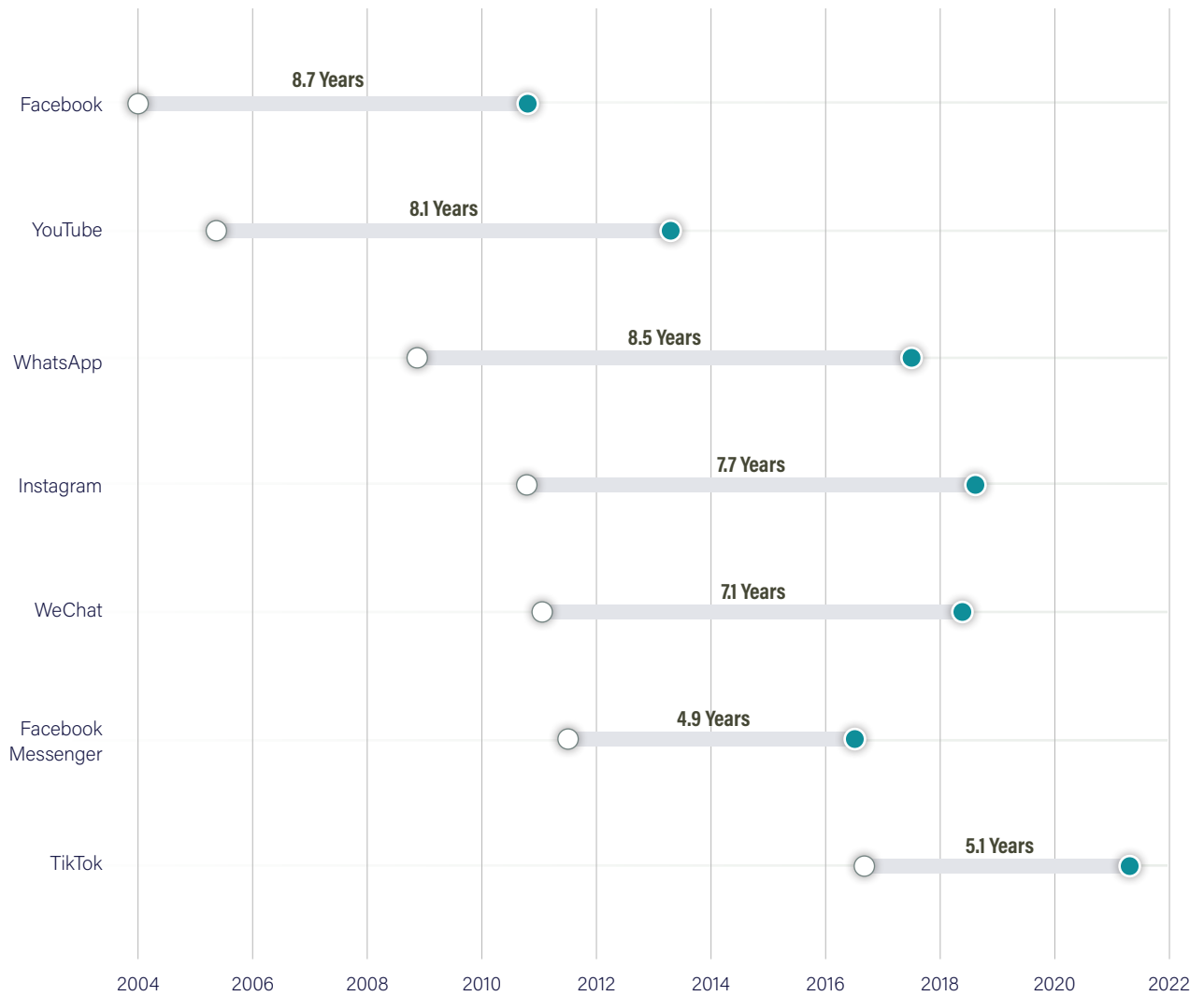


Source: FX Network Research

Employment in this sector has outpaced all others by a significant margin from 2007 to 2020, with the number of jobs doubling at the state level and increasing by over 50% at the county level. This has coincided with significant wage gains as the average salaried employee has seen wages grow by around 64% for both the state and county.

As of 2020, the average annual wages for salaried employees were around \$132,000 statewide and \$139,000 in Los Angeles County. Although this is lower than the average salary in the Entertainment and Digital Media, it is significantly higher than many other sectors which make up the creative economy. Both New York State and New York City have similar wages in this subsector.

FIGURE 2.14: TIME FROM LAUNCH TO 1 BILLION USERS FOR SELECT SOCIAL MEDIA COMPANIES
2004 to 2022



Source: Company quarterly industry filings

Independent Artists, Writers, and Performers

The Independent Artists, Writers, and Performers subsector has flourished over the past decade, both in terms of wages and employment. Average annual wages of salaried employees were by far the highest among the subsectors of Entertainment and Digital Media, with an average of roughly \$334,000 for the state and \$399,000 for Los Angeles County.

The subsector employs approximately 55,700 workers statewide and 31,940 workers in Los Angeles County, or about 6% and 11% of all employment in Entertainment and Digital Media, respectively. Employment increased by 21.4% across the state and 32.2% in the county from 2007 to 2020, trailing only the Motion Picture and Video subsector over the same period.

Digital Media

The Digital Media subsector is the largest of the seven subsectors in Entertainment and Digital Media across the state and second largest in Los Angeles County. California's Digital Media subsector employs roughly 633,250 workers, accounting for 65% of employment for Entertainment and Digital Media statewide, and 83,300 people in Los Angeles County, which is 27% of employment for Entertainment and Digital media in the county.

However, employment in this subsector has dropped by about 16% at the state and county levels from 2007 to 2020. That said, the high growth of social media companies in recent years reflects the huge potential of future employment in the subsector. TikTok, for example, which reached 1 billion users in a little over five years, has a far more rapid growth rate than platforms such as Facebook and YouTube (Figure 2.14).

Other geographic entities appear to have harnessed the digital shift to expand employment in this subsector. For instance, both New York City and New York State saw far better employment performance in Digital Media compared to California over this same period. With that said, while the industry has shed jobs, pay has more than doubled in California and Los Angeles County from 2007 to 2020. In 2020, average annual wages of salaried employees were among the highest of all subsectors in Entertainment and Digital Media, with an average of roughly \$239,000 statewide and \$179,000 in Los Angeles County.

Print Publishing employment cratered from 2007 to 2020, down by 60% in Los Angeles County and 52% across the California. By 2020, average annual wages for Print Publishing salaried employees were the lowest of all subsectors in Entertainment and Digital Media, on average around \$90,000 for the state and \$105,565 for county. Increasing digitization throughout the economy, as well as the rise of e-commerce, has placed huge downward pressure on Print Publishing employment and wages. Indeed, New York City and New York State appear to be subject to the same forces, which has led to a nearly 50% drop in employment.

Print Publishing

This subsector employs 23,454 people in California and 7,011 people in Los Angeles County – just 2% of all employment in Entertainment and Digital Media in both cases – and is the second smallest among all subsectors at both the state and county levels.





Sound Recording

From 2007 to 2020, employment in the Sound Recording subsector shrank by roughly 11% and 14% in California and Los Angeles County, respectively. With only 7,681 workers statewide and 5,558 workers in Los Angeles County, Sound Recording constitutes the smallest subsector in Entertainment and Digital Media. In 2020, average annual wages of salaried employees were among the lowest in the sector – though still high by most standards – at around \$111,000 in California and \$114,000 for Los Angeles County. Although New York City and New York State boast higher wages for this subsector, employment has fallen by a larger percentage.

Cable and Broadcasting

The Cable and Broadcasting subsector employs roughly 41,400 people in the state, or 4% of all employment in Entertainment and Digital Media, and

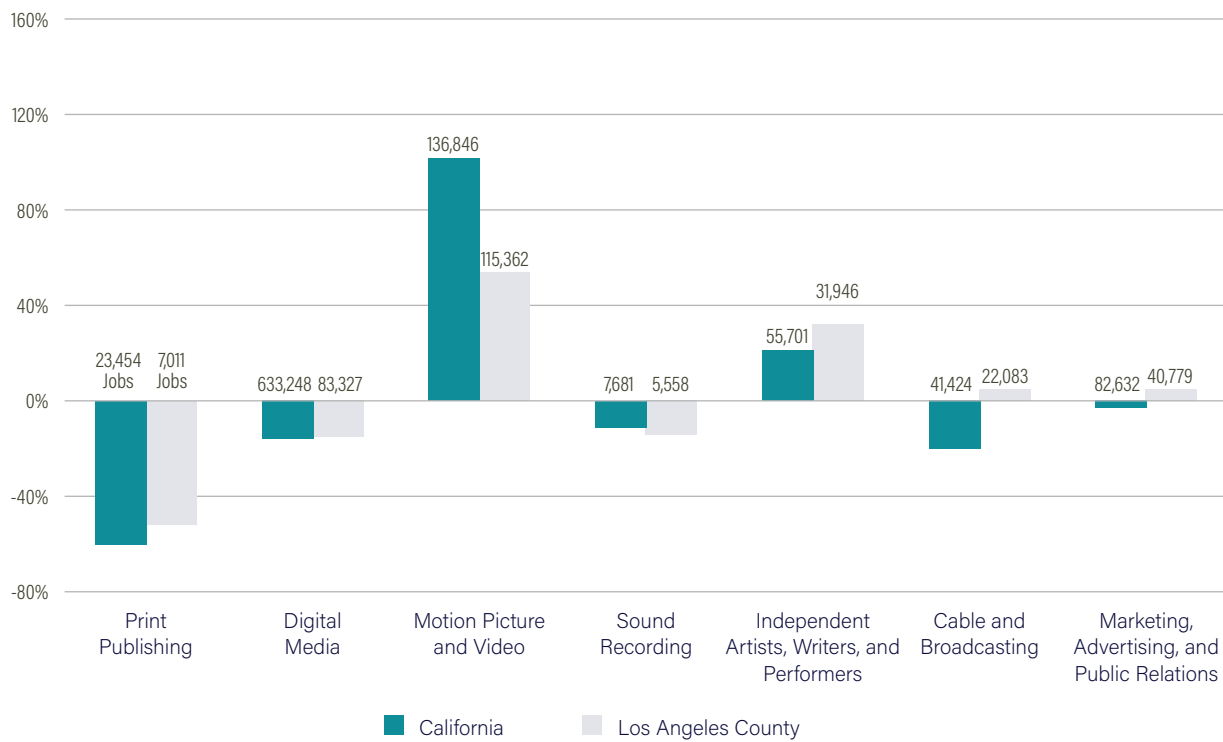
22,100 people in Los Angeles County. From 2007 to 2020, employment shrank by 20% across the state, while growing by 5% in Los Angeles County. In 2020, average annual wages of salaried employees were around \$139,000 for the state and \$171,000 for the county.

Marketing, Advertising, and Public Relations

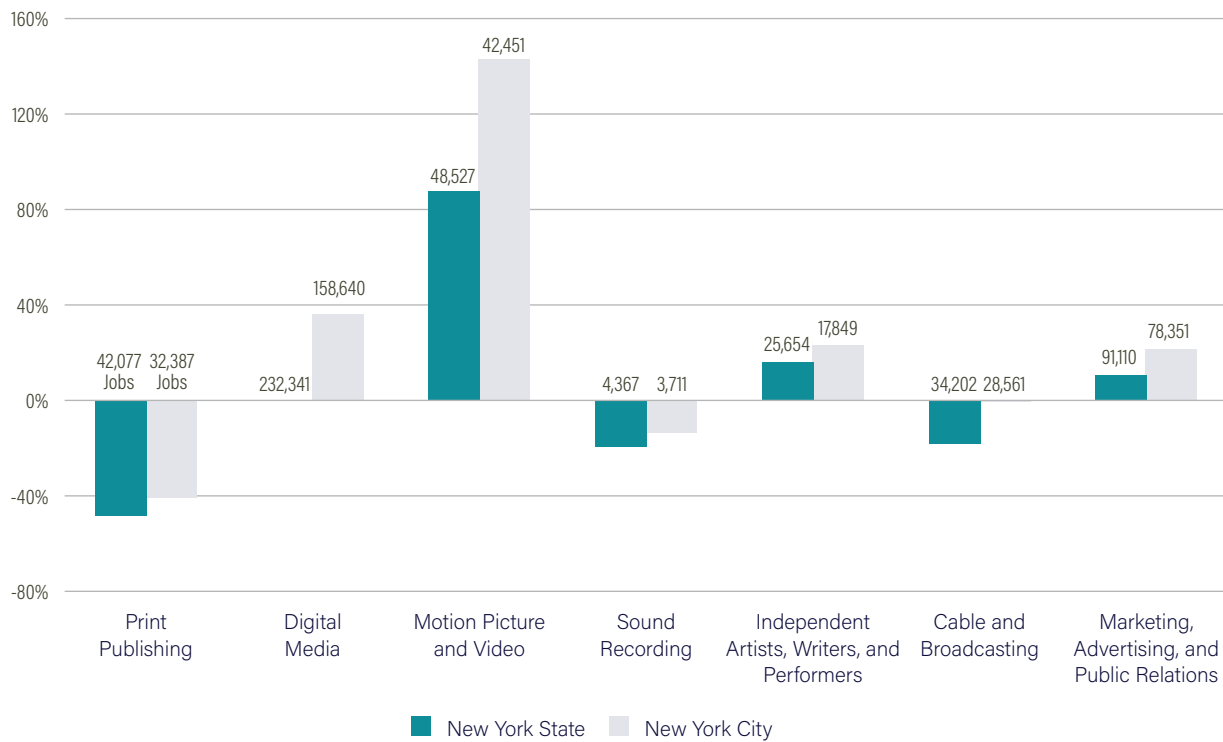
Employment in the Marketing, Advertising, and Public Relations subsector declined by 3.2% in the state to approximately 82,632 workers and grew by 4.7% to about 40,800 workers in Los Angeles County. Sluggish employment growth has coincided with slow wage growth, as wages only increased by 50% and 29% for the state and county, respectively, far lower than the Entertainment and Digital Media average. That said, salaried workers still earned roughly \$114,000 in average annual wages at both the state and county levels.

FIGURE 2.15: EMPLOYMENT GROWTH IN ENTERTAINMENT AND DIGITAL MEDIA BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



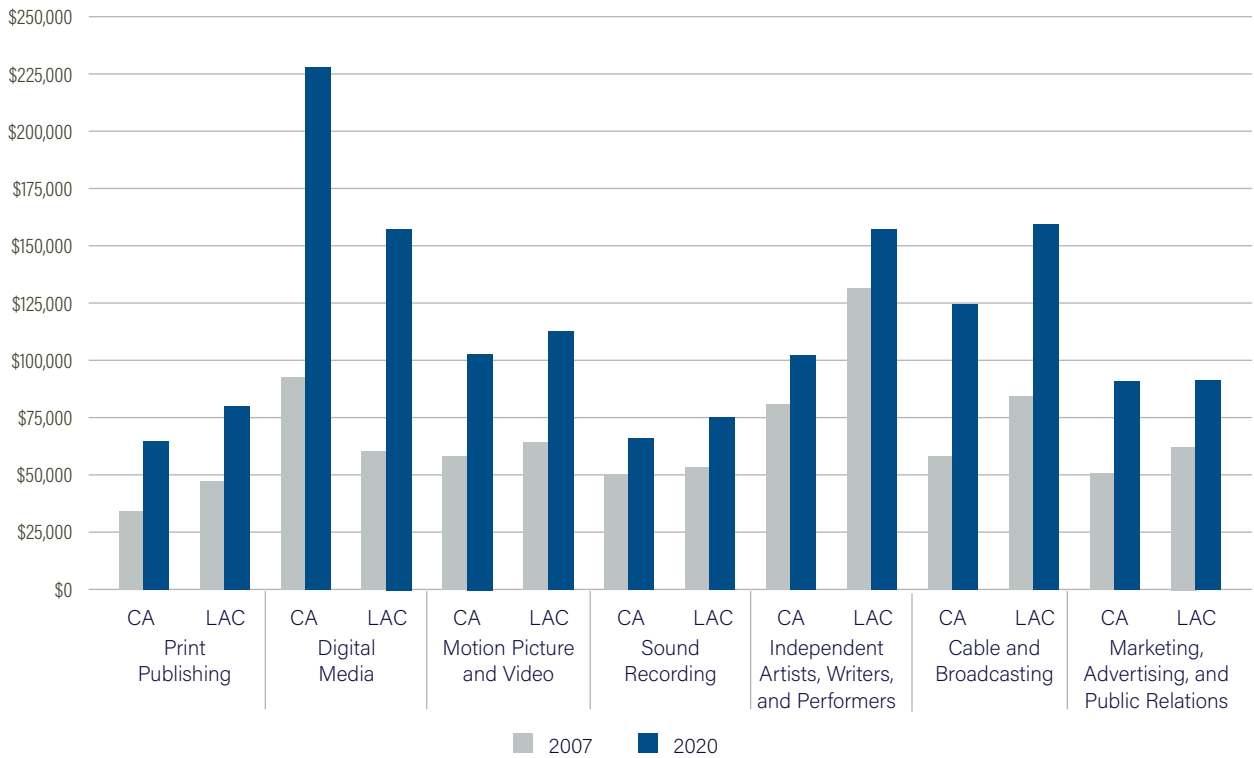
(b) New York State and New York City



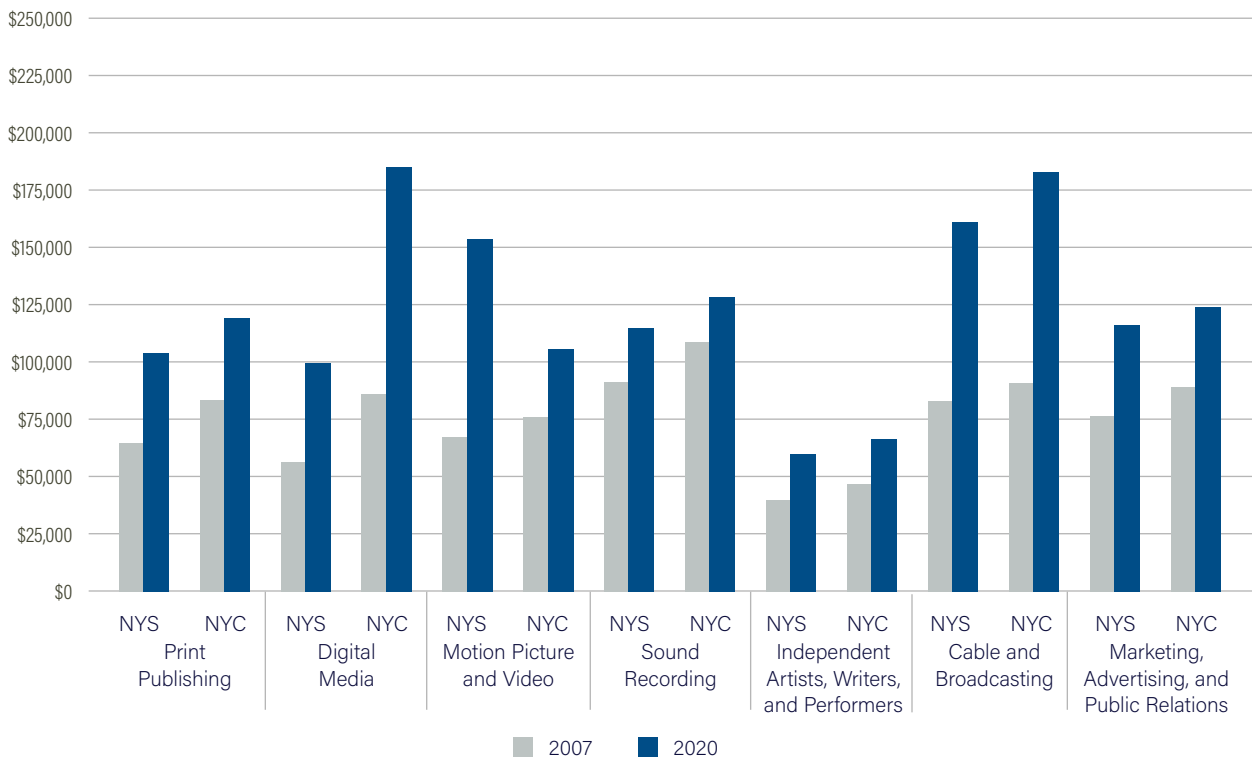
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.16: AVERAGE ANNUAL WAGES FOR ENTERTAINMENT AND DIGITAL MEDIA BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



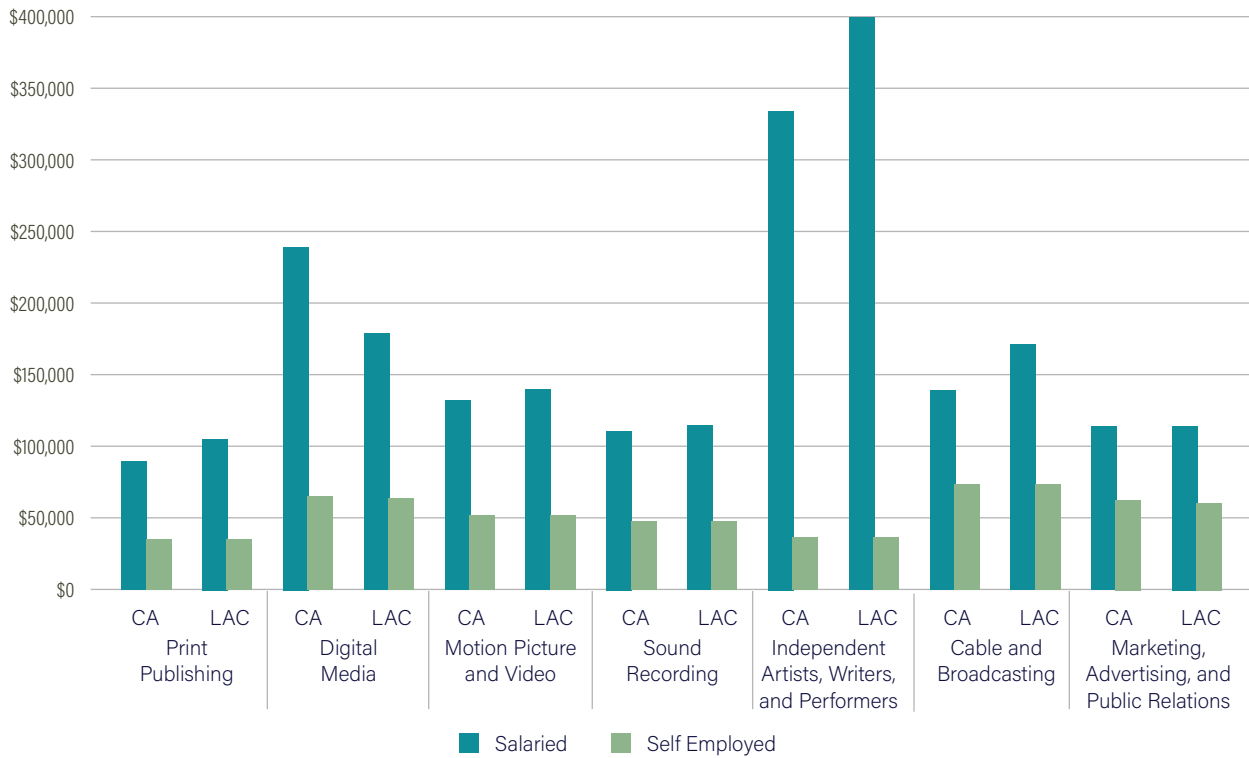
(b) New York State and New York City



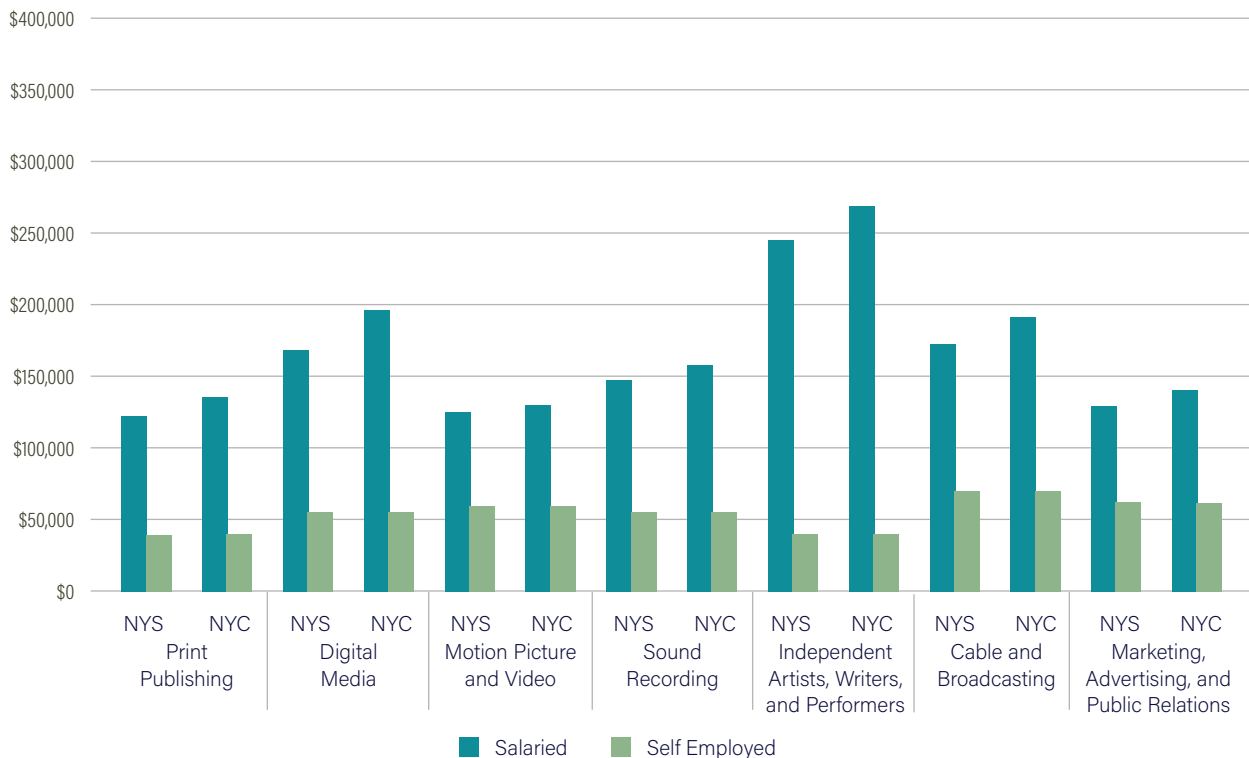
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.17: AVERAGE ANNUAL WAGES FOR ENTERTAINMENT AND DIGITAL MEDIA BY WORKER TYPE 2020

(a) California and Los Angeles County

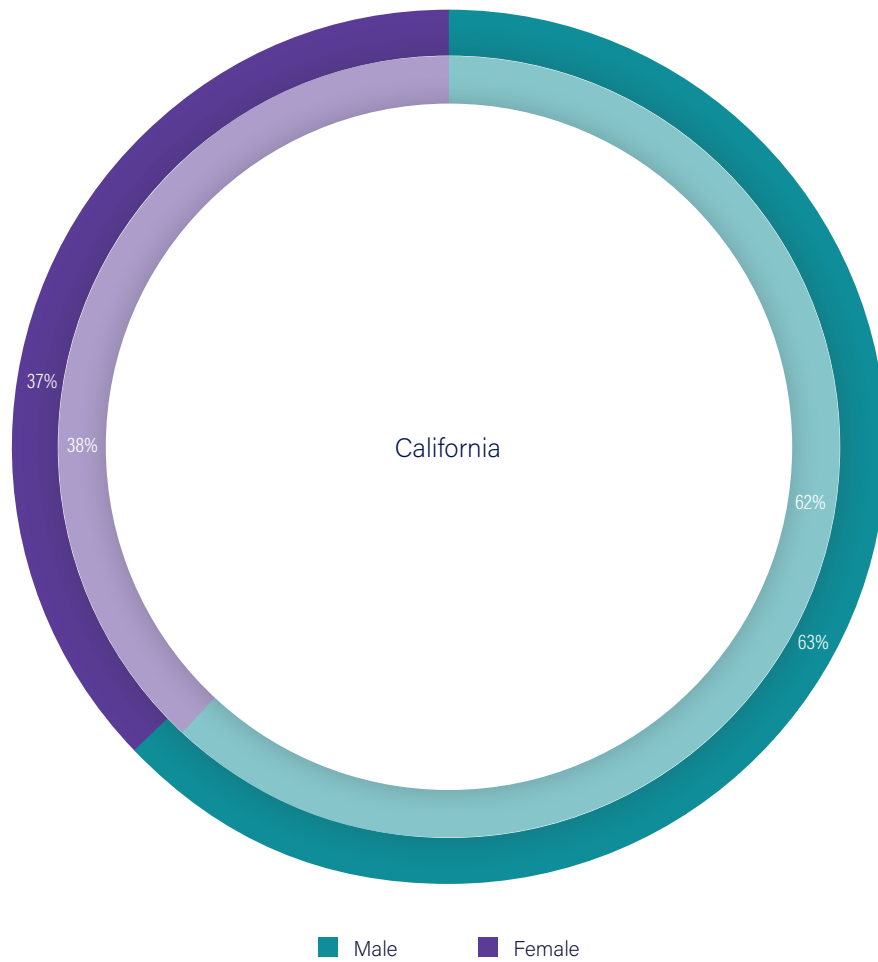


(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.18: ENTERTAINMENT AND DIGITAL MEDIA WORKFORCE BY GENDER
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: ENTERTAINMENT AND DIGITAL MEDIA



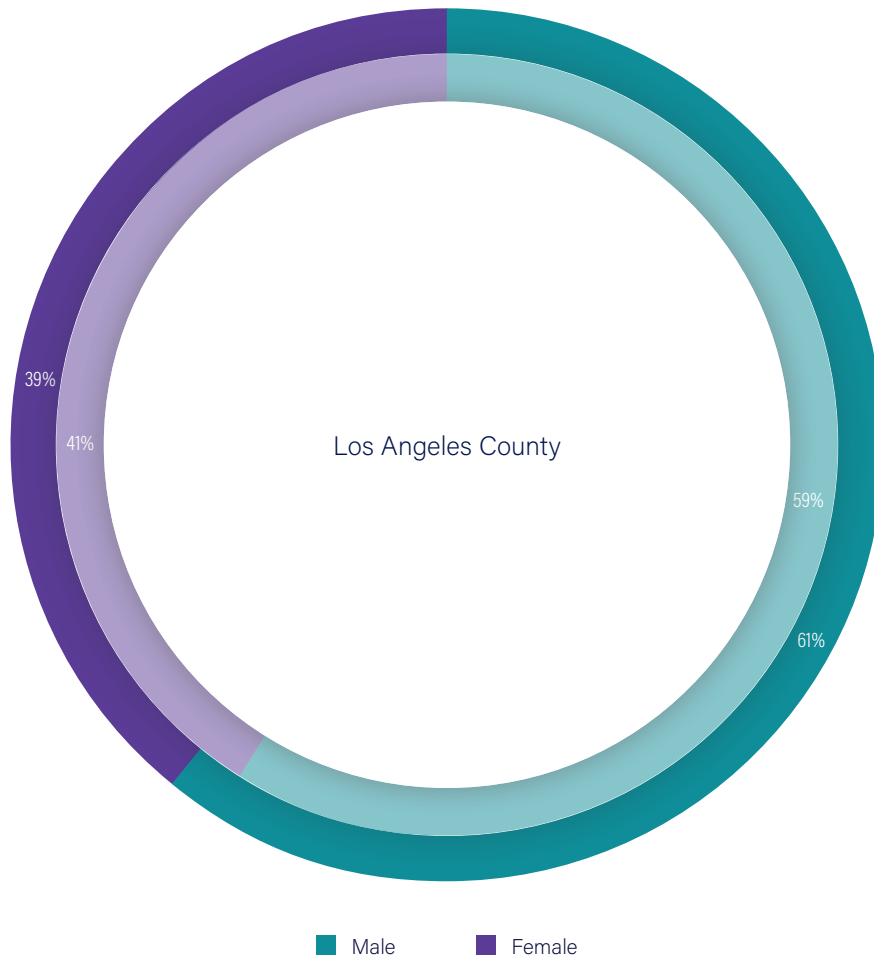
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Demographics

Women’s representation in Entertainment and Digital Media, both at the state and county level, was roughly equal to the creative economy at around 38% of the workforce. With respect to racial and ethnic inclusion, the Entertainment and Digital Media sector in Los Angeles County is less diverse on average, with white workers accounting for 60% of all employees, as

opposed to 55% in the creative economy. Hispanic or Latinx and Asian and Pacific Islander workers make up 16% and 14% of the Entertainment and Digital Media workforce, respectively. California’s economy has similar demographics to the overall creative economy, with Hispanic or Latinx and Asian and Pacific Islander representation at 13% and 27%, respectively.

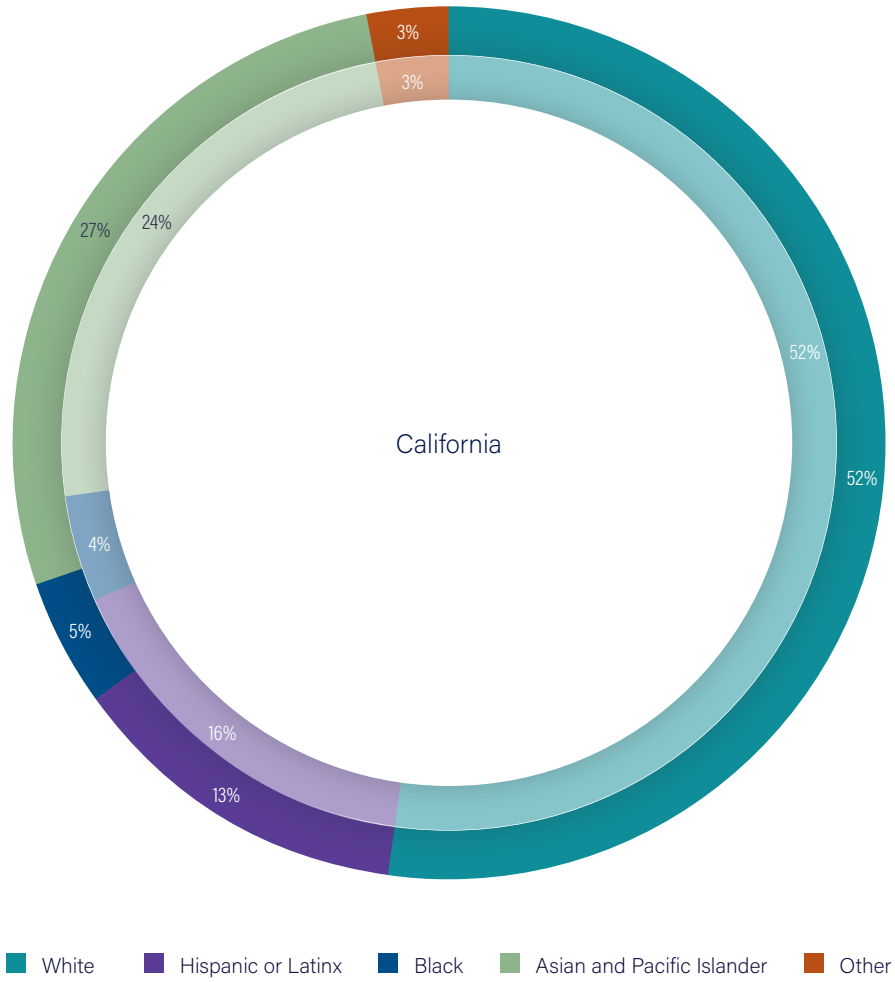
FIGURE 2.18: ENTERTAINMENT AND DIGITAL MEDIA WORKFORCE BY GENDER (continued)
2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: ENTERTAINMENT AND DIGITAL MEDIA



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



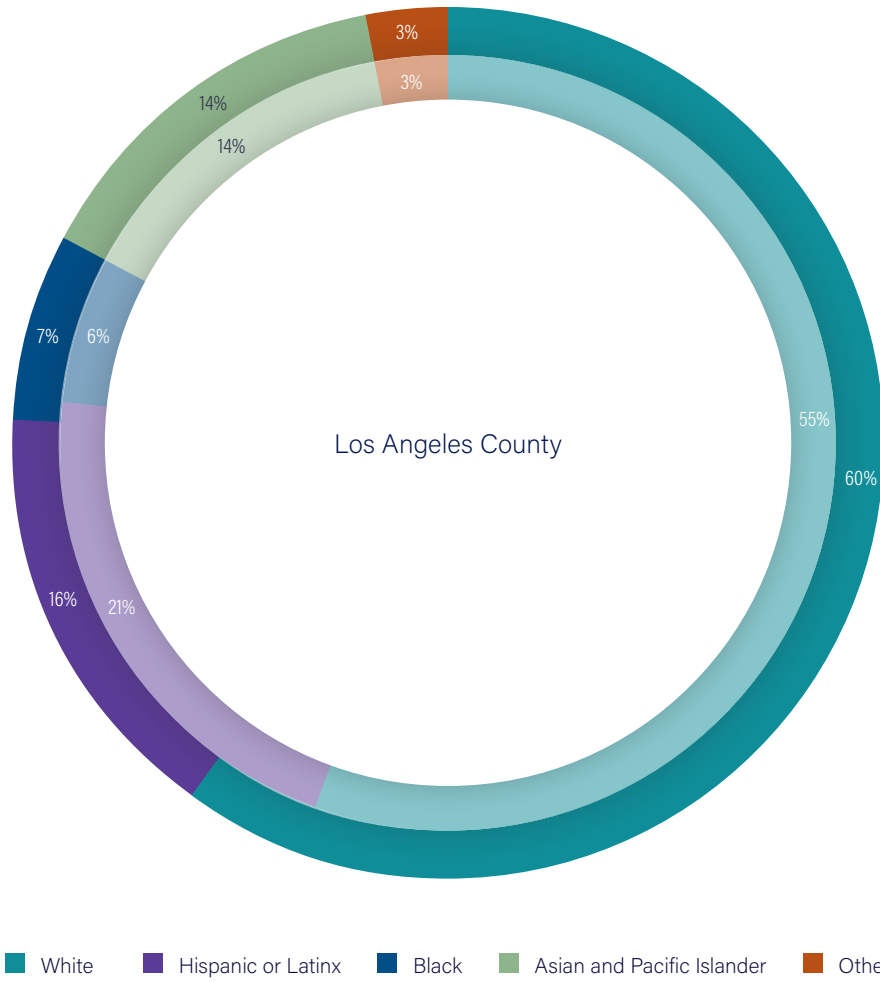
FIGURE 2.19: ENTERTAINMENT AND DIGITAL MEDIA WORKFORCE BY RACE/ETHNICITY
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: ENTERTAINMENT AND DIGITAL MEDIA



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

PART 2

FIGURE 2.19: ENTERTAINMENT AND DIGITAL MEDIA WORKFORCE BY RACE/ETHNICITY (continued)
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: ENTERTAINMENT AND DIGITAL MEDIA



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Economic Impact Analysis

TABLE 2.8: ECONOMIC IMPACT OF THE ENTERTAINMENT AND DIGITAL MEDIA SECTOR IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	981,332 Jobs	988,282 Jobs	1.2 Million Jobs	3.2 Million Jobs
Labor Income	\$182.5 Billion	\$94.4 Billion	\$80.8 Billion	\$357.8 Billion
Gross Value Added	\$311.7 Billion	\$143.0 Billion	\$144.7 Billion	\$599.4 Billion
Tax Revenue	-	-	-	\$107.2 Billion

TABLE 2.9: ECONOMIC IMPACT OF THE ENTERTAINMENT AND DIGITAL MEDIA SECTOR IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	306,260 Jobs	240,490 Jobs	225,743 Jobs	772,493 Jobs
Labor Income	\$42.3 Billion	\$21.6 Billion	\$14.5 Billion	\$78.4 Billion
Gross Value Add	\$77.5 Billion	\$34.1 Billion	\$26.0 Billion	\$137.6 Billion
Tax Revenue	-	-	-	\$23.4 Billion

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.





2.2: FINE AND PERFORMING ARTS

The Fine and Performing Arts sector went from one of the fastest growing sectors in the creative economy prior to the pandemic to the one most affected. Shuttered concert venues, exhibition spaces, and other cultural centers prompted a roughly 20% drop in employment in both Los Angeles County and California between 2019 and 2020, reversing what had been a tremendous rebound from the Great Recession. The increase in Fine and Performing Arts jobs from 2010 to 2019 – at rates of 33.2% in California and 45.2% in Los Angeles County – far outpaced the growth rates among the other four creative industries (Figure 2.23).

Los Angeles County accounts for nearly 40% of California's 76,500 jobs in the Fine and Performing Arts subsector, and employment patterns between the two geographies tend to mirror each other as a result. In both cases, self-employed workers make up about 37% of the industry workforce – the highest proportion among all five sectors – which largely explains why the statewide industry average annual wages of \$52,861 falls so far below the \$120,920 creative economy average. Self-employed workers in the California and Los Angeles County Fine and Performing Arts

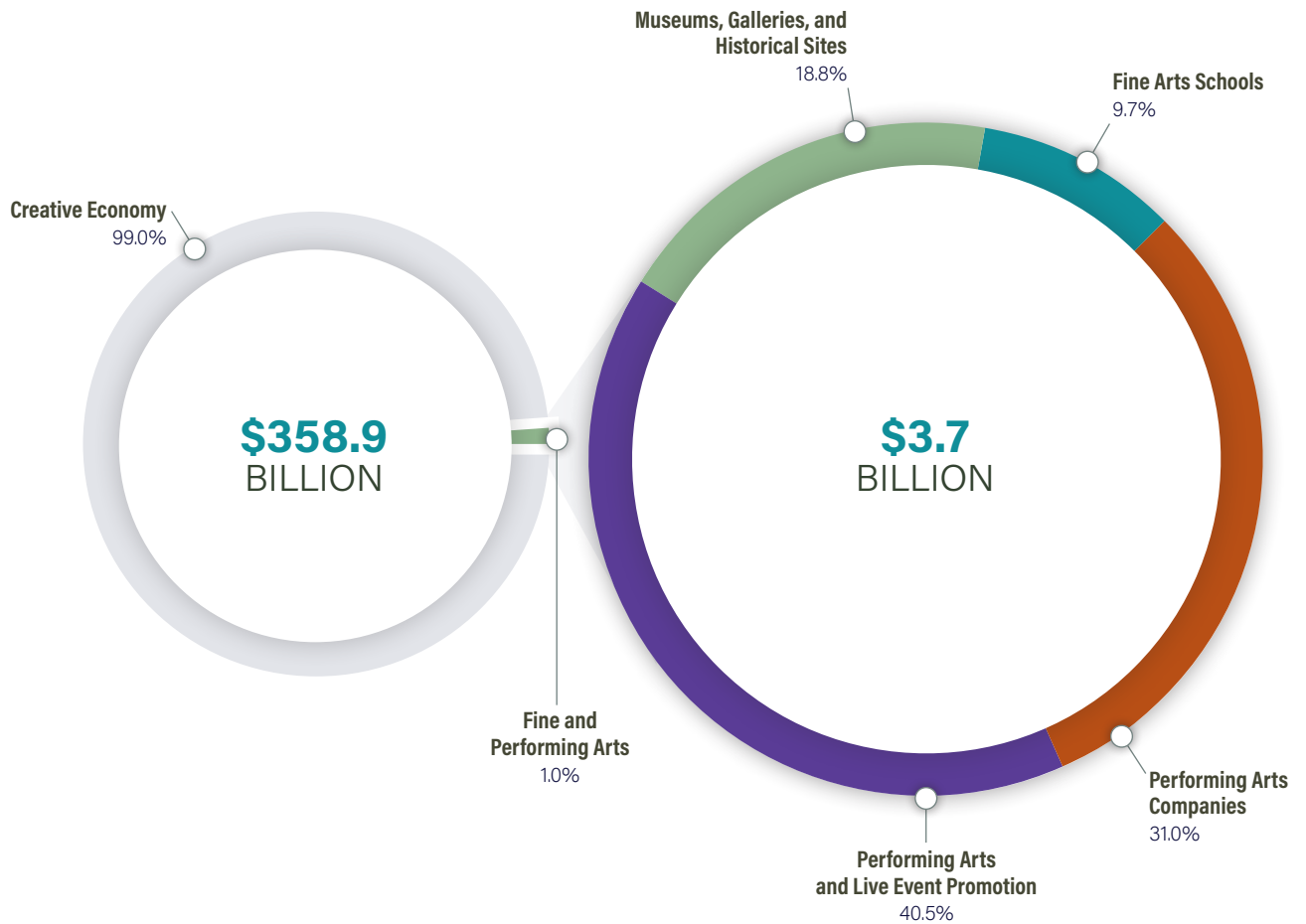
subsector earn nearly the same amount – \$36,200 and \$36,928, respectively – which partially offsets the higher wages for salaried workers. But with an annual average wage of \$91,488, salaried workers in Los Angeles County make 44% more than their California counterparts. Los Angeles County also has a greater concentration of workers in the industry's top occupations, especially in the creative arts.

California and Los Angeles County emerged from the Great Recession at similar growth rates through 2013, at which point employment in Los Angeles County's Fine and Performing Arts sector began a meteoric rise – in a marked contrast to the broader local creative economy – that peaked in 2019 at levels 38% higher than in 2007. This period coincided with a so-called “cultural boom” across the county that included a growing list of new museums, like The Broad, and galleries, like Hauser and Wirth, as well as the increasing profile of institutions like the Los Angeles Philharmonic.^{32 33} These trends were largely mirrored in New York State, though the fact that New York City is home to nearly two-thirds of the state's Fine and Performing Arts jobs means that industry employment trends between the city and state track closely.

³² Edgers, Geoff. “Los Angeles Cultural Boom Gives City's Artists Spaces They Can Call Home.” The Guardian, October 25, 2014. <https://www.theguardian.com/artanddesign/2014/oct/25/los-angeles-cultural-boom-artists>.

³³ Miranda, Carolina. “NEA Study Explains Financial Effect of the Arts Nationally – and California's Huge Cultural Economy.” Los Angeles Times. Los Angeles Times, April 19, 2017. <https://www.latimes.com/entertainment/arts/miranda/la-et-cam-nea-bea-cultural-production-study-20170419-story.html>.

FIGURE 2.20: FINE AND PERFORMING ARTS DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA'S CREATIVE ECONOMY GROSS REGIONAL PRODUCT 2020



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

THE DIGITAL DIVIDE

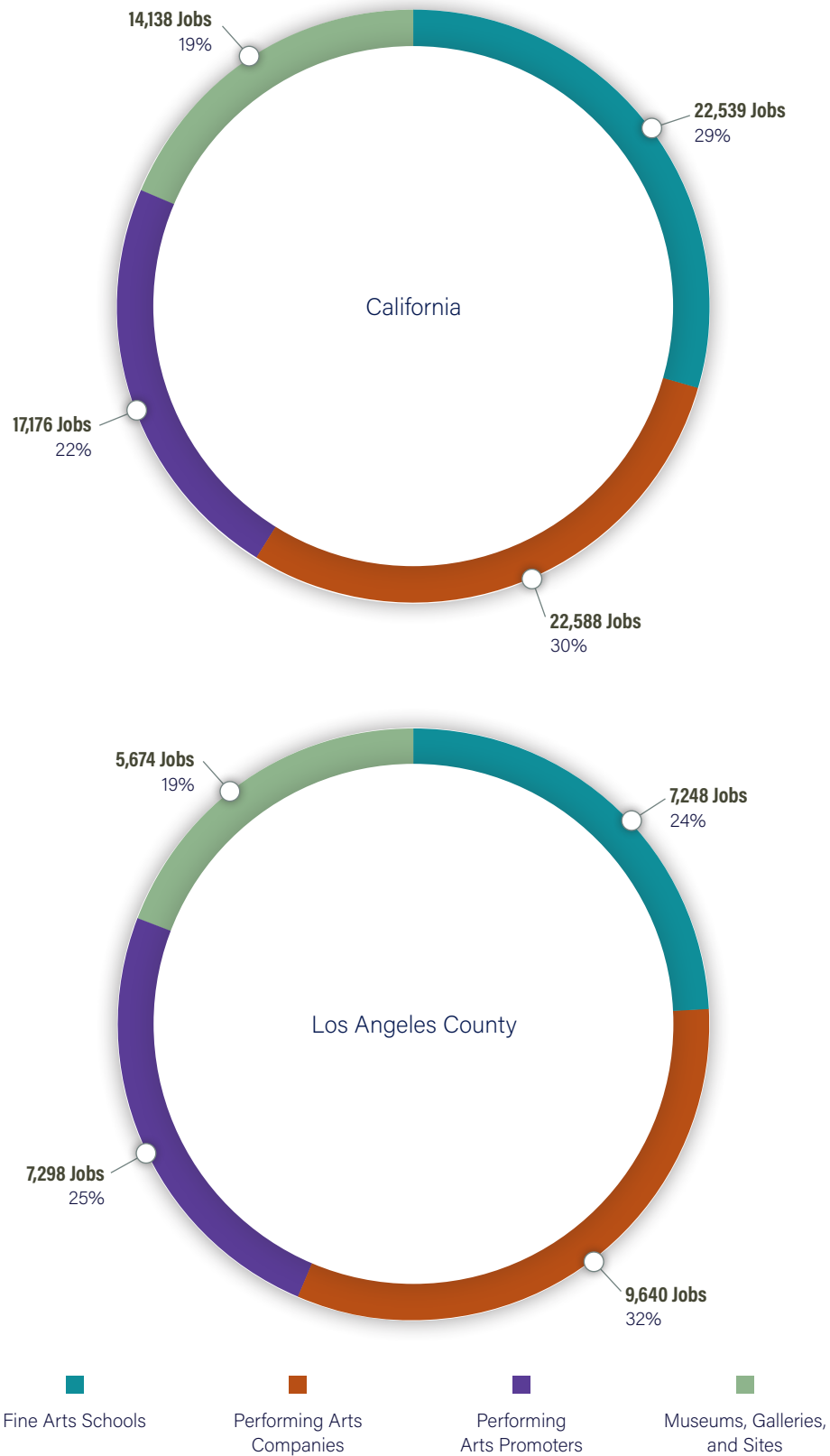
The transition to online business models during the economic shutdown yielded mixed results in the Fine and Performing Arts sector, where established institutions and name brand artists were more likely to benefit compared to smaller organizations and independent artists. New York's 92nd Street Y, for example, extended its audience from 300,000 annual in-person attendees prior to the pandemic to over four million via livestream in 2020.³⁴ By contrast, the hundreds of small nonprofit theaters in Los Angeles – of which only 6% have budgets over \$1 million – lacked the ability to launch virtual programming and may not fully recover for another three to five years.³⁵ This industry digital divide also arises between larger museums, galleries, and auction houses that already have advanced systems in place compared to smaller ones that do not have the resources to digitize their collections and exhibitions over a matter of months.³⁶

³⁴Yahr, Emily. "The Pandemic Forced Live Events to Go Virtual. It May Change Access to Entertainment Forever." The Washington Post, January 14, 2021. <https://www.washingtonpost.com/road-to-recovery/2021/01/12/pandemic-entertainment-changes/>.

³⁵Nagourney, Adam. "Emerging from Covid, Small Theaters in Los Angeles Face a New Challenge." The New York Times. July 12, 2021. <https://www.nytimes.com/2021/07/12/theater/los-angeles-theater-coronavirus.html>.

³⁶Alexander, Maria. "Digitization in Frame: Bright Spots in a Bleak Industry." Cornell Business Review. June 1, 2021. <http://www.thecornellbusinessreview.com/articles-2/digitization-in-frame>.

FIGURE 2.21: FINE AND PERFORMING ARTS EMPLOYMENT SHARE BY SUBSECTOR
2020

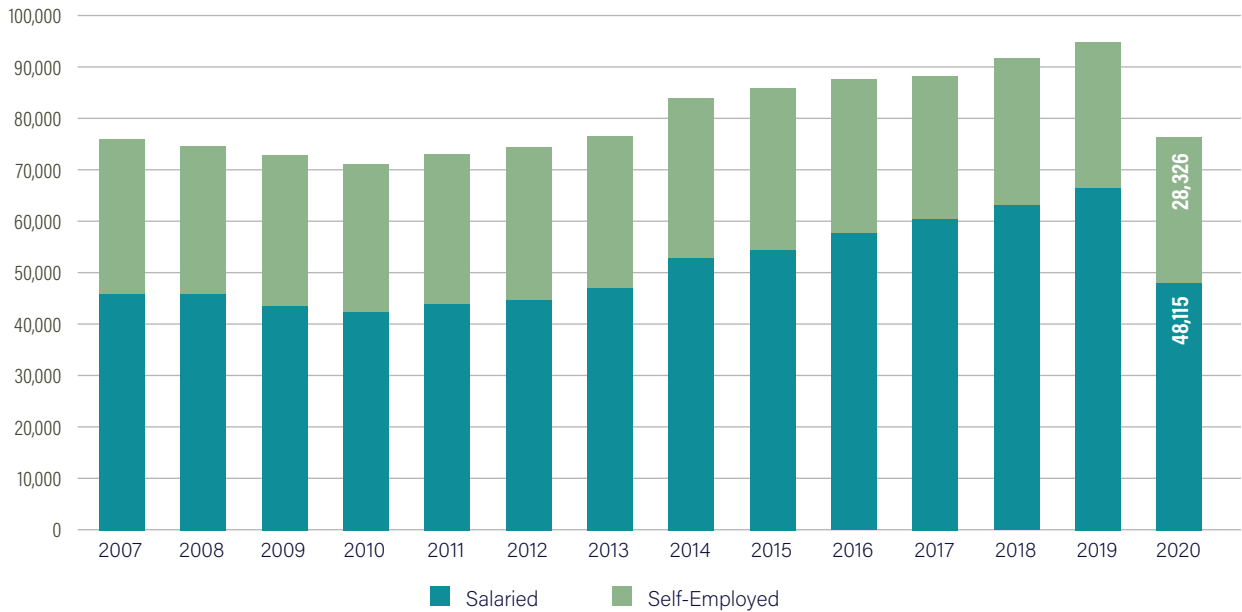


Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages



FIGURE 2.22: FINE AND PERFORMING ARTS EMPLOYMENT BY WORKER TYPE
2007 to 2020

(a) California



	2016	2017	2018	2019	2020
Number of Jobs	87,828	88,217	91,879	94,820	76,442
Salaried	57,716	60,559	63,157	66,494	48,115
Self-Employed	30,112	27,659	28,722	28,325	28,326
Share of Self-Employed	34.3%	31.4%	31.3%	29.9%	37.1%
1-Year Change	-	0.4%	4.2%	3.2%	-19.4%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.10: SELECT OCCUPATIONS IN THE FINE AND PERFORMING ARTS SECTOR

(a) California

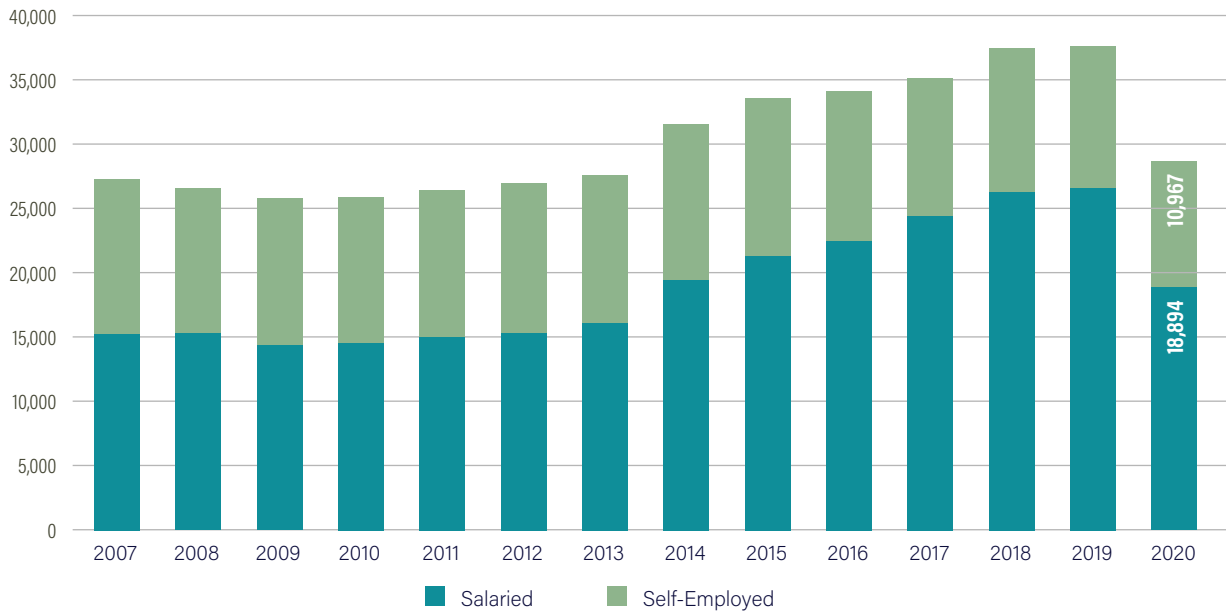
	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Sector (2020)
Teachers and Instructors *	14,912	6,608	80.0%	16.6%
Musicians, Singers, and Related Workers	8,092	-1,410	-14.8%	9.0%
Artists and Related Workers	3,490	-1,966	-36.0%	3.9%
Actors, Producers, and Directors	2,165	-1,349	-38.4%	2.4%
Writers and Editors	1,968	-2,361	-54.5%	2.2%
Archivists, Curators, and Museum Technicians	1,109	370	50.1%	1.2%

* "Teachers and Instructors" include the following 4-digit Standard Occupational Classification categories: Self-Enrichment Teachers, Postsecondary Teachers, and Miscellaneous Teachers and Instructors

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.22: FINE AND PERFORMING ARTS EMPLOYMENT BY WORKER TYPE (continued)
2007 to 2020

(b) Los Angeles County



	2016	2017	2018	2019	2020
Number of Jobs	34,094	35,204	37,520	37,640	29,861
Salaried	22,502	24,419	26,300	26,628	18,894
Self-Employed	11,592	10,785	11,220	11,012	10,967
Share of Self-Employed	34.0%	30.6%	29.9%	29.3%	36.7%
1-Year Change	-	3.3%	6.6%	0.3%	-20.7%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.10: SELECT OCCUPATIONS IN THE FINE AND PERFORMING ARTS SECTOR (continued)

(b) Los Angeles County

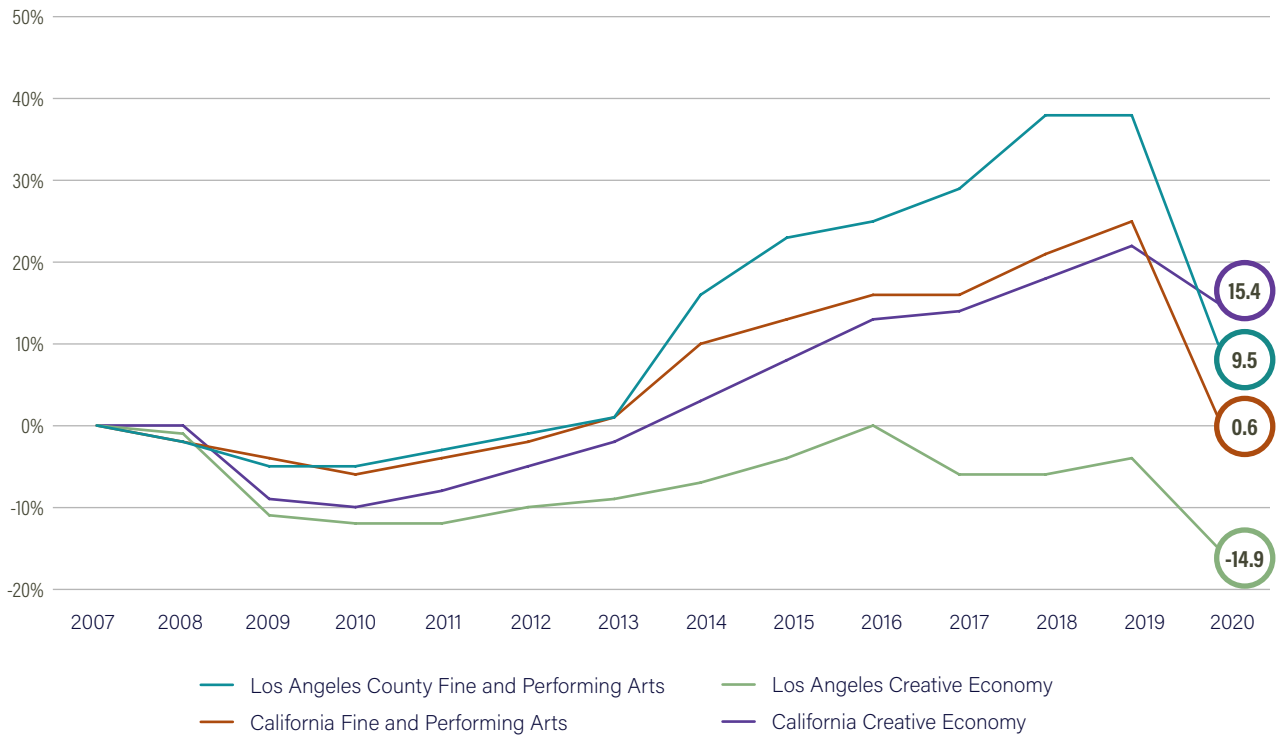
	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Sector (2020)
Teachers and Instructors *	4,853	2,276	113.2%	16.8%
Musicians, Singers, and Related Workers	3,660	-277	-7.0%	12.7%
Artists and Related Workers	1,500	-886	-37.1%	5.2%
Actors, Producers, and Directors	907	-512	-36.1%	3.1%
Writers and Editors	864	-1,059	-55.1%	3.0%
Archivists, Curators, and Museum Technicians	552	210	61.3%	1.9%

* "Teachers and Instructors" include the following 4-digit Standard Occupational Classification categories: Self-Enrichment Teachers, Postsecondary Teachers, and Miscellaneous Teachers and Instructors

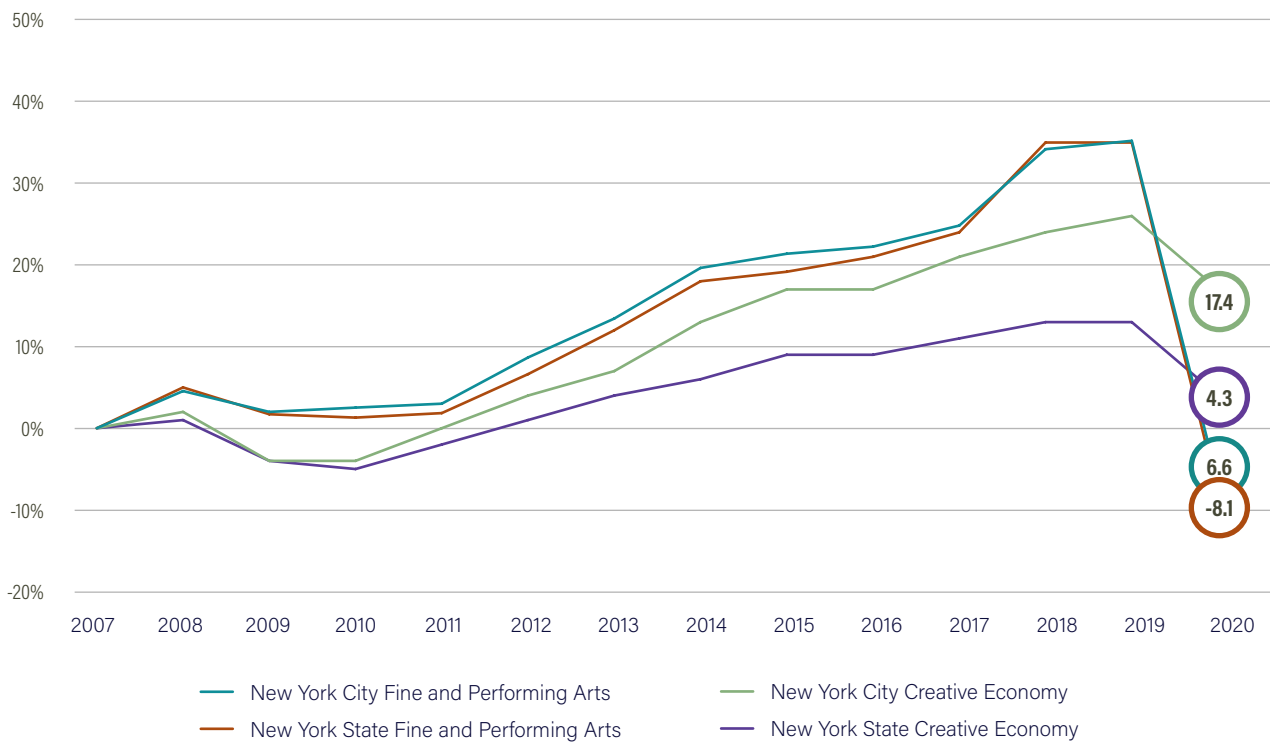
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.23: RELATIVE CHANGE IN FINE AND PERFORMING ARTS EMPLOYMENT
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Subsector Analysis

The Fine and Performing Arts sector includes four subsectors – Fine Arts Schools; Performing Arts Companies; Performing Arts and Live Event Promotion; and Museums, Galleries, and Historical Sites – and accounts for a larger share of the creative economy in Los Angeles County (6.9%) than in California (5.6%). Although the workers in the Museum, Galleries, and Historical Sites subsector make up about 19% of the workforce in both geographies, Los Angeles has a slightly higher concentration of workers than California in Performing Arts Companies (32.3% versus 29.5%) and Performing Arts and Live Event Promoters (24.4% versus 22.5%) and significantly lower concentration in Fine Art Schools, (4.3% versus 29.5%).

Fine Arts Schools

Employment growth for Fine Arts Schools in California and Los Angeles County outperformed the other subsectors – with the exception of Performing Arts and Live Event Promotion in Los Angeles – between 2007 and 2020 by a wide margin. This trend occurred in New York as well, though California's approximately 22,500 subsector jobs – 7,250 of which are located in Los Angeles County – are distributed across MFA programs that span the state, whereas New York State's roughly 14,500 jobs are concentrated in the New York City academic ecosystem, which has about 7,800 workers.

Average annual wages in California and Los Angeles County are among the lowest in the creative economy overall at \$25,442 and \$28,783, respectively, though the state's 14% wage growth outpaced Los Angeles County's 4% increase between 2007 and 2020. The difference in average annual wages between salaried and self-employed workers in California isn't as great compared to the other industry subsectors, and self-employed workers actually make slightly more than full- and part-time workers at \$27,768 versus \$24,235, respectively. In contrast, their Los Angeles County counterparts earn about \$1,500 less annually than salaried Fine Arts Schools staff and faculty, who on average make \$29,229 or 3% less than what their wages were in 2007.



Performing Arts Companies

Musicians, dancers, theater, and other related groups shouldered the worst of the pandemic's effects on the Fine and Performing Arts sector. Although still the largest of the four subsectors with nearly 22,600 workers in California and approximately 9,600 workers in Los Angeles County, employment between 2007 and 2020 dropped by 23.5% and 18.8%, respectively, with Performing Arts Companies in New York faring even worse.

At \$63,027, average annual wages for workers in California's Performing Arts Companies pale in comparison to the \$89,719 earned on average in Los Angeles County, though the state experienced more robust growth between 2007 and 2020 at 16% versus 6%. Salaried workers in the Performing Arts Companies subsector, whether in California or Los Angeles County, make over six figures on average, while the self-employed earn only around \$38,000 a year.³⁷

Performing Arts and Live Event Promotion

Although California and Los Angeles County experienced net employment gains in the Performing Arts and Live Event Promotion between 2007 and 2020, the subsector shed over 7,750 jobs statewide in the months after the onset of COVID-19. Los Angeles County's explosive growth in the subsector, which peaked at around 11,400 workers in 2019, is credited to the rise of companies like Goldenvoice and Live Nation, which owns Ticketmaster, and the proliferation of festivals nationwide in recent years.^{38,39} The cascading effects of venue closures hurt the subsector in New York State and New York City, where employment contracted below 2007 levels by 9.2% and 6.7%, respectively.

Average annual wages actually increased between 2019 and 2020 to \$74,115 in California and \$96,209 in Los Angeles County, which may reflect layoffs of lower level, low-wage workers and a consequently higher share of high-wage executives.⁴⁰ Salaried workers in California experienced a 171% growth in average annual wages between 2007 and 2020, primarily due to the 107% wage growth in Los Angeles County where salaried workers earned almost \$69,000 more on average. Wages in New York were more modest, though self-employed workers enjoyed higher wage growth than salaried workers over the same period.

Museums, Galleries, and Historical Sites

Employment in the Museums, Galleries, and Historical Sites subsector moved in opposite directions in California, which declined by 8.5% from 2007 levels, and Los Angeles County, which increased by 2.3%. That is not to say the subsector has been resilient in Los Angeles County, which shed over 1,200 jobs, or a third of all Museum, Galleries, and Historical Sites jobs statewide, between 2019 and 2020. This 17.7% drop was in line with New York City's 16.7% decrease in employment over the same period, though California lost a larger share of jobs, at 21.1%, compared to New York State, at 18%.

New York City's roughly 12,600 strong workforce is not only twice as large as Los Angeles County's, which is close to 5,700 workers, but its workers are better compensated; the same holds true at the state level, though New York only has around 2,600 more subsector employees compared to California. Average annual wages for California and Los Angeles County are \$54,511 and \$60,562, respectively, and New York City wages, at \$84,665, are similarly higher than the New York State average of \$73,365. And although self-employed earnings are comparable across all four geographies, hovering between roughly \$37,000 and \$39,000 per year, the self-employed earnings in New York State and New York City grew at far faster rates – 63.2% and 60.6% – compared to California and Los Angeles to reach parity.

³⁷ Musicians comprise the largest share of subsector occupations, 27.0% in Los Angeles County and 28.9% statewide, and high-profile talent may have an outsized impact on the wage averages.

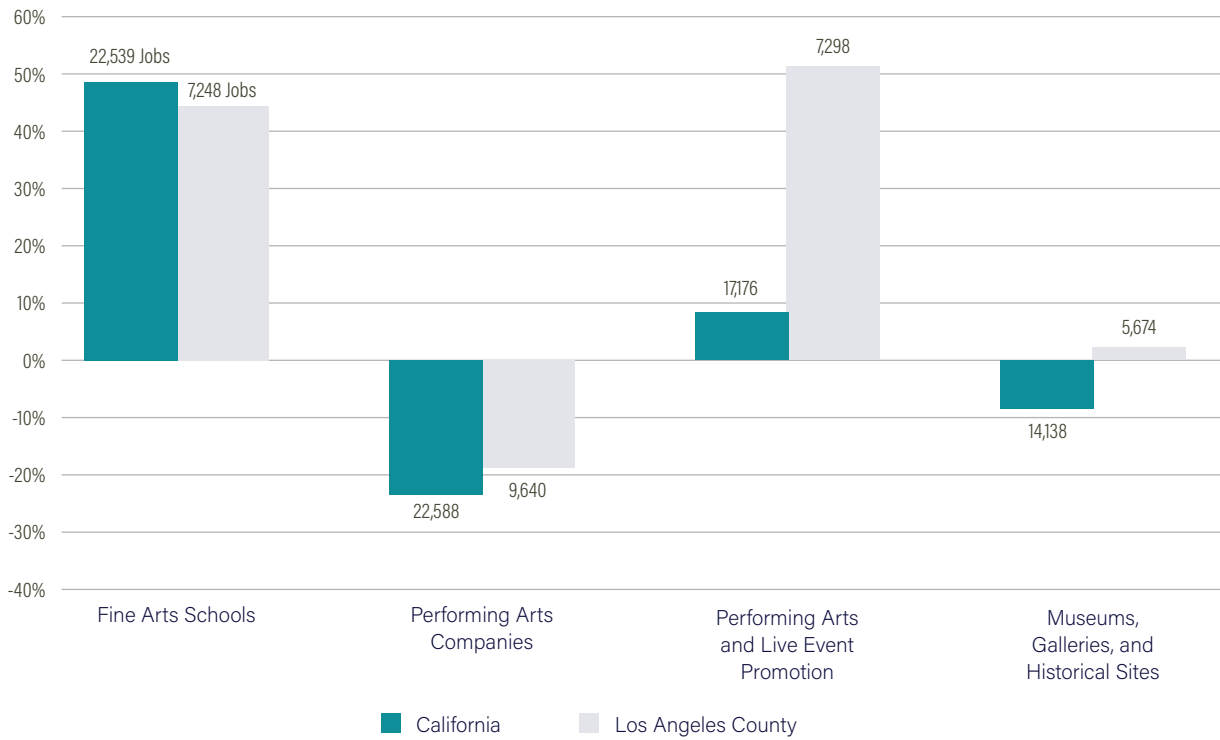
³⁸ Zarczynski, Andrea. "Live Nation Announces Ninth Year of Consecutive Growth - Will the Trend Continue?" *Forbes*. March 2, 2020. <https://www.forbes.com/sites/andreazarczynski/2020/03/02/live-nation-announces-ninth-year-of-consecutive-growthwill-the-trend-continue/?sh=2a5fdf003113>.

³⁹ Gajanan, Mahita. "How Music Festivals Became Such a Big Business." *Time*. August 14, 2019. <https://time.com/5651255/business-of-music-festivals/>.

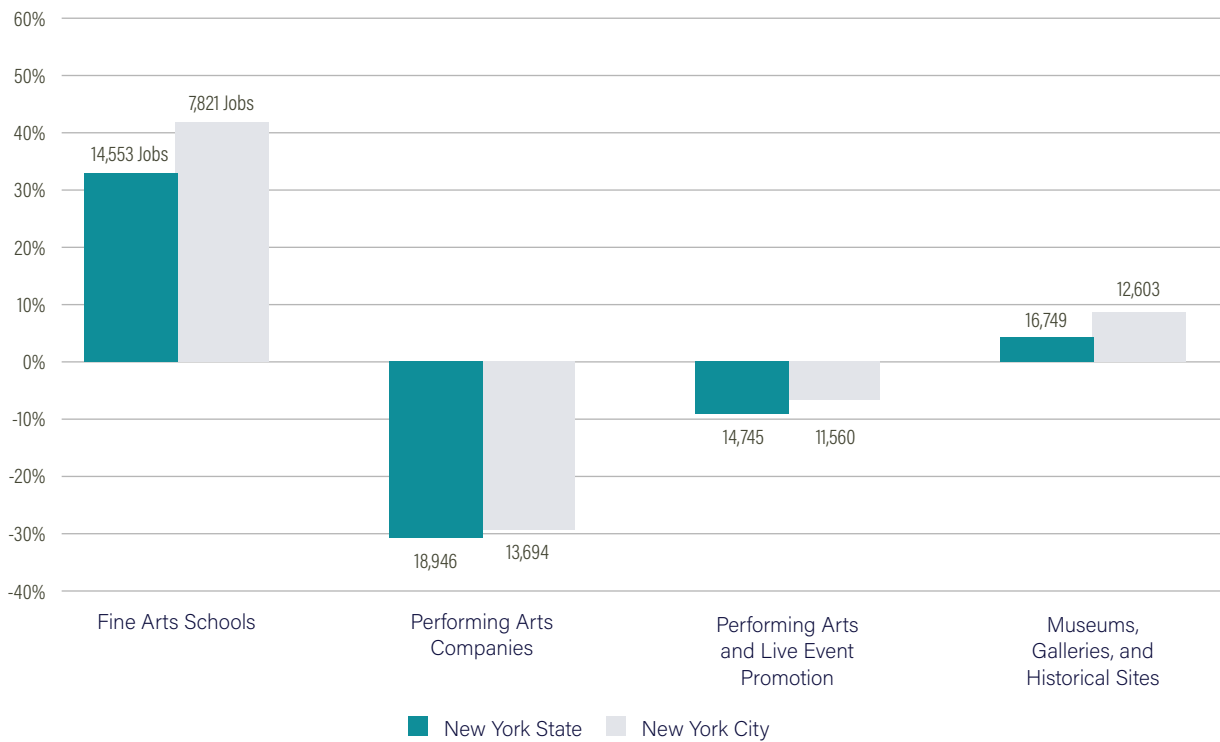
⁴⁰ Aswad, Jem. "Live Nation CEO Michael Rapino Gave up His Salary for Less than Two Months in 2020, Earned \$1.89 Million." *Variety*, April 30, 2021. <https://variety.com/2021/music/news/live-nation-ceo-michael-rapino-salary-less-than-two-months-1234962673/>.

FIGURE 2.24: EMPLOYMENT CHANGE IN FINE AND PERFORMING ARTS BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



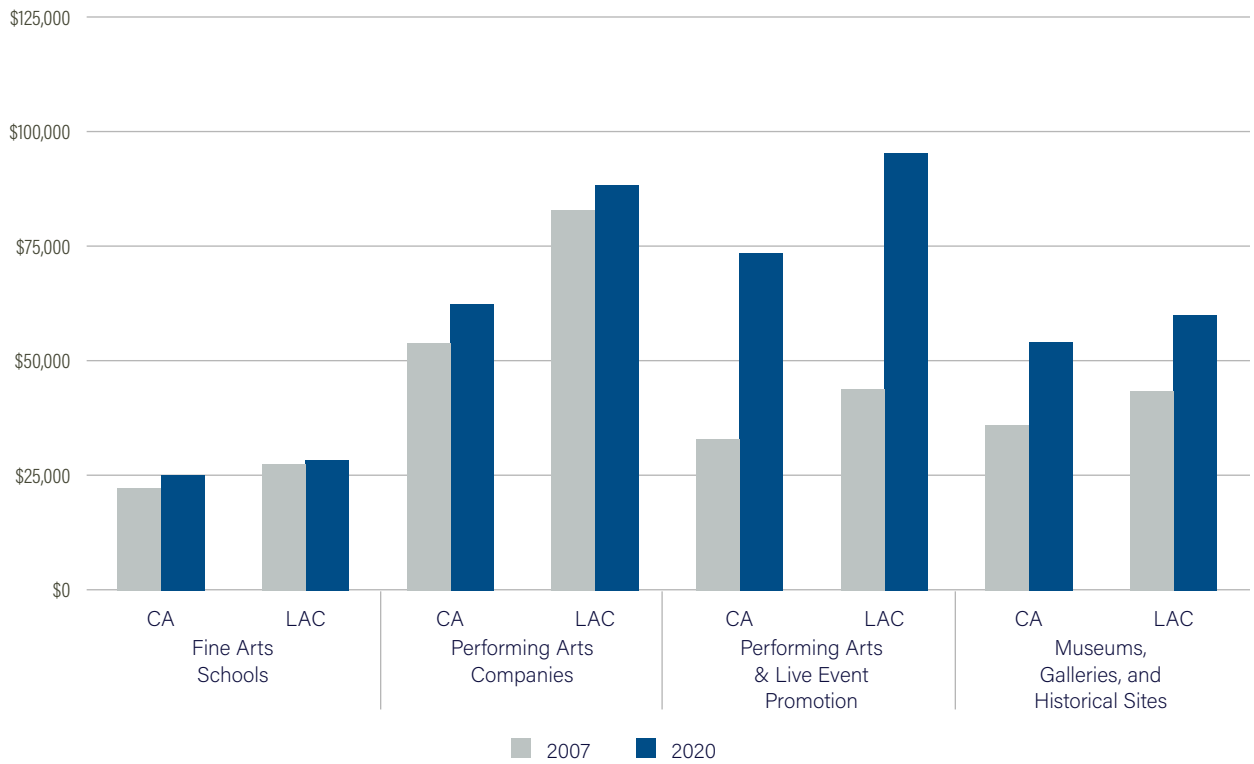
(b) New York State and New York City



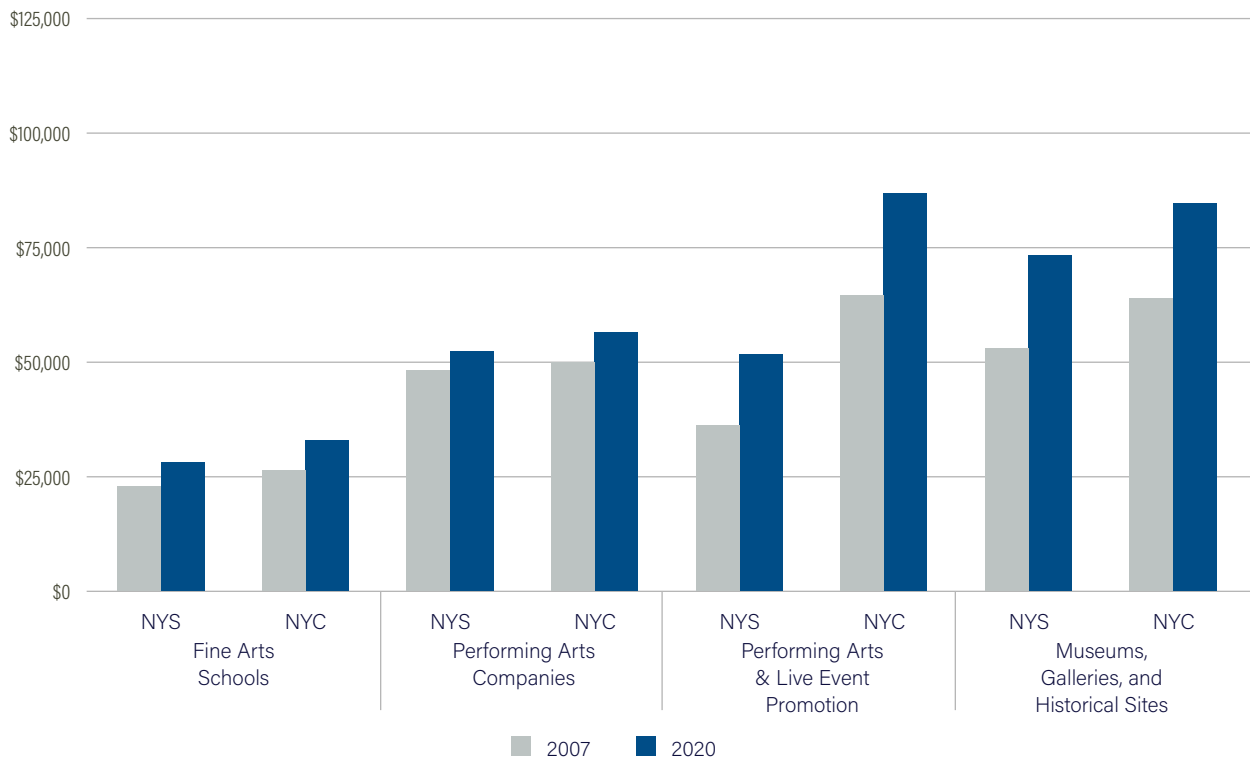
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 2.25: AVERAGE ANNUAL WAGES FOR FINE AND PERFORMING ARTS BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



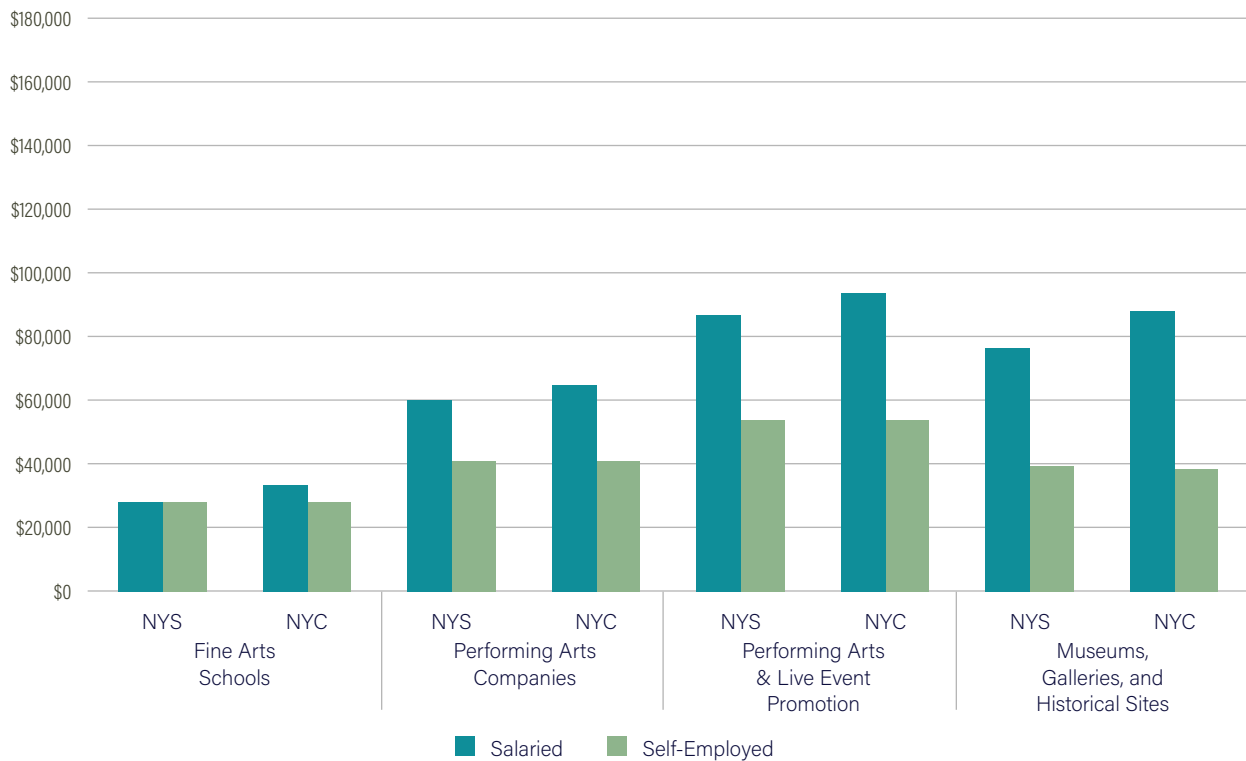
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.26: AVERAGE ANNUAL WAGES FOR FINE AND PERFORMING ARTS BY WORKER TYPE
2020

(a) California and Los Angeles County

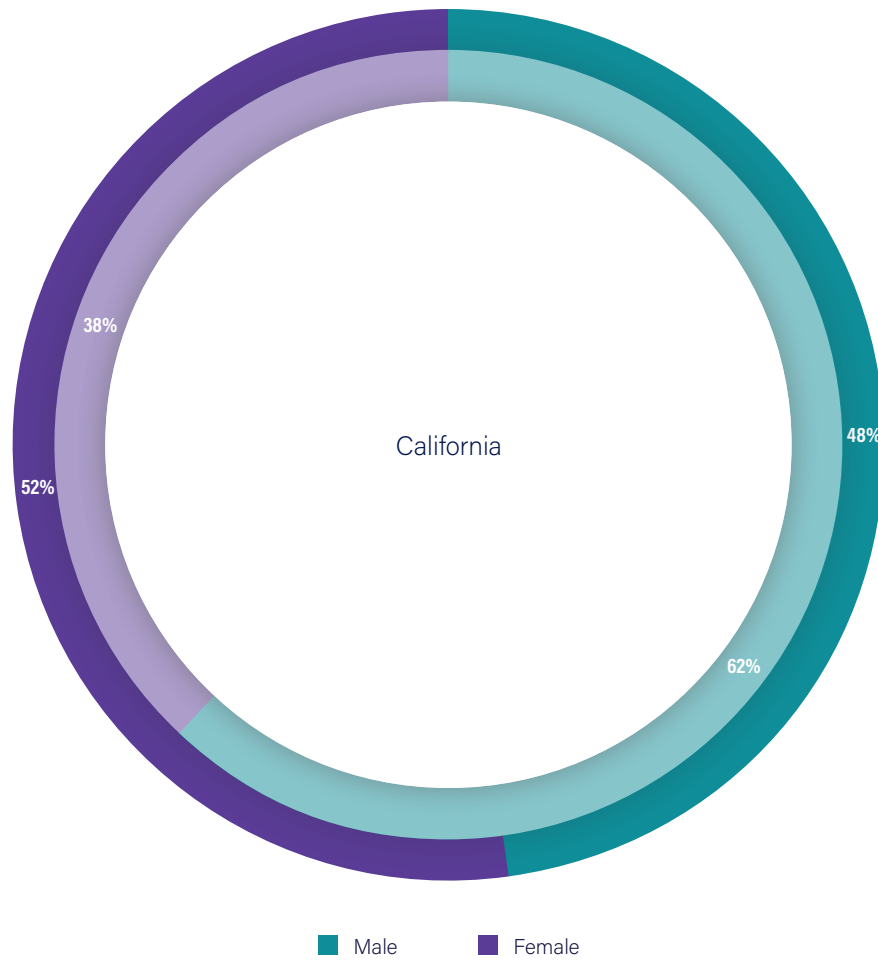


(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 2.27: FINE AND PERFORMING ARTS WORKFORCE BY GENDER
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = FINE AND PERFORMING ARTS



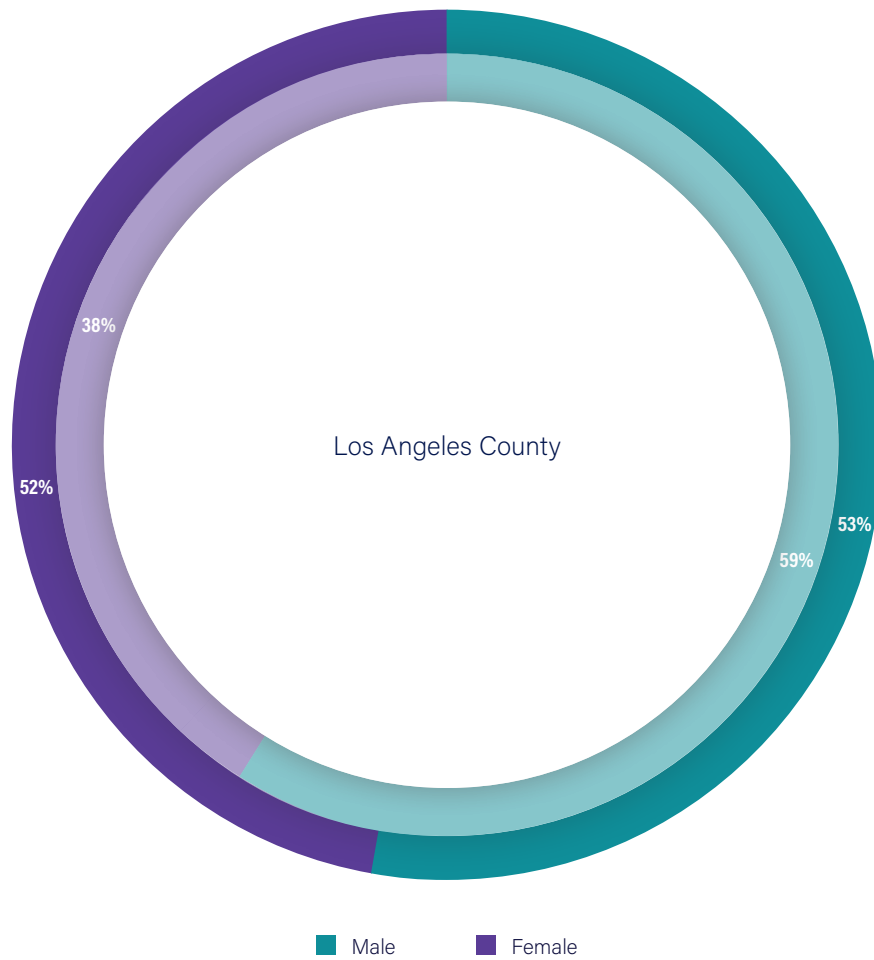
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Demographics

Women make up a significantly larger share of the Fine and Performing Arts sector than in the creative economy overall both in California – 52% versus 38% – and to a lesser extent in Los Angeles County – 47% versus 41%. Workers who identify as white are also overrepresented in the sector statewide compared to the overall creative economy – 56% versus 52%

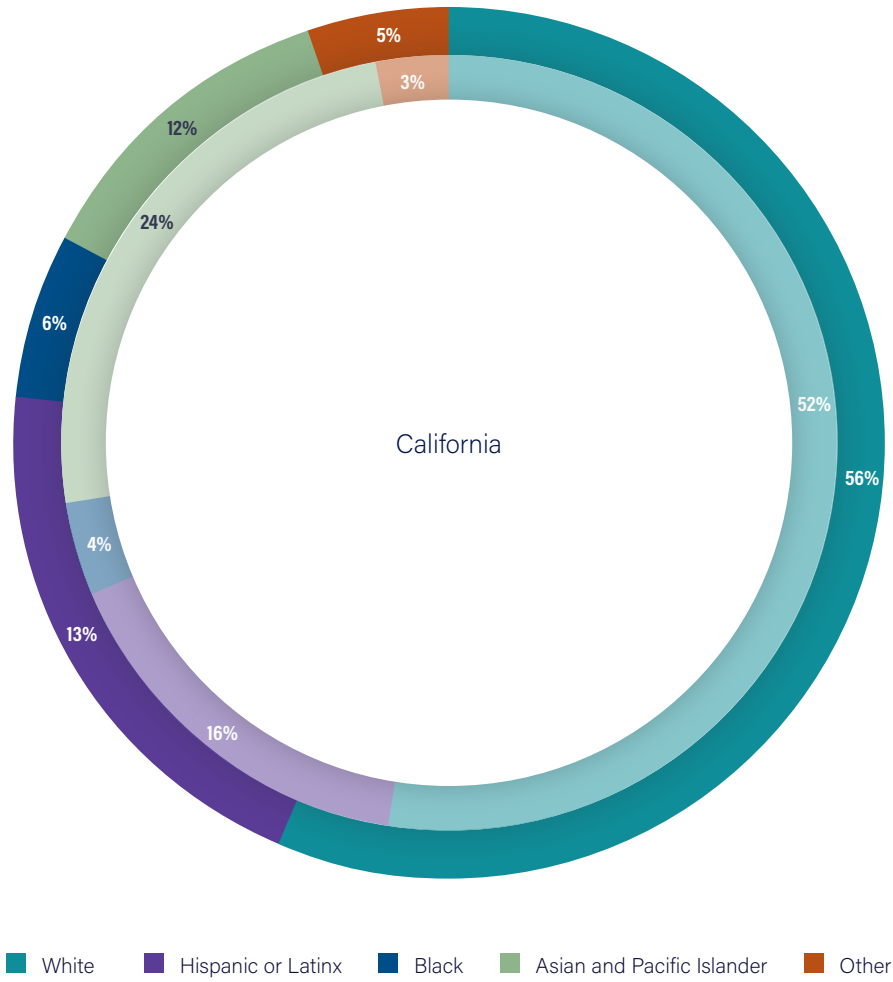
– though the situation is inverted in Los Angeles County – 53% versus 55%. And while the proportion of Asian and Pacific Islander is not as high it is in the creative economy in either geography, the Fine and Performing Arts sectors skews more Hispanic or Latinx and Asian and Pacific Islander.

FIGURE 2.27: FINE AND PERFORMING ARTS WORKFORCE BY GENDER (continued)
2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = FINE AND PERFORMING ARTS



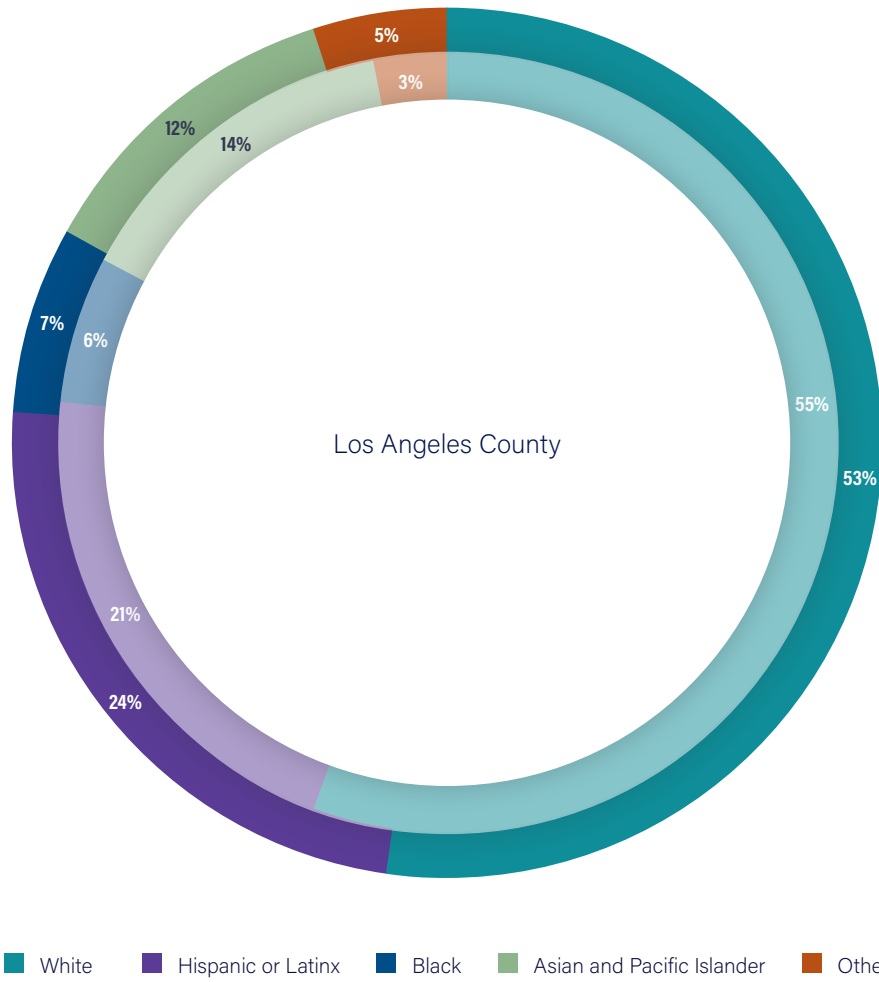
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.28: FINE AND PERFORMING ARTS WORKFORCE BY RACE/ETHNICITY
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = FINE AND PERFORMING ARTS



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.28: FINE AND PERFORMING ARTS WORKFORCE BY RACE/ETHNICITY (continued)
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = FINE AND PERFORMING ARTS



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Economic Impact Analysis

TABLE 2.11: ECONOMIC IMPACT OF THE FINE AND PERFORMING ARTS SECTOR IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	76,400 Jobs	15,663 Jobs	20,664 Jobs	112,738 Jobs
Labor Income	\$3.8 Billion	\$1.1 Billion	\$1.4 Billion	\$6.3 Billion
Gross Value Added	\$3.7 Billion	\$1.7 Billion	\$2.5 Billion	\$8.0 Billion
Tax Revenue	-	-	-	\$1.8 Billion

TABLE 2.12: ECONOMIC IMPACT OF THE FINE AND PERFORMING ARTS SECTOR IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	29,860 Jobs	5,976 Jobs	7,941 Jobs	43,777 Jobs
Labor Income	\$1.8 Billion	\$403.0 Million	\$508.4 Million	\$2.8 Billion
Gross Value Add	\$1.7 Billion	\$610.5 Million	\$911.8 Million	\$3.3 Billion
Tax Revenue	-	-	-	\$739.7 Million

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.



TECHNOLOGY SPOTLIGHT:

VIRTUAL PRODUCTION

Traditionally, movies and television shows have been divided into three stages consisting of pre-production, production, and post-production. However, the lines are blurring with the advancements in virtual production. In larger productions, departments outside of visual effects (VFX) are beginning to explore what they can do with real-time game engine technology.

“When everyone understands the workflow, they start to adapt their process and bring a lot of creative decisions forward. We are still only just getting started with how virtual production will impact production in the future.”

– Jonny Slow, CEO, Pixomondo

Virtual production includes processes and activities that bridge the gap between what is physical and what is virtual. If you can imagine specific skillsets or roles in traditional physical production, virtual production asks you to imagine those skillsets and roles in a virtual world. Some examples of virtual production techniques include, but are not limited to: real-time in-camera visual effects, whereby a computer generated (CG) background is displayed on an LED wall that provides proper lighting and reflections; virtual location scouting, whereby filmmakers can go into virtual reality and interactively explore and manipulate their CG environments to make creative decisions prior to filming; and real-time character animation, whereby motion-capture or facial-capture data is used to bring a CG character to life instantaneously.

Such techniques remove the need to create film or television in a step-by-step linear fashion. A creative project can be worked on simultaneously, and the lines between them are blurred or even erased altogether. Waiting until after production has wrapped for VFX effects to be added in post-production is no longer necessary. In this emerging environment, it is no longer required that members of a project to even be present in the same physical location.

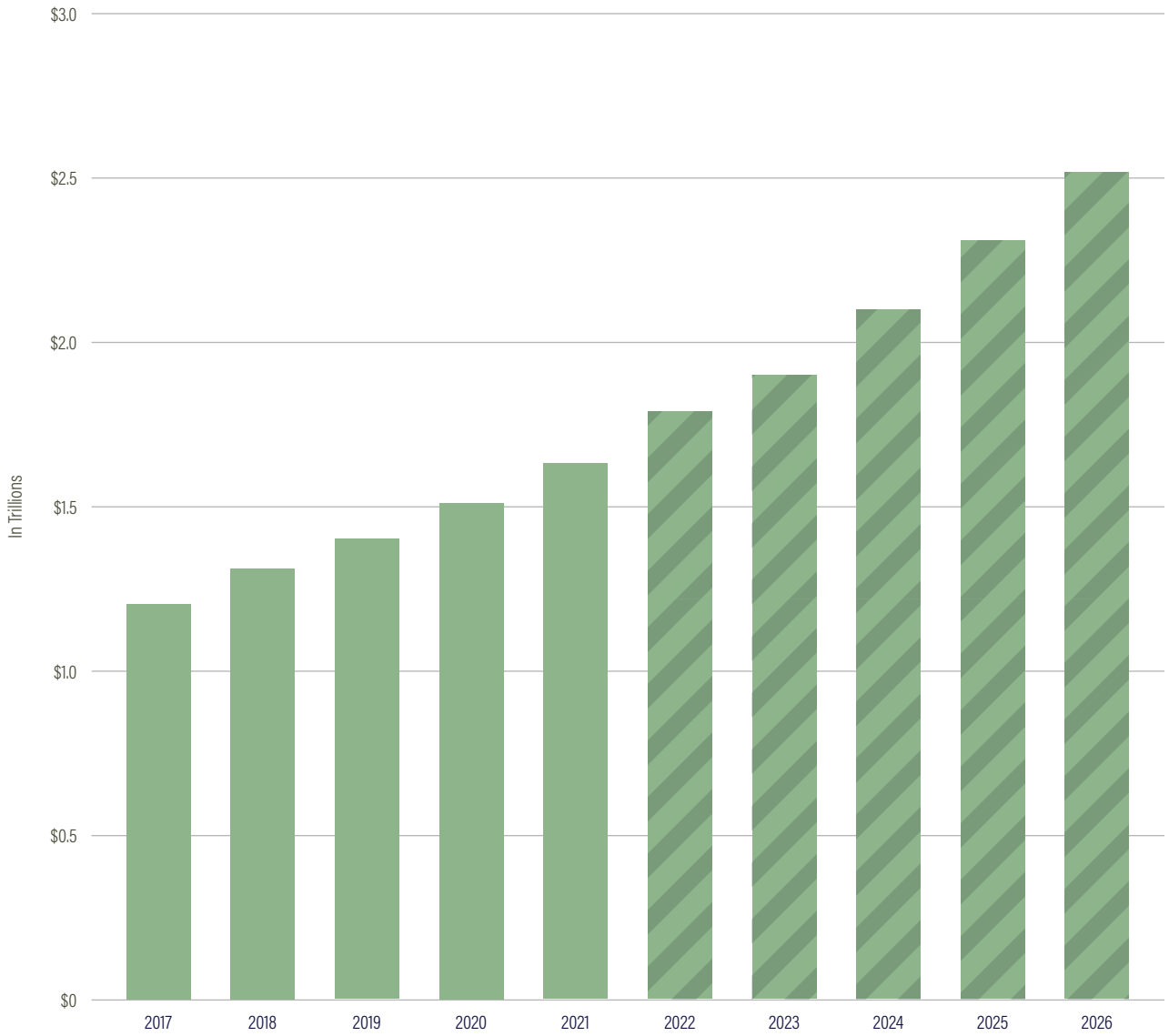
“Virtual production would not exist without real-time technology, which the video game industry has been funneling R&D dollars into for years. That in turn has benefited film and television productions.”

– Kim Libreri, CTO, Epic Games

The underlying technology, processes and innovation behind virtual production have a long history in the gaming industry and have in recent years led to powerful platforms like Epic Games' Unreal Engine or Unity Technologies' Unity Engine. When the pandemic restricted the ability to create worlds in studios or on location, what was once a siloed technology became much more of a necessity. If the physical world needed for a television show or film is not available, the next best thing is to create a photorealistic world in a computer-generated environment that can serve to keep production moving.

Consumers saw many of these techniques in the first season of Disney's *The Mandalorian* and in BBC's virtual studio for coverage of the Tokyo Olympics. One of the important takeaways is that virtual production will not be limited to huge Hollywood blockbusters. Rather, it will be a practical set of techniques and solutions for projects of all sizes.

FIGURE 2.29: VIRTUAL PRODUCTION GLOBAL MARKET REVENUE
2017 to 2026 (FORECASTED)



Source: Wells Fargo; CVL Economics

2.3: ARCHITECTURE AND RELATED SERVICES

The Architecture and Related Services sector proved to be resilient a year into the COVID-19 crisis. After shedding 52,000 jobs nationally in 2020, firms added a remarkable 670,000 jobs in 2021, the highest annual increase since 2006. Moreover, the number of businesses in Architecture and Related Services increased by roughly 8% from January of 2019 to April 2021, with no noticeable decrease during the pandemic.

This largely reflects an extremely hot real estate market that has driven up demand for new housing. Nationally, total construction spending increased by \$138 billion in 2021, up from \$45 billion a year prior. The swift recovery has prompted a strong degree of optimism in the Architecture and Related Services sector across the nation. According to a recent survey by the American

Institute of Architects (AIA), 78% of architectural firms expect 2022 to be a “good to great” year, compared to just 11% that expect it to be “challenging or disastrous.”⁴¹

Yet like many sectors in the United States, Architecture and Related Services firms are finding it difficult to restaff amid resurgent demand. Although much of the current focus of the sector is geared towards solving the current labor shortage, there is growing evidence of an even bigger labor crunch on the horizon as a large percentage of workers approach retirement. The same AIA survey found that 22% of firms rate staffing as a primary concern for 2022, with an additional 19% worried about filling open staff positions.

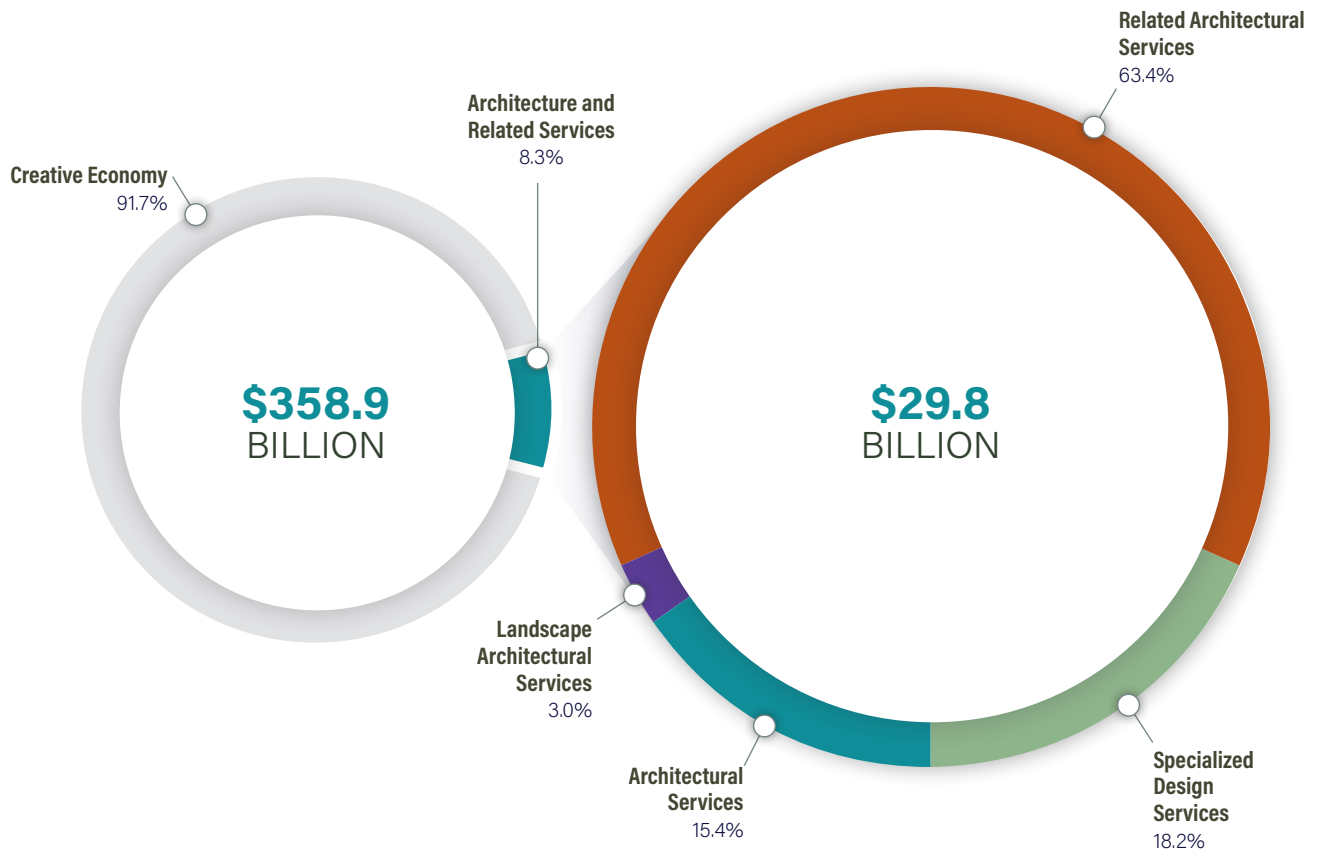
⁴¹ “ABI November 2021: Most Architecture Firms Still Reporting Billings Growth, but Pace of Growth Continues to Soften.” The American Institute of Architects. <https://www.aia.org/pages/6462667-abi-november-2021-most-architecture-firms->.

⁴² Data retrieved from DatabaseUSA on January 28, 2022.

⁴³ Data retrieved from the National Center for Education Statics’ Integrated Postsecondary Education System via Emsi Burning Glass. These datasets did not include information for the Academy of Art in San Francisco and the NewSchool of Architecture and Design in San Diego.

⁴⁴ “2021 NBTN Examination.” National Council of Architectural Registration Boards, July 22, 2021. <https://www.ncarb.org/nbtn2021/examination>.

FIGURE 2.30: ARCHITECTURE AND RELATED SERVICES DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA'S CREATIVE ECONOMY GROSS REGIONAL PRODUCT 2020

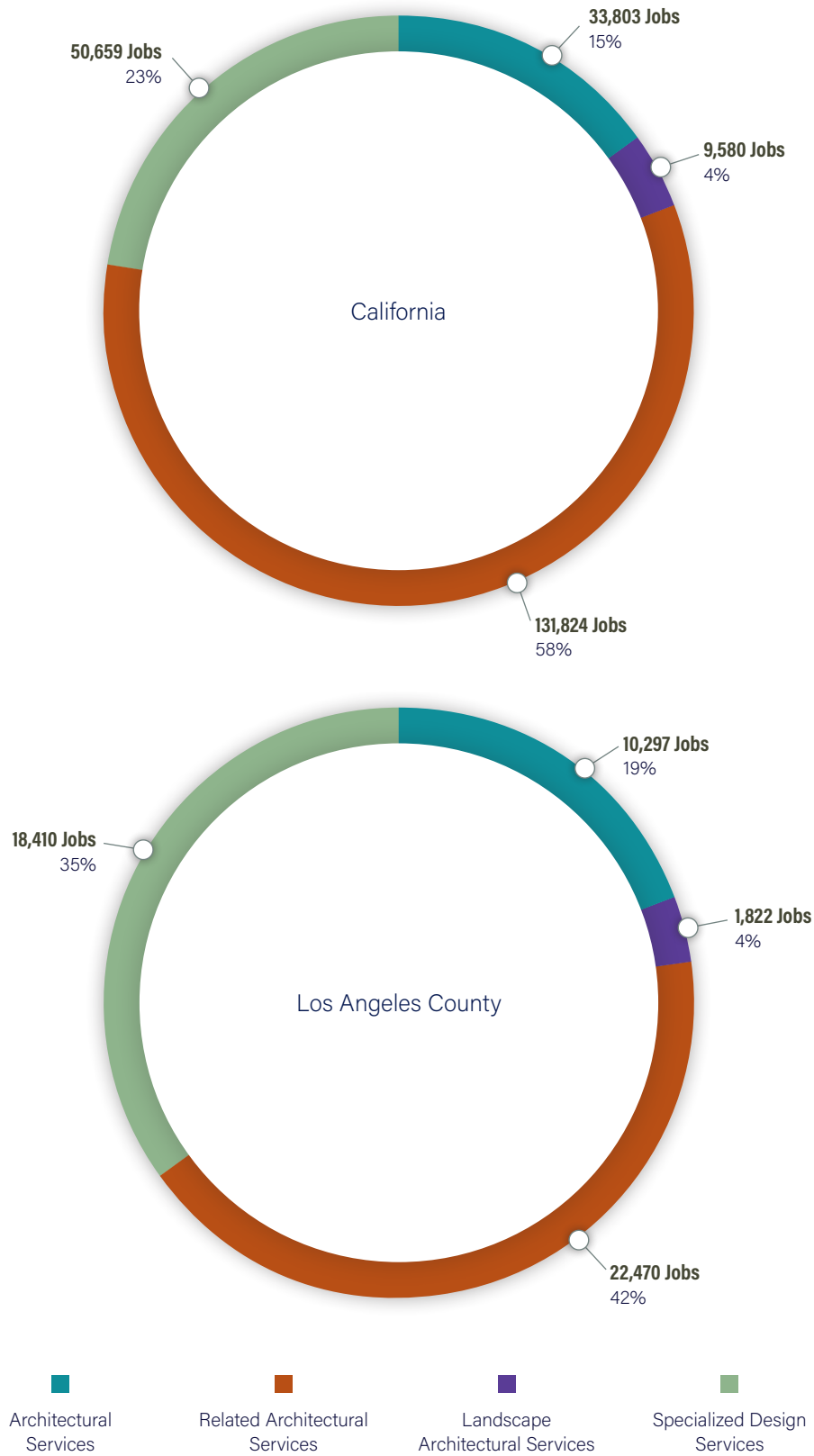


Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

California's labor market also reveals signs that demand for architects has increased rapidly over the past year, evidenced by a sharp increase in unique industry job postings from around 1,600 in May of 2020 to 2,900 in June of 2021.⁴² However, it is unlikely these potential shortages will be alleviated in the coming years. The number of graduates from nine of California's 11 accredited undergraduate and graduate programs declined from 1,225 in 2015 to 370 in 2020.

In addition, only 2,700 candidates nationwide took the Architect Registration Examination, a drop of 31% between 2019 and 2020.⁴³ These trends self-corrected in 2021 as students returned to campus and testing sites reopened, but the need for a more robust talent pipeline will remain as housing demand increases for the foreseeable future.

FIGURE 2.31: ARCHITECTURE AND RELATED SERVICES EMPLOYMENT SHARE BY SUBSECTOR
2020

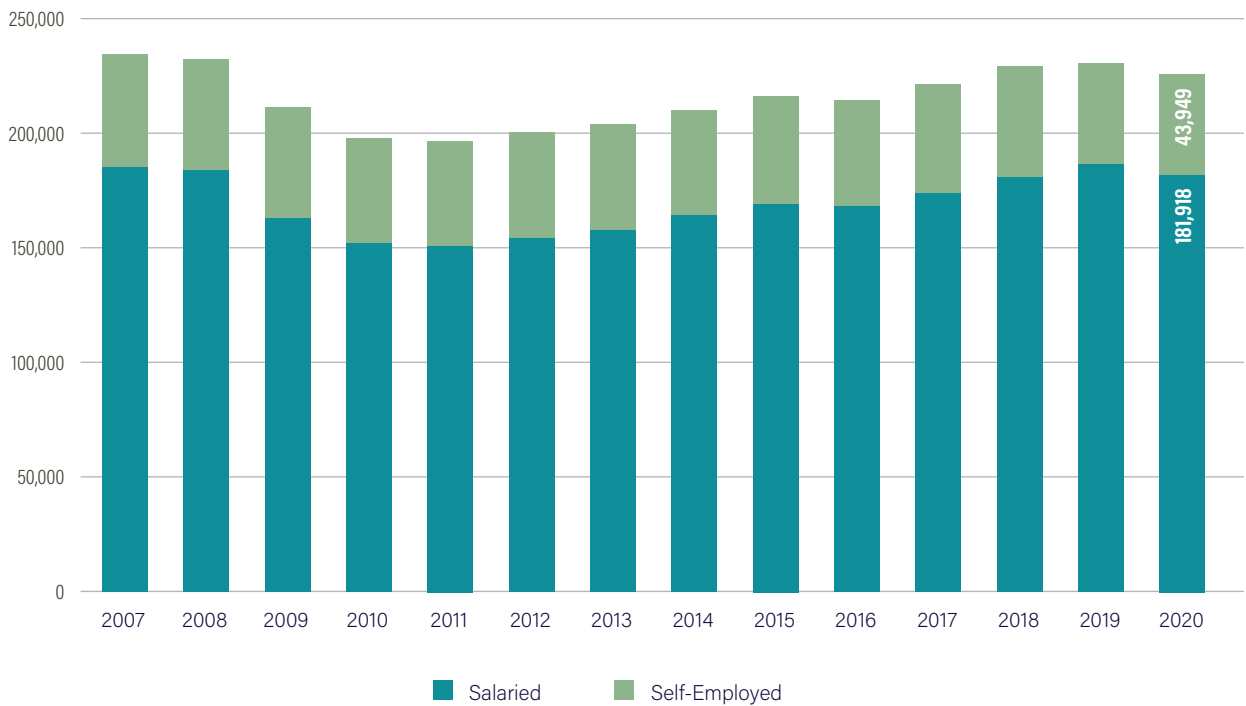


Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 2.32: ARCHITECTURE AND RELATED SERVICES EMPLOYMENT BY WORKER TYPE
2007 to 2020

(a) California



	2016	2017	2018	2019	2020
Number of Jobs	214,599	221,459	229,283	230,958	225,867
Salaried	168,336	173,687	180,971	186,451	181,918
Self-Employed	46,263	47,772	48,312	44,508	43,949
Share of Self-Employed	21.6%	21.6%	21.1%	19.3%	19.5%
1-Year Change	-	3.2%	3.5%	0.7%	-2.2%

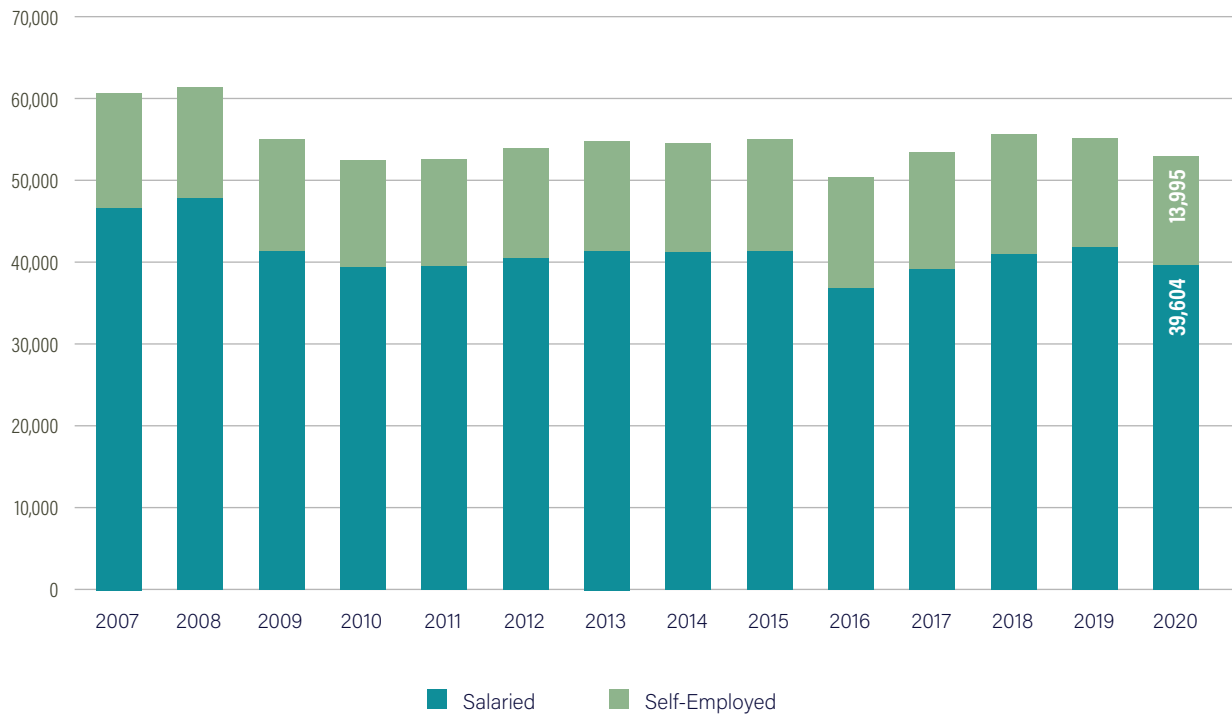
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Although the Architecture and Related Services sector emerged from the pandemic relatively unscathed – California’s 225,850 strong workforce in 2020 reflected only a 2.2% decrease from the prior year; in Los Angeles County, employment dropped 4.1% to about 53,000 workers – it never fully recovered from the Great Recession (Figure 2.33). Los Angeles County’s Architecture and Related Services employment in 2020 was only 87.3% of what it was in 2007, although the number of jobs statewide only fell by 3.8%.

New York State and New York City may have experienced sharper declines in employment in the pandemic’s aftermath at 5.5% and 71%, respectively, but their Architecture and Related Services sector never hit the same lows as in California and Los Angeles following the Global Financial Crisis and grew at a far greater rate between recessions (Figure 2.34). In all cases, though, employment growth rates for the sector were consistently less than for the creative economy at large, and significantly so in the case of California.

FIGURE 2.32: ARCHITECTURE AND RELATED SERVICES EMPLOYMENT BY WORKER TYPE (continued)
2007 to 2020

(b) Los Angeles County



	2016	2017	2018	2019	2020
Number of Jobs	50,435	53,456	55,709	55,244	52,999
Salaried	36,817	39,166	41,011	41,783	39,604
Self-Employed	13,618	14,290	14,697	13,460	13,395
Share of Self-Employed	27.0%	26.7%	26.4%	24.4%	25.3%
1-Year Change	-	6.0%	4.2%	-0.8%	-4.1%

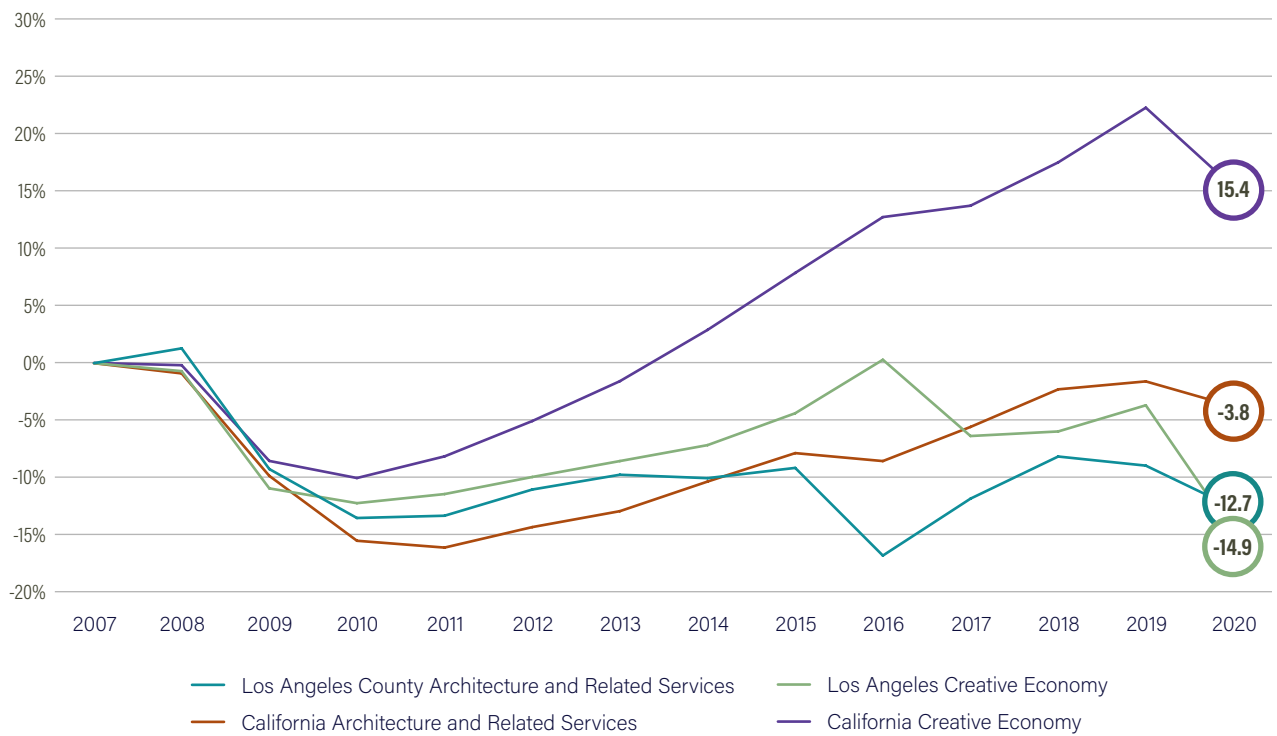
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

In Los Angeles County, the number of salaried jobs fell by 15.1% between 2007 and 2020, prompting workers to either drop out of the labor force or pursue contract work – the share of the county’s self-employed workers in Architecture and Related Services increased accordingly, from 23.1% to 25.3% (Figure 2.32). The situation across California was the opposite, with the proportion of self-employed to salaried workers slightly decreasing from 21.1% to 19.5%. Furthermore,

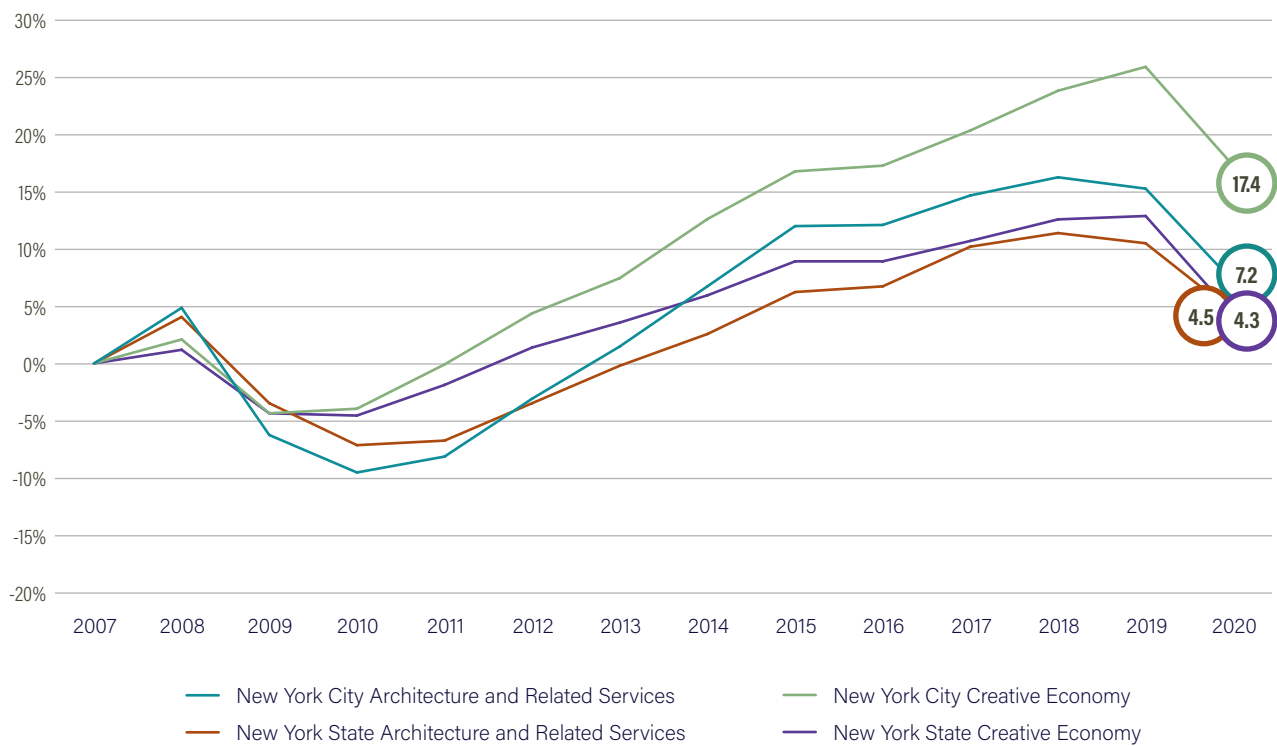
workers in Los Angeles County on average earned less per year than workers statewide – \$90,679 versus \$101,054 – and saw their wages increase at a slower rate between 2007 and 2020. California’s salaried Architecture and Related Services workers’ average annual wages increased by 40.9% to \$113,138 between 2007 and 2020, whereas their Los Angeles County counterparts increased by 19.8% to \$104,746 during that same timeframe.

FIGURE 2.33: RELATIVE CHANGE IN ARCHITECTURE AND RELATED SERVICES EMPLOYMENT
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



THE IMPACT OF POLICY ON THE ARCHITECTURE AND RELATED SERVICES SECTOR

The demand for housing remains extremely robust in both Los Angeles County and California. Although policymakers have had little impact in increasing the supply of housing over the past decade, recent legislation promoted in Sacramento and local government initiatives are a step in the right direction.

In September 2021, Governor Gavin Newsom signed into law several bills that will help encourage the development of more housing in the coming years. For example, SB 9 (The California Housing Opportunity and More Efficiency – or HOME – Act) creates new legal pathways for landowners to build duplexes and quadplexes, which could lead to an increase in high-density housing in urban areas.⁴⁵ The Turner Center for Housing and Innovation at the University of California, Berkeley estimates that the new law may expand the housing supply by 700,000 homes, though it is uncertain how many homeowners will choose to build multiple units on their property.⁴⁶

The expansion of Accessory Dwelling Units (ADUs) is another potential avenue for more new housing construction. ADUs, also known as “secondary units” or “granny flats,” are small housing units which lie within existing residential properties. The number of constructed ADUs in California surged from 5,930 in 2018 to 8,957 in 2020.⁴⁷ Los Angeles Mayor Eric Garcetti has also promoted ADU development in the city by reducing bureaucratic hurdles through the launch of the “ADU Standard Plan Program.” By choosing from several pre-approved designs, homeowners interested in constructing an ADU can benefit from a more streamlined permitting and approvals process.

On a national level, recent legislation increases the likelihood that the ongoing non-residential construction trends will continue for some time. In 2021, President Joe Biden signed into law a large infrastructure package which will pump some \$1.2 trillion into the economy over the coming decade. This package includes \$9.45 billion for public transport and \$1.5 billion for airports in California and will likely provide direct and indirect opportunities for the Architecture and Related Services sector.⁴⁸ For example, architectural specialists will be required to help build new train stations, roadways, and redesigned airports. Indirectly, these public works projects could create opportunities for commercial or residential real estate that may spring up around new or upgraded transit hubs.

Legislative changes, surging economic demand, and the potential for large-scale public works projects sends a strong signal that the Architecture and Related Services sector has considerable room to grow for many years to come.



⁴⁵ “Press Release: Governor Newsom Signs Historic Legislation to Boost California’s Housing Supply and Fight the Housing Crisis.” Office of Governor Gavin Newsom. September 16, 2021. <https://www.gov.ca.gov/2021/09/16/governor-newsom-signs-historic-legislation-to-boost-californias-housing-supply-and-fight-the-housing-crisis/>

⁴⁶ Metcalf, Ben, David Garcia, Ian Carlton, and Kate MacFarlane. Will Allowing Duplexes and Lot Splits on Parcels Zoned for Single-Family Create New Homes?: Assessing the Viability of New Housing Supply Under California’s Senate Bill 9. Turner Center for Housing Innovation. University of California, Berkeley. July 2021. <https://turnercenter.berkeley.edu/wp-content/uploads/2021/07/SB-9-Brief-July-2021-Final.pdf>

⁴⁷ Data retrieved from the California ADU database maintained by the Center for Community Innovation at the University of California, Berkeley on January 30, 2022.

⁴⁸ “White House Fact Sheet: The Infrastructure and Investment Jobs Act will Deliver for California.” August 2021. https://www.whitehouse.gov/wp-content/uploads/2021/08/CALIFORNIA_The-Infrastructure-Investment-and-Jobs-Act-State-Fact-Sheet.pdf

Subsector Analysis

Of the Architecture and Related Services four subsectors, Architectural Services constitutes a small share of industry employment – 15% in California and 19.4% in Los Angeles County – and is only larger than the Landscape Architectural Services subsector, which makes up roughly 4% of the workforce in the state and county. The Related Architectural Services subsector accounts for 58% of total employment in California and 42% in Los Angeles County, followed by Specialized Design Services at 22.4% and 34.7%, respectively.

Architectural Services

Los Angeles County may have lost industry jobs at a faster rate than California between 2007 and 2020, but Architectural Services subsector employment declined at a rate of only 2.8%, compared to 7.7% statewide. However, employment in New York State and New York City actually increased by 5.9% and 11.4%, respectively, over the same period. And while Architectural Services workers in New York City fared better than those in Los Angeles County in terms of wages – \$104,006 per year compared to \$98,553 – California’s subsector average annual wages of \$102,423 were higher than the \$97,540 in New York State. Average annual wages overall grew at a more

rapid rate in California and Los Angeles between 2007 and 2020, though self-employed workers in New York State and New York City enjoyed far higher wage growth at 22.7%, compared to 13.6% in California and Los Angeles County.

Landscape Architectural Services

At first glance, the Landscape Architectural Services subsector appears to have suffered greater declines in employment between 2007 and 2020, at nearly 19% for California and just over 11% for Los Angeles County compared to Architectural Services. Yet total job losses statewide amounted to just over 2,200 – the smallest decline in absolute terms across all four industry subsectors – the majority of which occurred in 2009. In fact, the subsector proved to be stable following the onset of the COVID-19 pandemic, with 37% of California’s roughly 630 job losses occurring in Los Angeles County. The pandemic’s effect was even more muted in New York State, which recorded a decrease of only about 50 jobs statewide. The subsector is also unique in that average annual wages between salaried and self-employed workers are nearly equal in both California and Los Angeles County, although wages are rising at a significantly faster rate for salaried workers.



Related Architectural Services

The largest subsector includes workers engaged in Engineering Services, who make up 95% of the subsector statewide and 92.3% in Los Angeles County; Drafting Services; and Ornamental and Architectural Metal Work Manufacturing. Although Related Architectural Services statewide employment increased by 1.8% between 2007 and 2020, Los Angeles County's workforce contracted by 21.9%. On the other hand – and likely spurred by growth in the Architectural Services subsector – employment growth was high in New York State at 18.3% and even higher in New York City at a staggering 31.8%. Despite California's modest increase in Related Architectural Services jobs, average annual wages grew over the 13-year period by 11.9% to \$117,214 in large part due to a 40% increase in pay for salaried workers. Wage growth in Los Angeles County for salaried workers was slightly less than for self-employed workers, which kept subsector average annual wages relatively lower at \$109,797.

Specialized Design Services

The Specialized Design Services subsector includes Interior Design Services, Graphic Design Services, and Industrial Design Services. Although employment contracted by 10.7% in California and 4.5% in Los Angeles County between 2007 and 2020, salaried workers in this subsector experienced the greatest wage growth rate in the overall sector. Conversely, self-employed workers only saw wages increase by 7% statewide and earned the least compared to their self-employed peers other three subsectors. New York State and New York City – where employment dropped by 12.5% and 12.6%, respectively, from 2007 to 2020 – were more adversely affected by the pandemic than California and Los Angeles, which saw employment fall by 10.7% and 4.5%, respectively.

TABLE 2.13: SELECT OCCUPATIONS IN THE ARCHITECTURE AND RELATED SERVICES SECTOR

(a) California

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Designers *	35,847	-257	-0.7%	15.6%
Civil Engineers	25,685	4,549	21.5%	11.2%
Architects	17,447	596	3.5%	7.4%
Drafters	12,642	-5,112	-28.8%	5.4%
Engineering Technologists and Technicians	8,516	-802	-8.6%	3.7%
Architectural and Engineering Managers	7,805	1662	271%	3.3%

* Designers refer to commercial and industrial designers, graphic designers, interior designers, and set and exhibition designers.

Source: U.S. Bureau of Labor Statistics

(b) Los Angeles County

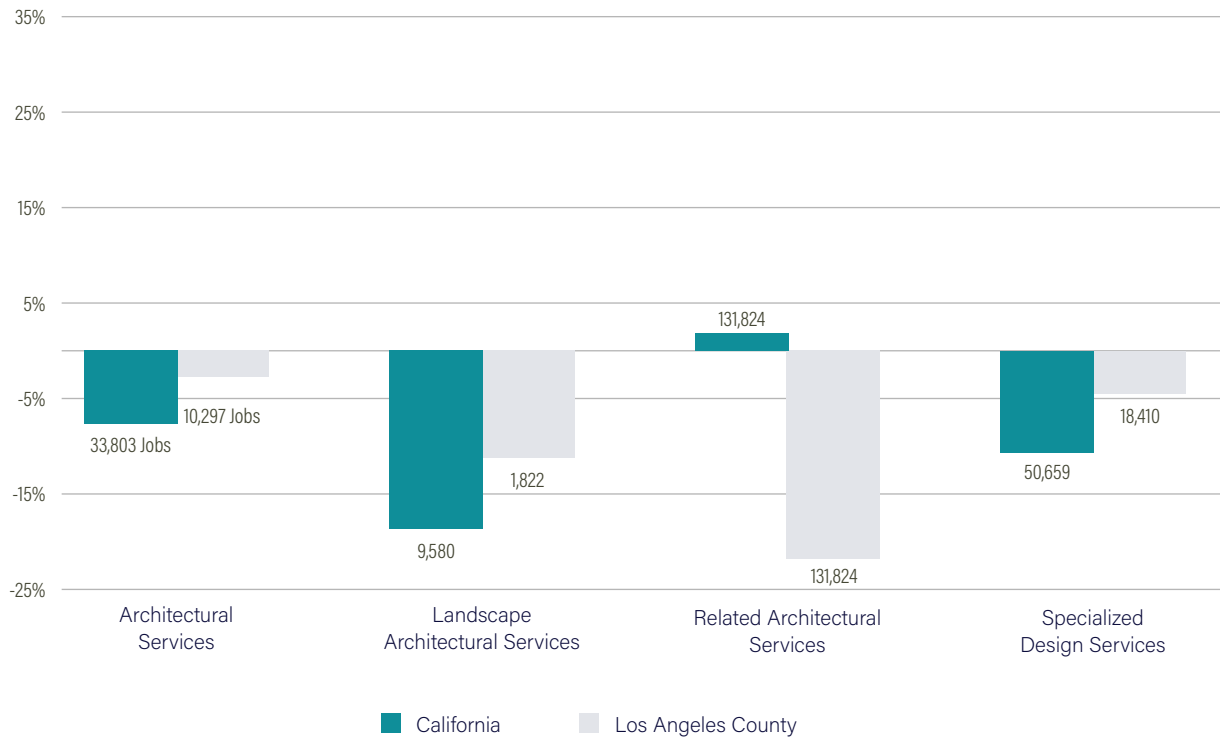
	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Designers *	12,403	701	6.0%	23.0%
Architects	4,772	504	11.8%	8.6%
Civil Engineers	4,585	-318	-6.5%	8.4%
Drafters	2,613	-1,861	-41.6%	4.7%
Artists and Related Workers	1,651	239	16.9%	3.1%
Engineering Technologists and Technicians	1,548	-589	-27.5%	2.8%

* Designers refer to commercial and industrial designers, graphic designers, interior designers, and set and exhibition designers.

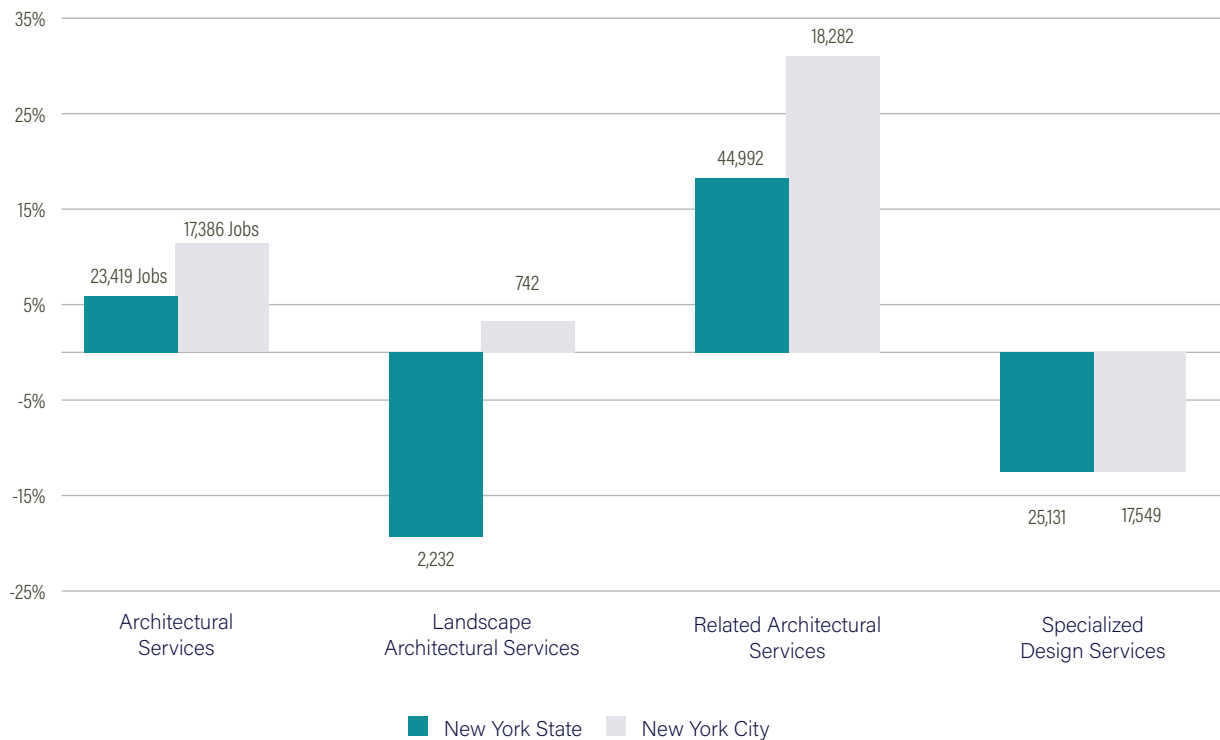
Source: U.S. Bureau of Labor Statistics

FIGURE 2.34: PERCENTAGE GROWTH IN ARCHITECTURE AND RELATED SERVICES EMPLOYMENT BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



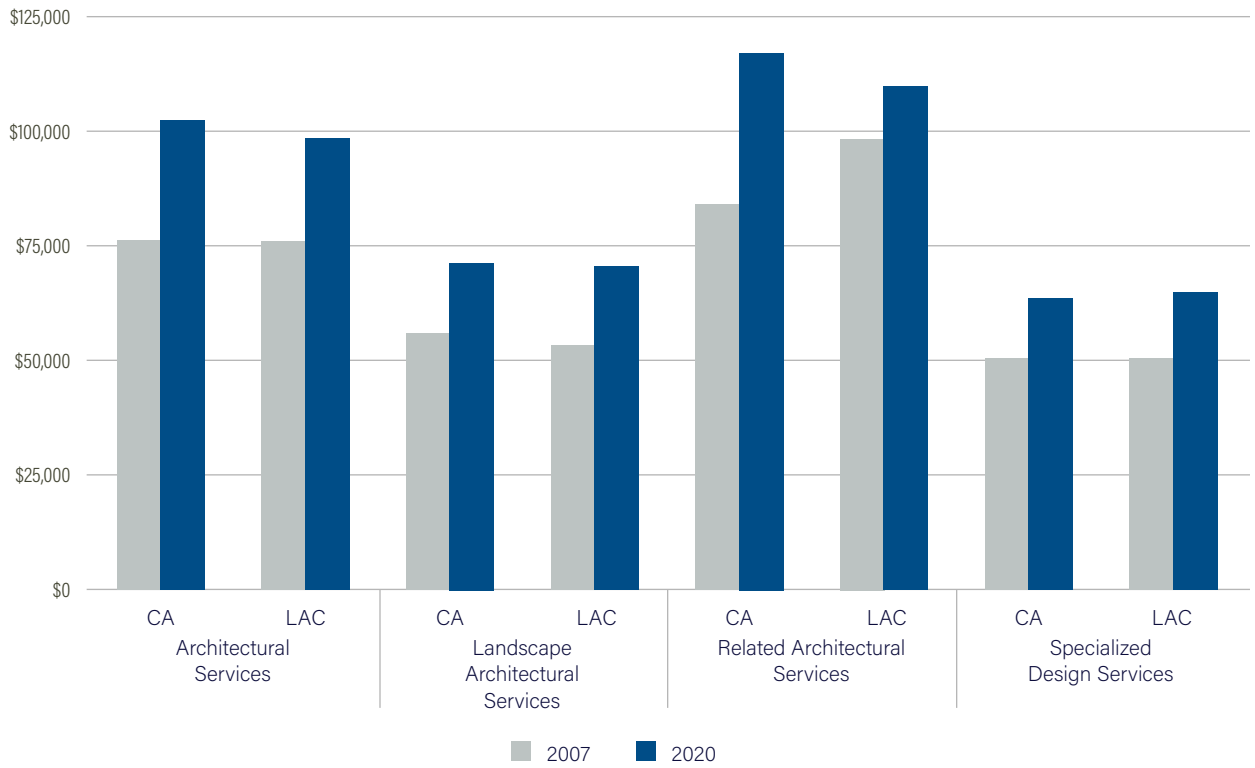
(b) New York State and New York City



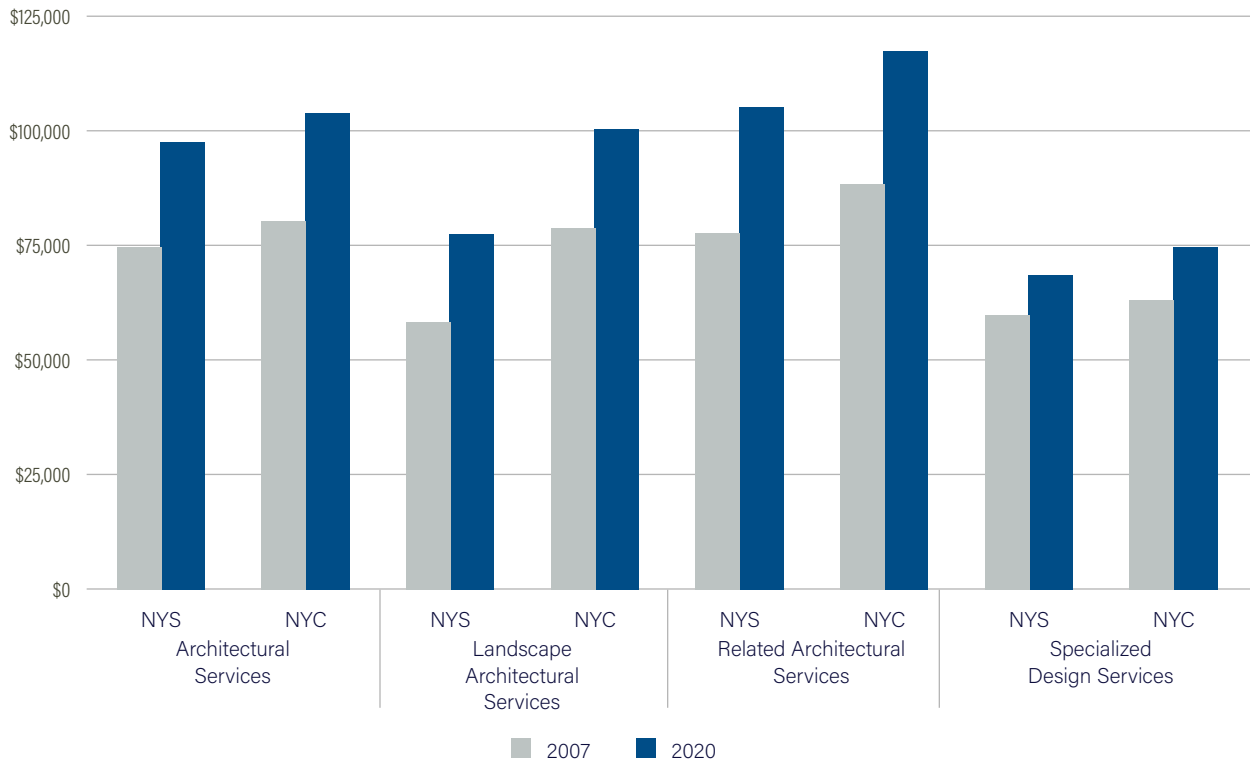
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.35: AVERAGE ANNUAL WAGES FOR ARCHITECTURE AND RELATED SERVICES BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



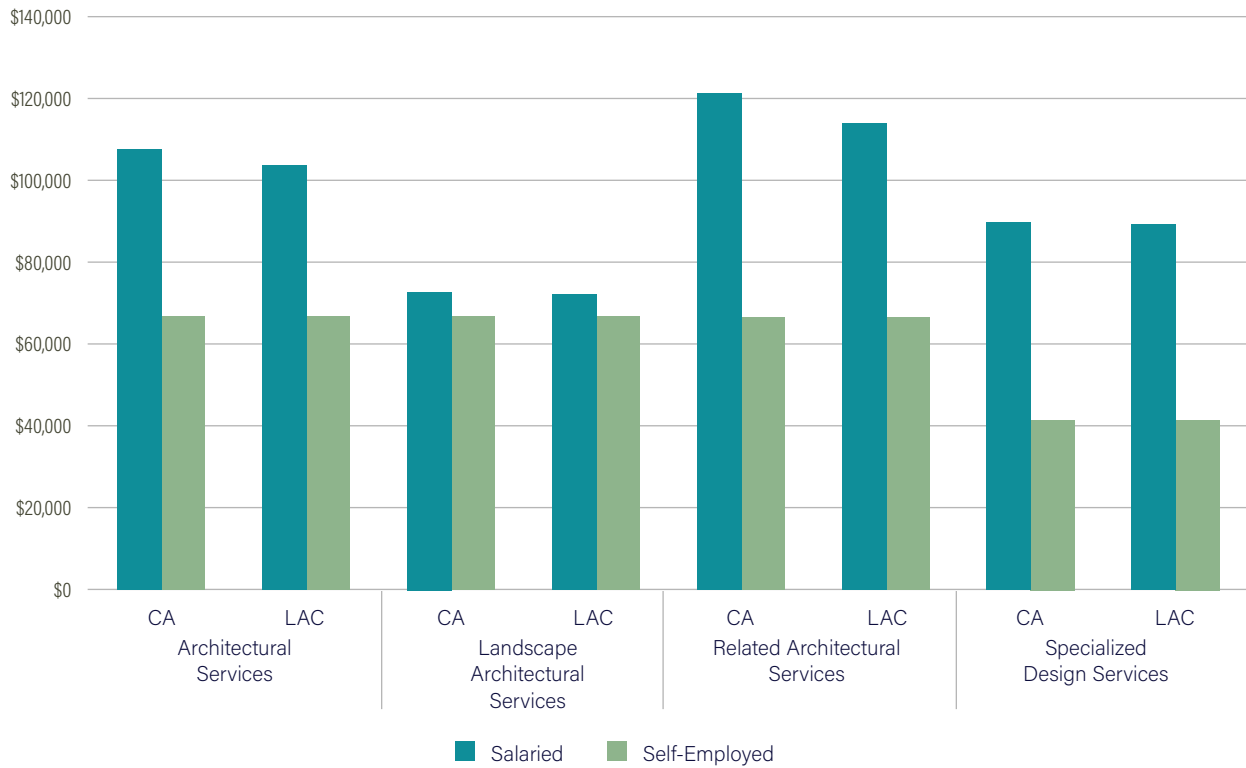
(b) New York State and New York City



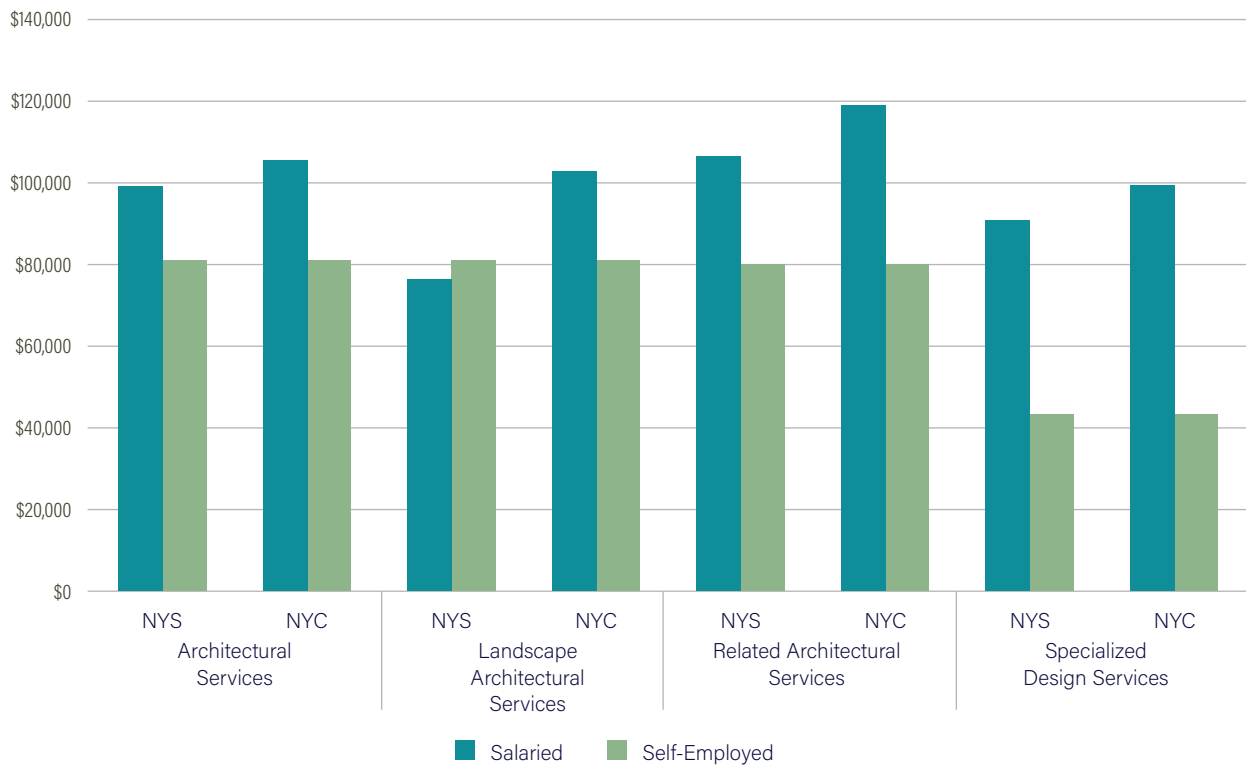
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.36: AVERAGE ANNUAL WAGES FOR ARCHITECTURE AND RELATED SERVICES BY WORKER TYPE 2020

(a) California and Los Angeles County

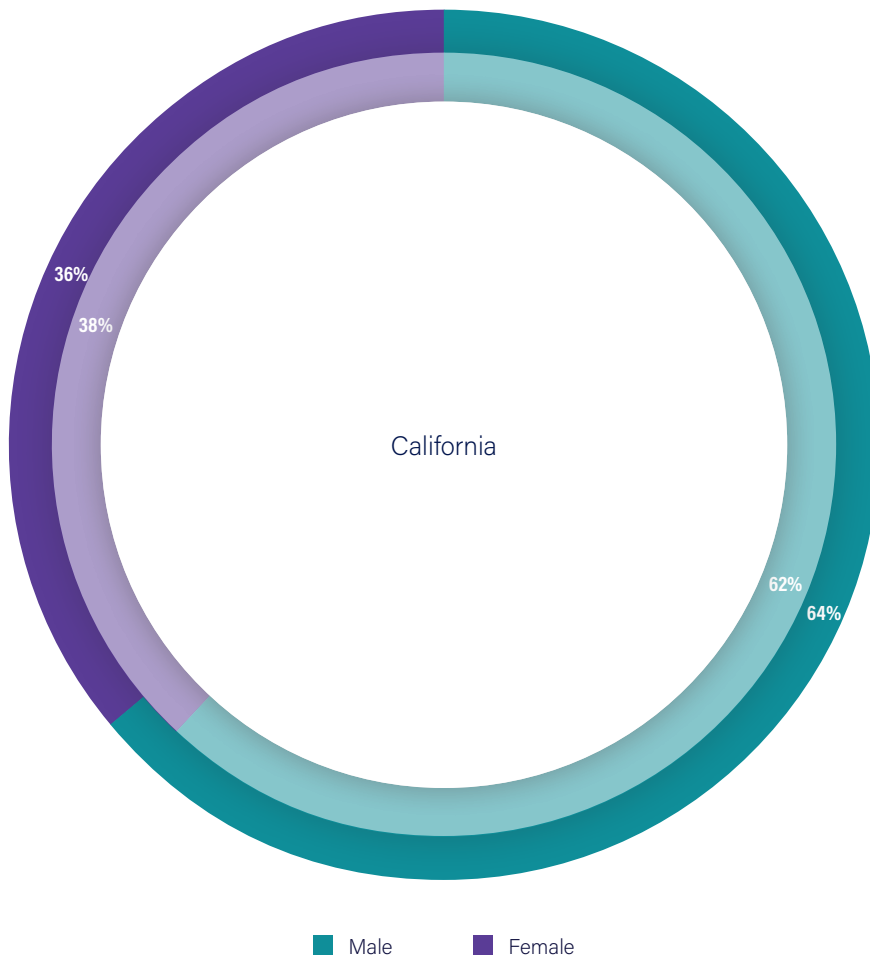


(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.37: ARCHITECTURE AND RELATED SERVICES WORKFORCE BY GENDER
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = ARCHITECTURE AND RELATED SERVICES
 California



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

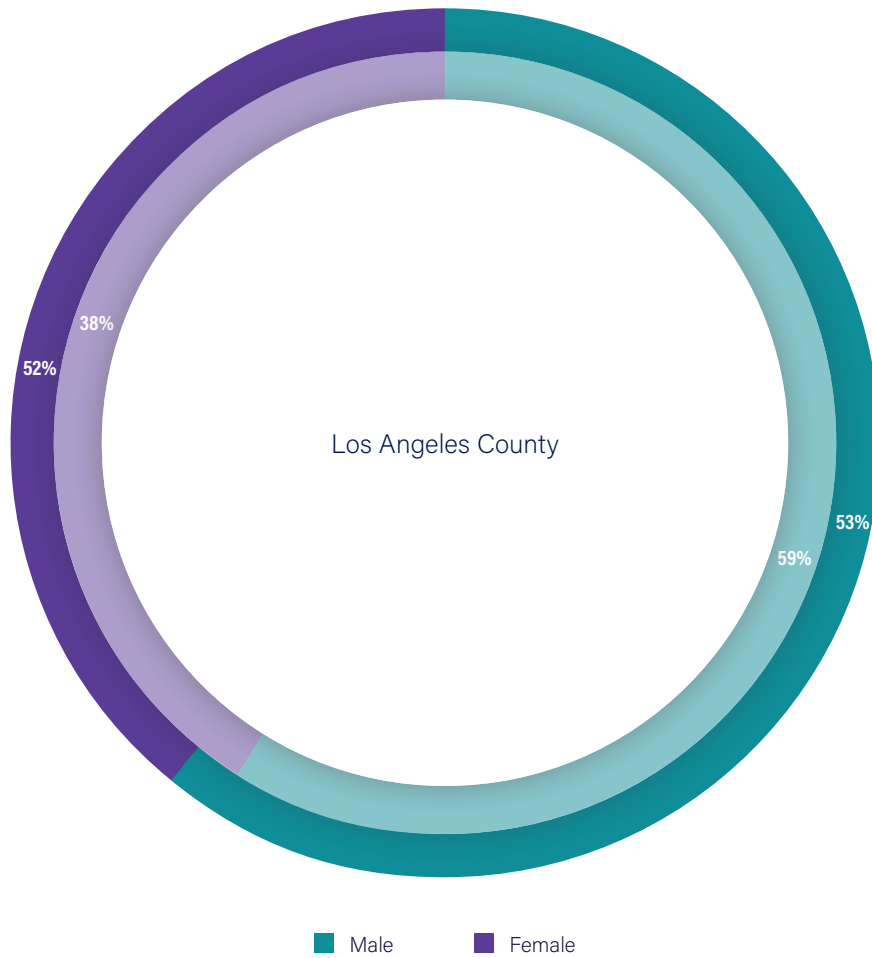
Demographics

The Architecture and Related Services sector lacks diversity both in terms of gender and race. But although the workforce is overwhelmingly male and white across California – more so, in fact, than any other creative sector – Hispanic or Latinx workers are slightly more represented at the state level, and the share of Asian and Pacific Islander workers is in line

with the creative economy as a whole. Black workers account for only 3.3% of Architecture and Related Services at the state level and 4.0% at the county level – percentages that are below even the creative economy average, which itself does not align with the 6.4% share of Black workers in the broader California workforce.

FIGURE 2.37: ARCHITECTURE AND RELATED SERVICES WORKFORCE BY GENDER (continued)
2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = ARCHITECTURE AND RELATED SERVICES

Los Angeles County

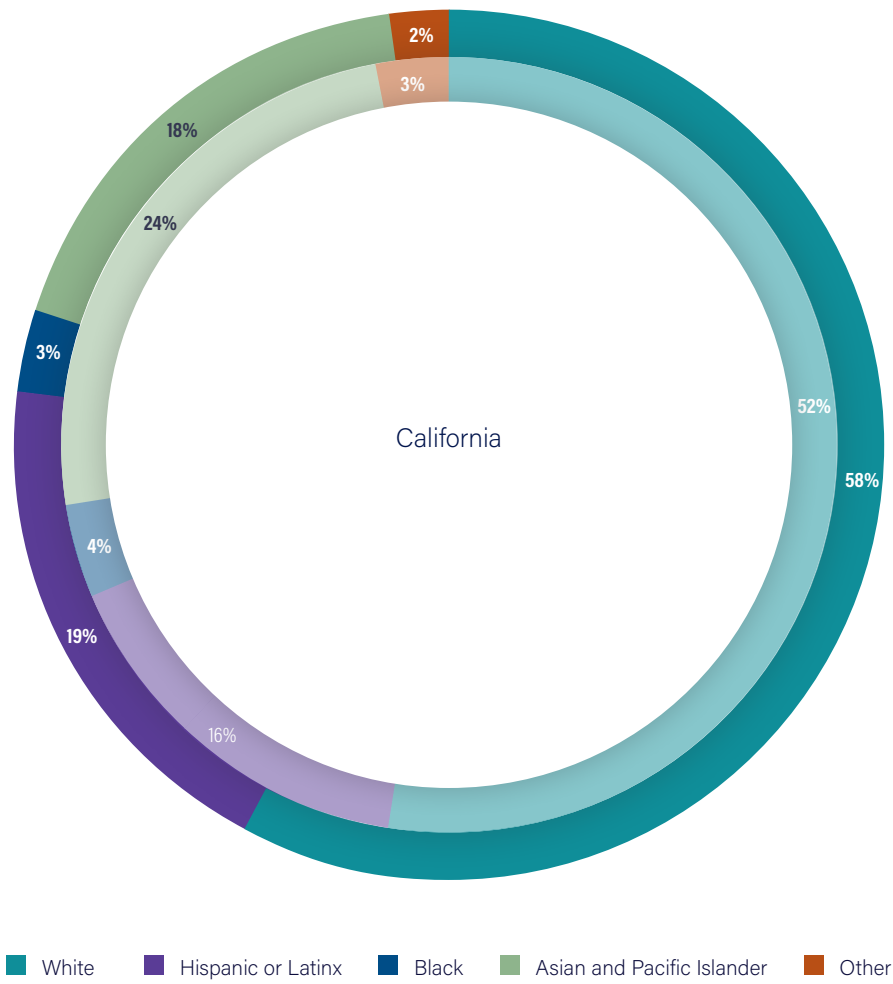


Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



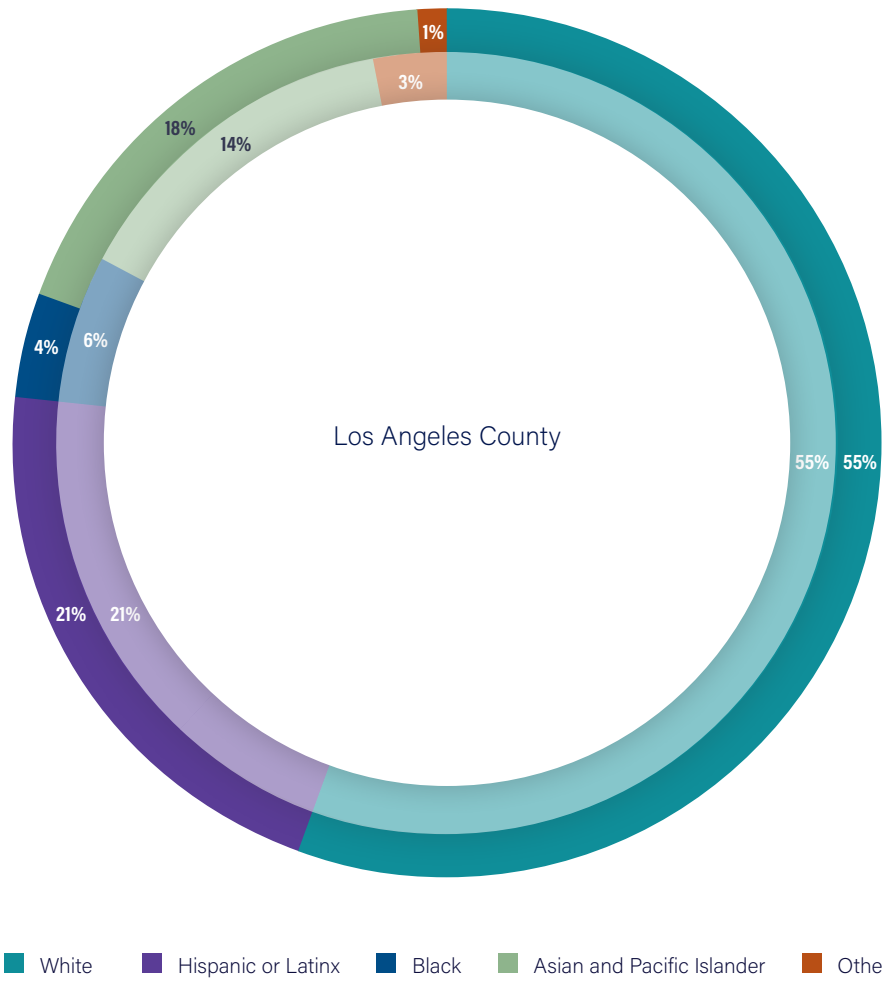
PART 2

FIGURE 2.38: ARCHITECTURE AND RELATED SERVICES WORKFORCE BY RACE/ETHNICITY
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = ARCHITECTURE AND RELATED SERVICES



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.38: ARCHITECTURE AND RELATED SERVICES WORKFORCE BY RACE/ETHNICITY (continued)
 2020 | INNER CIRCLE = CREATIVE ECONOMY, OUTER CIRCLE = ARCHITECTURE AND RELATED SERVICES



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



PART 2

Economic Impact Analysis

TABLE 2.14: ECONOMIC IMPACT OF THE ARCHITECTURE AND RELATED SERVICES SECTOR IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	225,867 Jobs	83,323 Jobs	129,060 Jobs	438,250 Jobs
Labor Income	\$23.7 Billion	\$6.8 Billion	\$8.8 Billion	\$39.4 Billion
Gross Value Added	\$29.8 Billion	\$9.6 Billion	\$15.8 Billion	\$55.2 Billion
Tax Revenue	-	-	-	\$9.7 Billion

TABLE 2.15: ECONOMIC IMPACT OF THE ARCHITECTURE AND RELATED SERVICES SECTOR IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	53,000 Jobs	18,246 Jobs	24,122 Jobs	95,368 Jobs
Labor Income	\$5.4 Billion	\$1.4 Billion	\$1.5 Billion	\$8.3 Billion
Gross Value Add	\$7.6 Billion	\$1.9 Billion	\$2.8 Billion	\$12.3 Billion
Tax Revenue	-	-	-	\$1.9 Billion

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.





2.4: CREATIVE GOODS AND PRODUCTS

In the early stages of the pandemic, spending at restaurants, bars, and music venues plummeted as many establishments were forced to shutter either by government mandate or due to stagnant demand. With fewer entertainment options outside of the home, many consumers turned to online shopping to bring material entertainment into the home. This shift in spending has had a visible impact on the economy, leading to record sales for toy makers, furniture producers, and musical instrument manufacturers. While the surge in demand was a welcome shift for many of these businesses – many of which had languished for the past decade – pandemic-related disruptions in supply chains have posed a new set of challenges.

These issues have been front and center for many businesses in the Creative Goods and Products sector, which have struggled to keep up with higher demand due to supply chain issues. Reports of long waits for

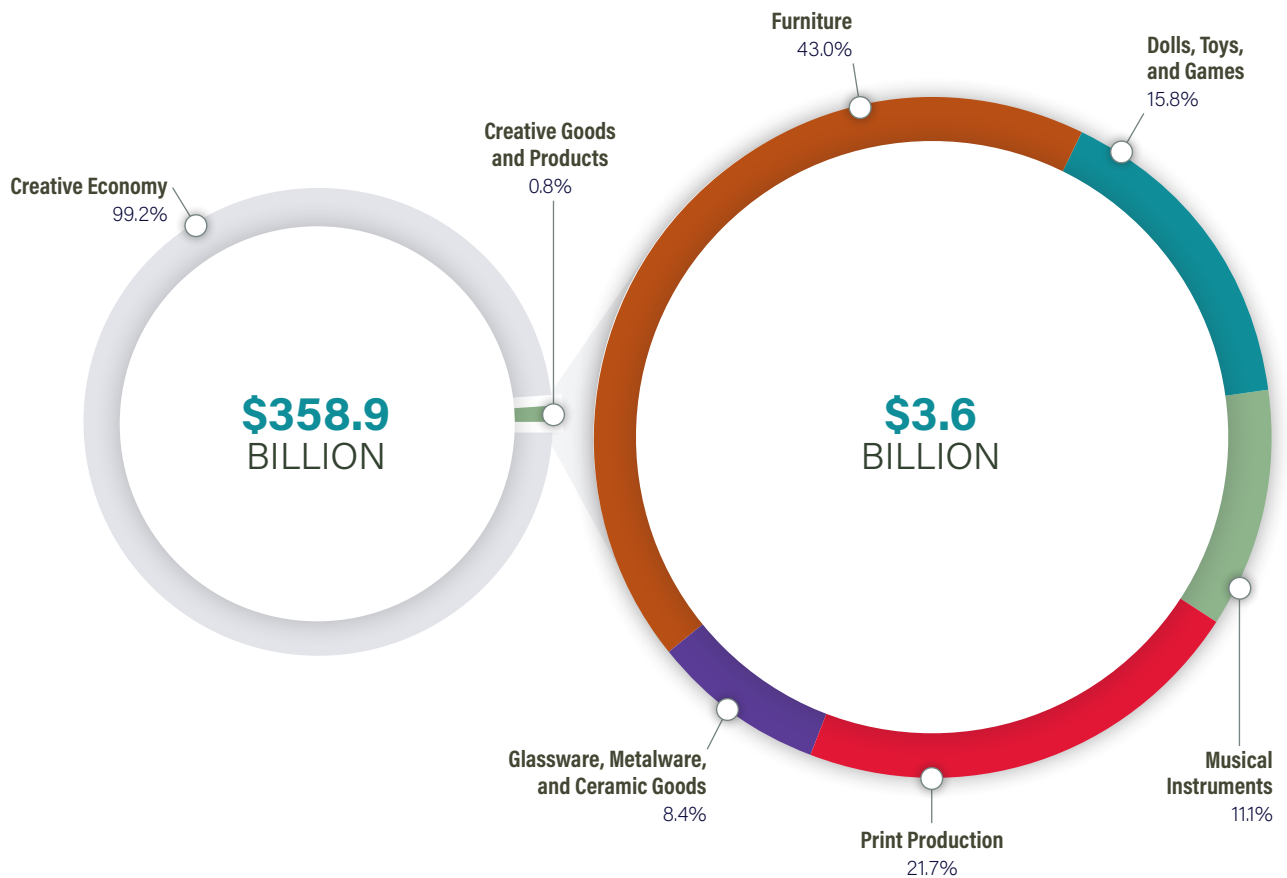
out-of-stock goods and rising production costs abroad add to the difficulties these businesses have in turning consumer demand into profit.^{49 50}

How much the Creative Goods and Products sector shifts production back home will determine the degree to which employment levels stabilize or continue declining in the coming years. Given the fact that Southern California is home to many well-known and innovative toy brands, for instance, it is possible that innovations to the supply chain and future manufacturing will have positive effects on regional hiring. For example, Los Angeles-based Mattel has discussed so-called “nearshoring” production, which would bring production back within closer geographic proximity to consumers in the United States. That said, given the transition to more advanced production technologies, the demand for high-skilled labor will not be enough to offset the current employment trajectory.

⁴⁹ Wells, Charlie. “Why Your New Couch Will Be Delivered Only in 2022.” Bloomberg Wealth. September 25, 2021. <https://www.bloomberg.com/news/articles/2021-09-25/supply-chain-delays-furniture-buyers-feel-they-re-waiting-forever-for-a-couch>

⁵⁰ Curran, Enda. “China’s Soaring Factory Costs Send Inflation Signal to the World.” Bloomberg Businessweek. May 11, 2021. <https://www.bloomberg.com/news/articles/2021-05-11/china-s-soaring-factory-export-costs-send-inflation-warning-to-the-world>

FIGURE 2.39: CREATIVE GOODS AND PRODUCTS DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA'S CREATIVE ECONOMY GROSS REGIONAL PRODUCT 2020



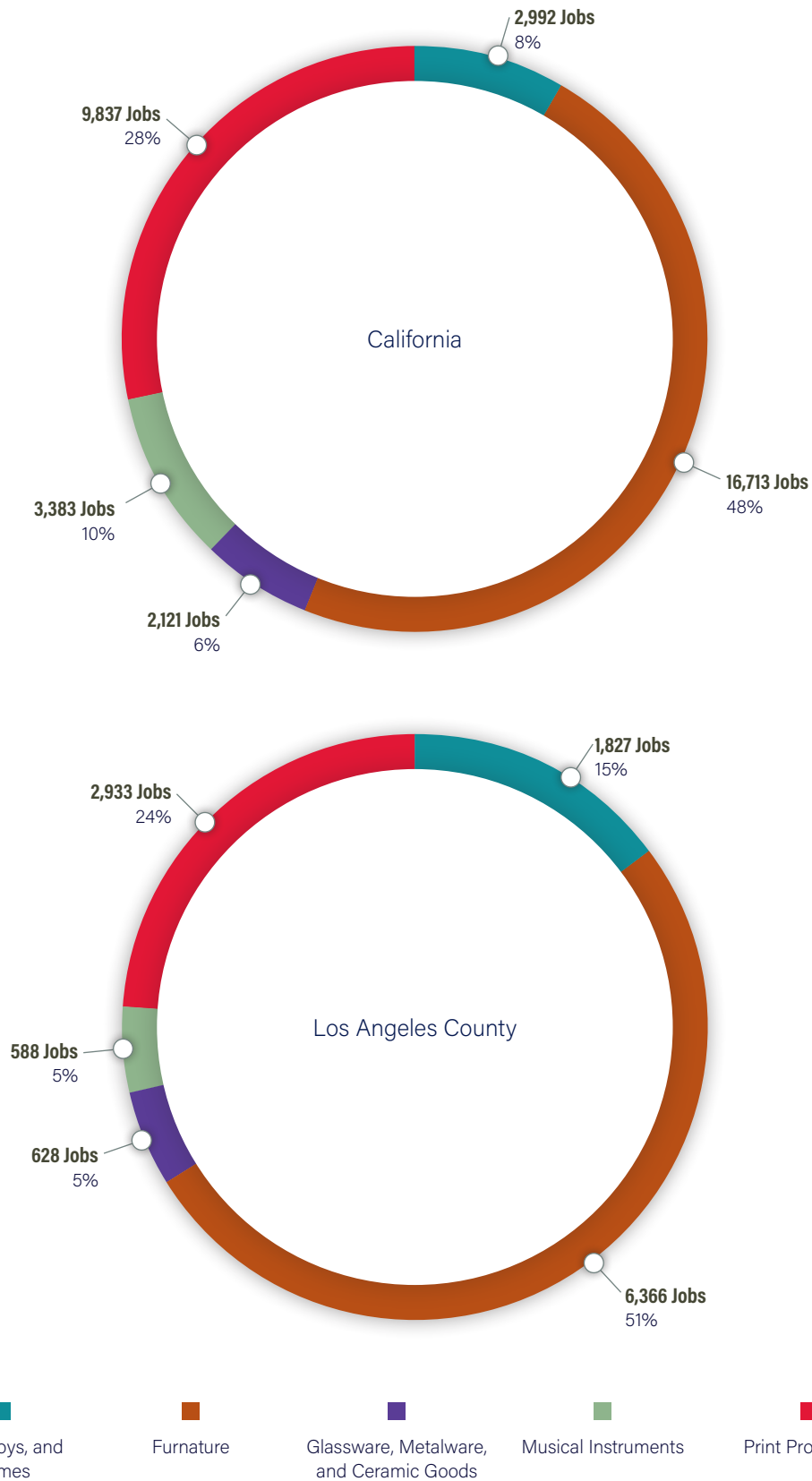
Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

Although it accounted for the largest single-year loss in jobs both in Los Angeles County – around 2,000 or 14% – and across the state – approximately 4,000 or 10.4% – from 2019 to 2020, the pandemic only accelerated employment trends already in motion. The Creative Goods and Products sector was severely hampered in the years following the Global

Financial Crisis and – with the exception of a modest uptick between 2012 and 2015 – never recovered. Employment in California dropped from around 59,000 jobs in 2007 to a little over 35,000 in 2020, while employment in Los Angeles County fell by nearly half to only around 12,300 workers (Figure 2.41).



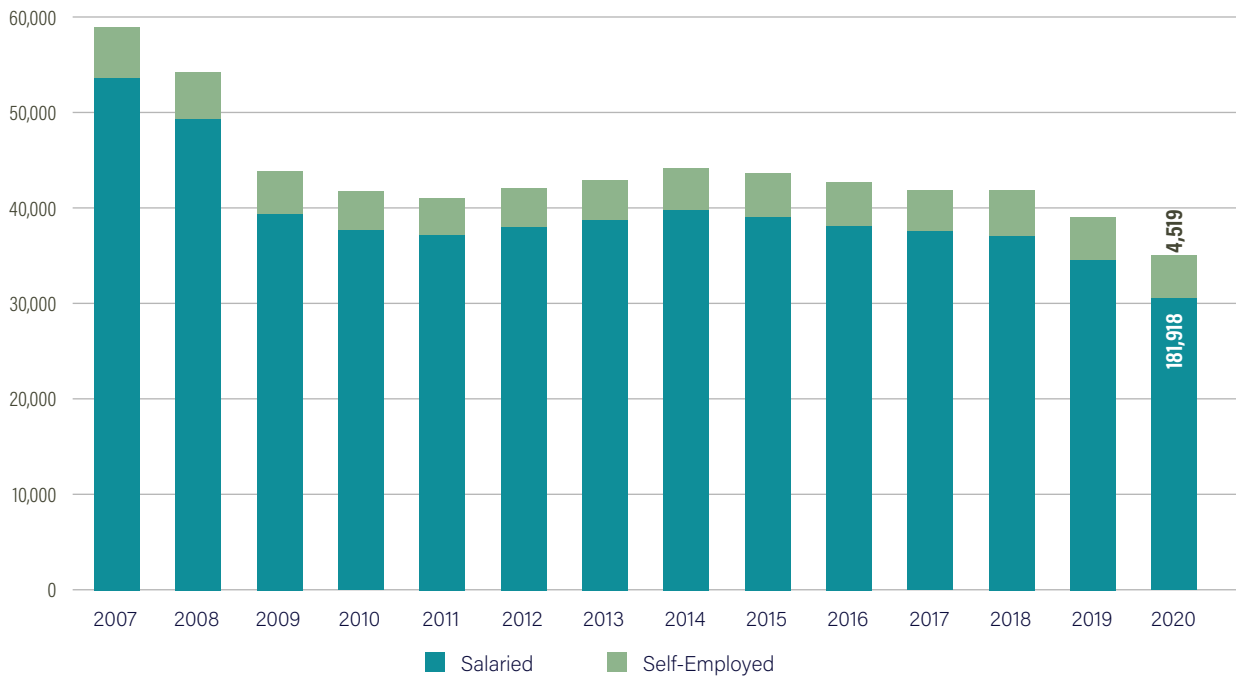
FIGURE 2.40: CREATIVE GOODS AND PRODUCTS EMPLOYMENT SHARE BY SUBSECTOR
2020



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

FIGURE 2.41: CREATIVE GOODS AND PRODUCTS EMPLOYMENT BY WORKER TYPE
2007 to 2020

(a) California



	2016	2017	2018	2019	2020
Number of Jobs	42,659	41,905	41,863	39,107	35,045
Salaried	38,141	37,538	37,070	34,599	30,526
Self-Employed	4,518	4,367	4,793	4,508	4,519
Share of Self-Employed	10.6%	10.4%	11.4%	11.5%	12.9%
1-Year Change	-	-1.8%	-0.1%	-6.6%	-10.4%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

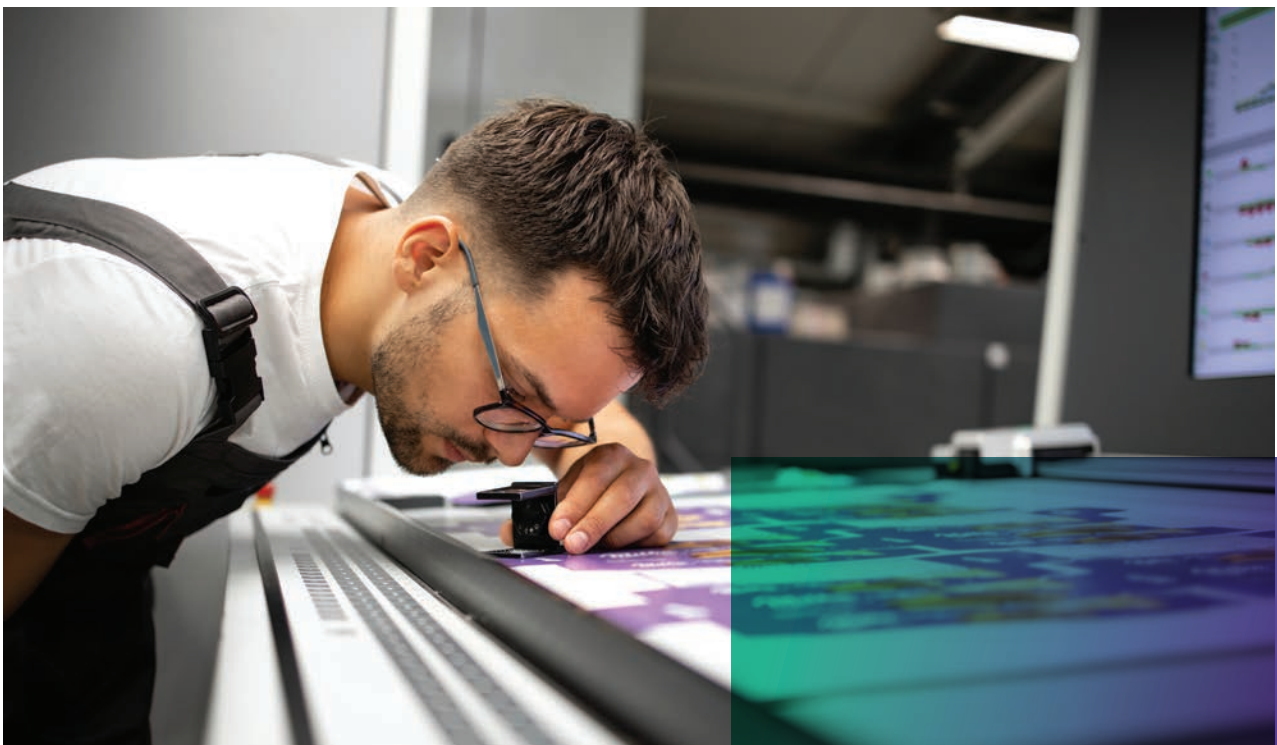


FIGURE 2.41: CREATIVE GOODS AND PRODUCTS EMPLOYMENT BY WORKER TYPE (continued)
2007 to 2020

(b) Los Angeles County



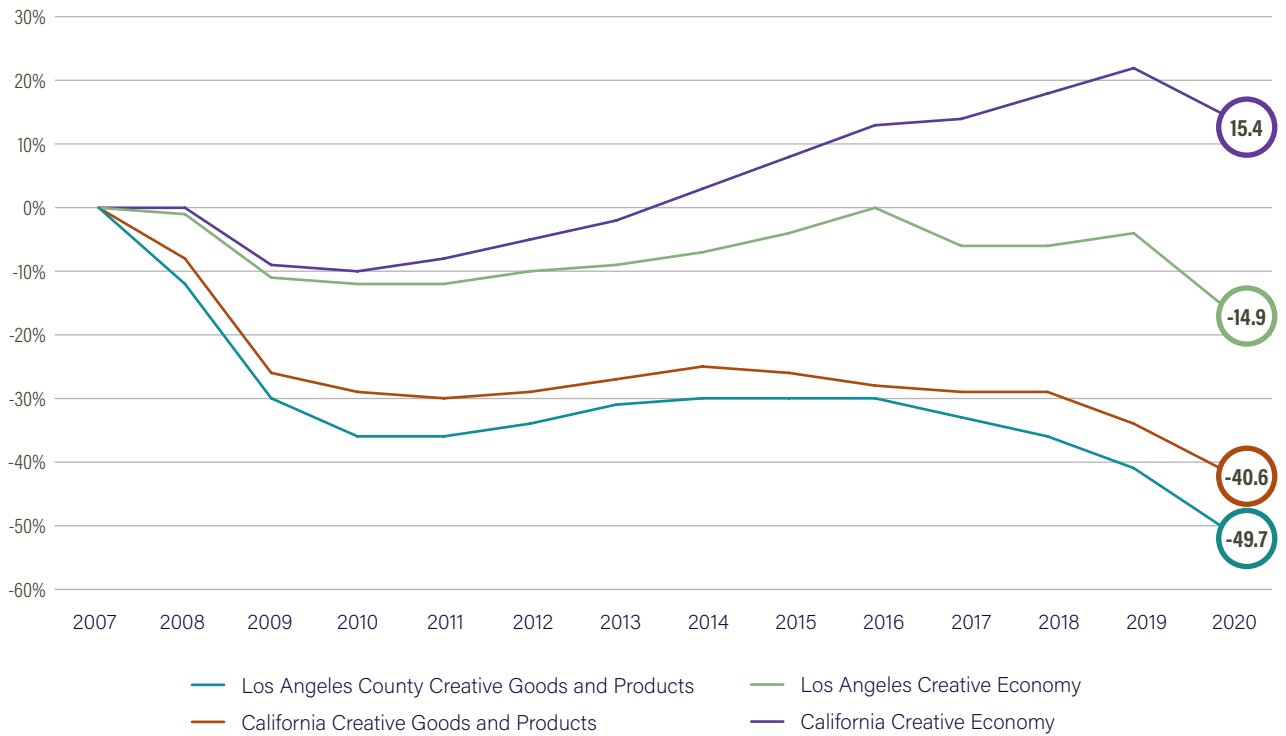
	2016	2017	2018	2019	2020
Number of Jobs	17,123	16,551	15,697	14,358	12,343
Salaried	15,759	15,196	14,195	12,946	10,926
Self-Employed	1,364	1,355	1,502	1,412	1,417
Share of Self-Employed	8.0%	8.2%	9.6%	9.8%	11.5%
1-Year Change	-	-3.3%	-5.2%	-8.5%	-14.0%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

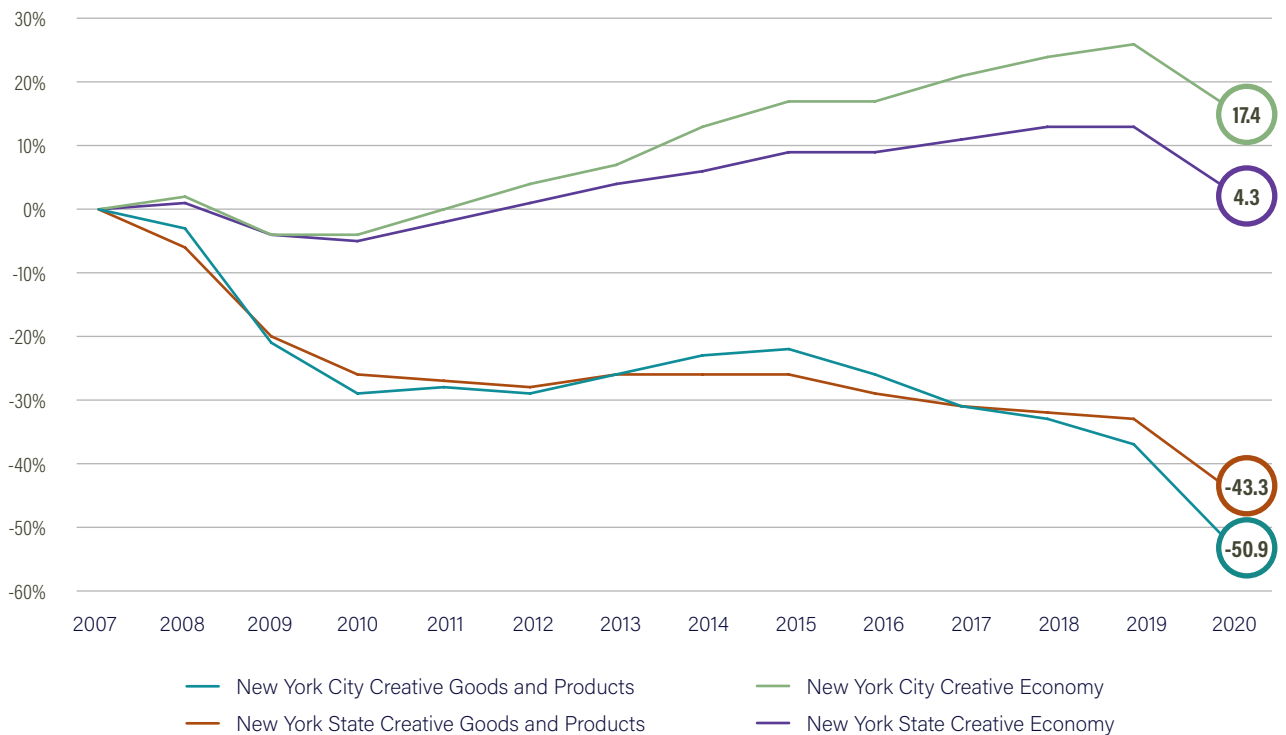


FIGURE 2.42: RELATIVE CHANGE IN CREATIVE GOODS AND PRODUCTS EMPLOYMENT
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.16: SELECT OCCUPATIONS IN THE CREATIVE GOODS AND PRODUCTS SECTOR
2007 to 2020

(a) California

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Printing Workers	3,363	-3,285	-49.4%	9.7%
Cabinetmakers and Bench Carpenters *	3,225	-2,866	-47.1%	9.3%
Miscellaneous Assemblers and Fabricators	2,466	-880	-26.3%	7.1%
Laborers and Material Movers	1,949	-1,333	-40.6%	5.6%
Miscellaneous Production Workers	1,302	-1,893	-59.2%	3.8%
Sales Representatives, Wholesale and Manufacturing	1,038	-352	-25.3%	3.0%
Designers	998	-175	-14.9%	2.9%

* Includes Wood Furniture Assembler, Wood Working Assembler, and other wood working occupations

Source: U.S. Bureau of Labor Statistics

(b) Los Angeles County

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Cabinetmakers and Bench Carpenters *	1,081	-1,197	-52.5%	9.0%
Miscellaneous Assemblers and Fabricators	957	-424	-30.7%	8.0%
Printing Workers	940	-1,772	-65.3%	7.8%
Laborers and Material Movers	703	-693	-49.6%	5.9%
Miscellaneous Production Workers	431	-779	-64.4%	3.6%
Sales Representatives, Wholesale and Manufacturing	372	-188	-33.6%	3.1%
Designers	998	-175	-14.9%	2.9%

* Designers refer to commercial and industrial designers, graphic designers, interior designers, and set and exhibition designers.

Source: U.S. Bureau of Labor Statistics





Subsector Analysis

The Creative Goods and Products sector includes five subsectors: Dolls, Toys, and Games; Furniture; Musical Instruments; Glassware, Metalware, and Ceramic Goods; and Print Production. The pandemic's impact on sector employment in California has varied widely depending on the subsector. Few workers engaged in the manufacturing of Dolls, Toys and Games lost their jobs in 2020 – employment declined less than a 1% – while other subsectors experienced considerable job losses ranging from 5% to 15%.

Dolls, Toys, and Games

California's Dolls Toys, and Games subsector share of total employment in the Creative Goods and Products stood at 15% (1,827 jobs) in Los Angeles County and 8% (2,992 jobs) statewide in 2020. Anchored by well-known producers such as Mattel, Imperial Toy, and Jakks Pacific Inc., the subsector offers lucrative wages for salaried employees. In 2020, average annual wages for salaried employees in Los Angeles County and California were approximately \$150,000 and \$130,000, respectively. At the same time, jobs in the subsector have become scarcer since 2007, with employment declining by more than 19% in Los Angeles County and nearly 25% across the state.

Furniture

The Furniture subsector employs the most workers in the Creative Goods and Products sector, with Los Angeles County accounting for 38.1% of the 16,713 jobs in California. From 2007 to 2020, employment in the subsector fell by almost half in both California – a 44.1% decline – and Los Angeles County – a 53.1% decline. This decline is far more significant than in New York City and New York State where employment shrank by roughly 35% over the same time period. Average annual wages in this industry were among the lowest among all subsectors; salaried employees took home an average annual salary of \$52,590 in California and \$47,300 in Los Angeles County. Despite the relatively low pay, wages have at least been on an upward trend for salaried employees since 2007, rising by more than 40% in both the state and county.

Glassware, Metalware, and Ceramic Goods

In recent years, the Glassware, Metalware, and Ceramic Goods subsector has been more resilient in Los Angeles County compared to the state overall, with employment declining by 40.8% in California and 29.2% in the county from 2007 to 2020. Salaried employees took home an average salary of \$63,999 in California and \$47,974 in Los Angeles County. Meanwhile, self-employed workers had considerably lower average annual wages at around only \$25,000 at the state and county levels. Wages for the subsector overall have been on the rise since 2007, however, growing by 43% for the state and 63% for the county.

Musical Instruments

Musical Instrument employment and wage growth have outpaced all other subsectors by a considerable margin in recent years. Employment in Los Angeles County boomed from 2007 to 2020, increasing by 31%. This is the only subsector and geography that added jobs over this period. This outcome is likely attributable, in part, to the growing number of boutique manufacturers in recent years, as well as the documented rise in popularity of electric guitars and related goods during the early months of quarantine.⁵¹⁵² Compensation for salaried employees in Los Angeles County was among the highest of all subsectors, only trailing Dolls Toys and Games. Salaried employees took home an average of \$61,780 per year in California and nearly twice as much in Los Angeles County where average annual wages were \$118,335.⁵³ Meanwhile, self-employed workers had significantly lower salaries at around only \$36,750 at both the state and county levels.

Print Production

Print Production employment shrank at a rapid pace from 2007 to 2020, falling by 45.1% and 60.1% in California and Los Angeles County, respectively. The decline is likely driven by digitization in many industries as well as falling print publication readership over the past decade. Average annual wages in Print Production were the lowest among all subsectors. Salaried employees in this industry took home an average annual salary of \$43,495 for California and \$39,908 for Los Angeles County. Self-employed workers saw similar compensation levels, unlike most sectors and subsectors where salaried employees earned considerably higher wages.

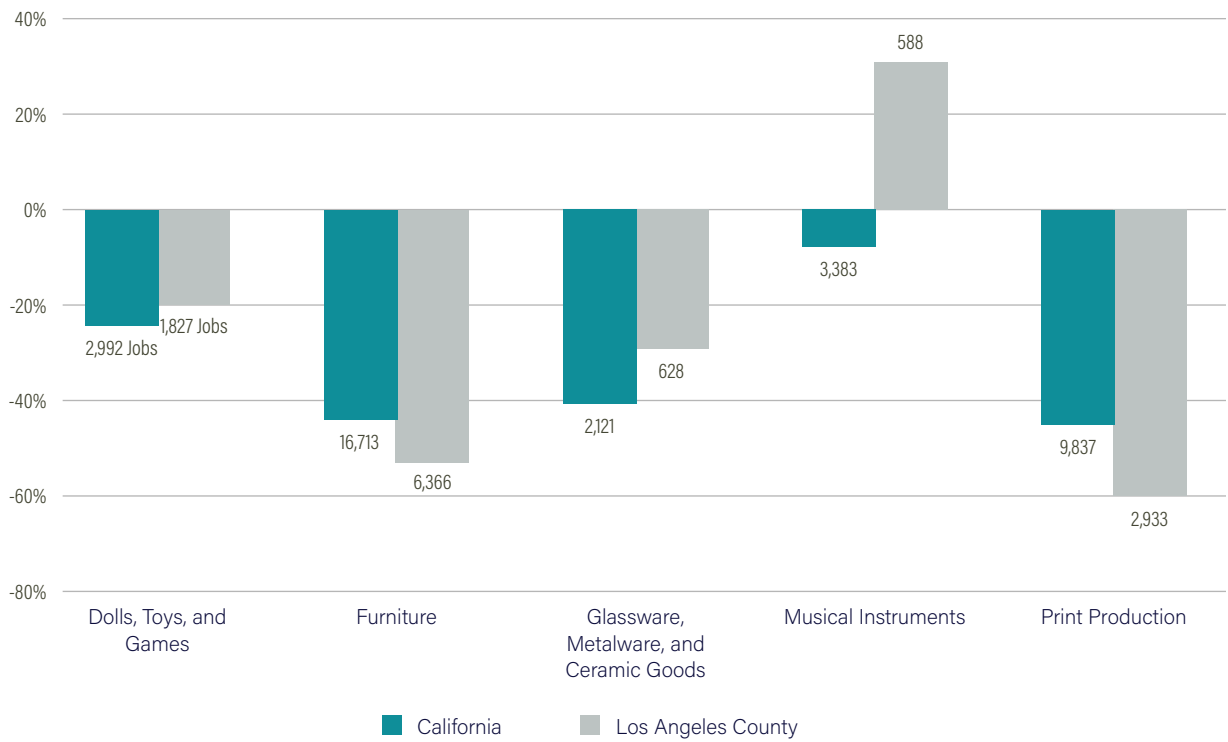
⁵¹ Millman, Ethan. "Big Sounds from the Small Boutique Guitar Luthiers of California" Los Angeles Times, September 16, 2018. <https://www.latimes.com/business/la-fi-boutique-guitar-makers-california-20180916-htmlstory.html>.

⁵² Williams, Alex. "Guitars Are Back, Baby!" The New York Times. The New York Times, September 8, 2020. <https://www.nytimes.com/2020/09/08/style/guitar-sales-fender-gibson.html>.

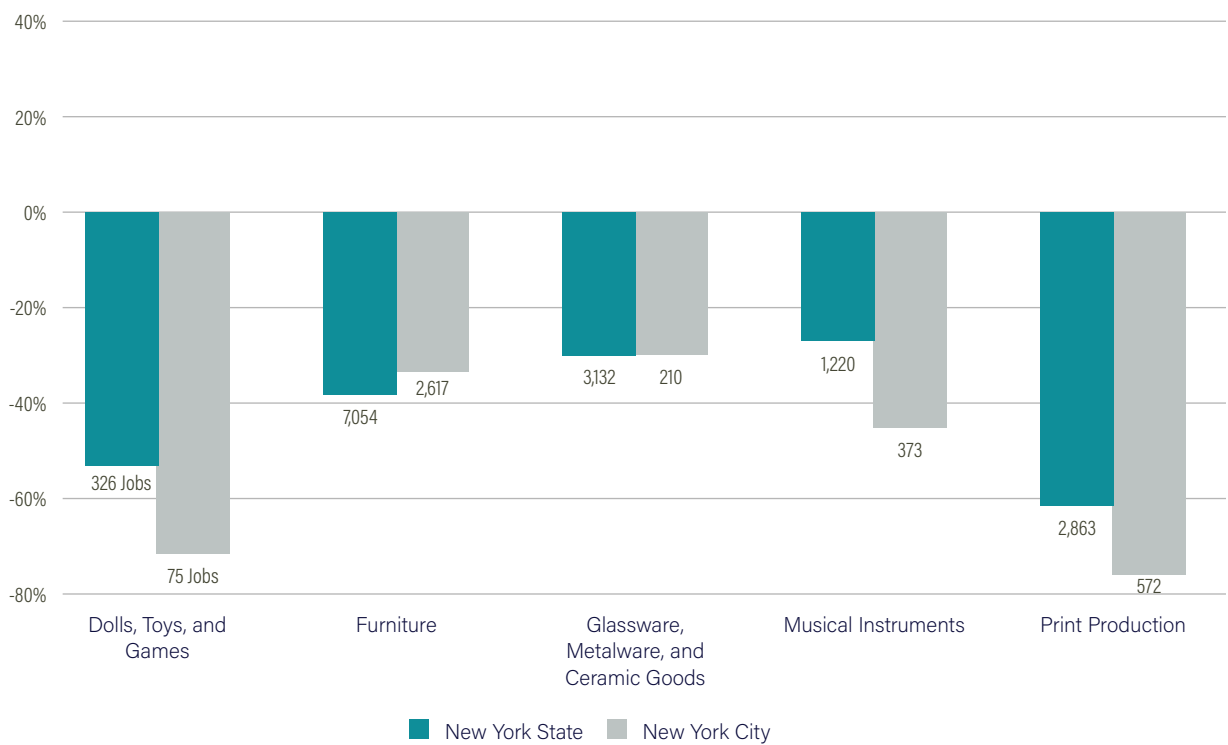
⁵³ Given the Los Angeles County Music Instruments subsector employs only 530 salaried workers, this spike is likely caused by a handful of high-earners that disproportionately benefitted from sales in the months following stay-at-home mandates.

FIGURE 2.43: EMPLOYMENT GROWTH IN CREATIVE GOODS AND PRODUCTS BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



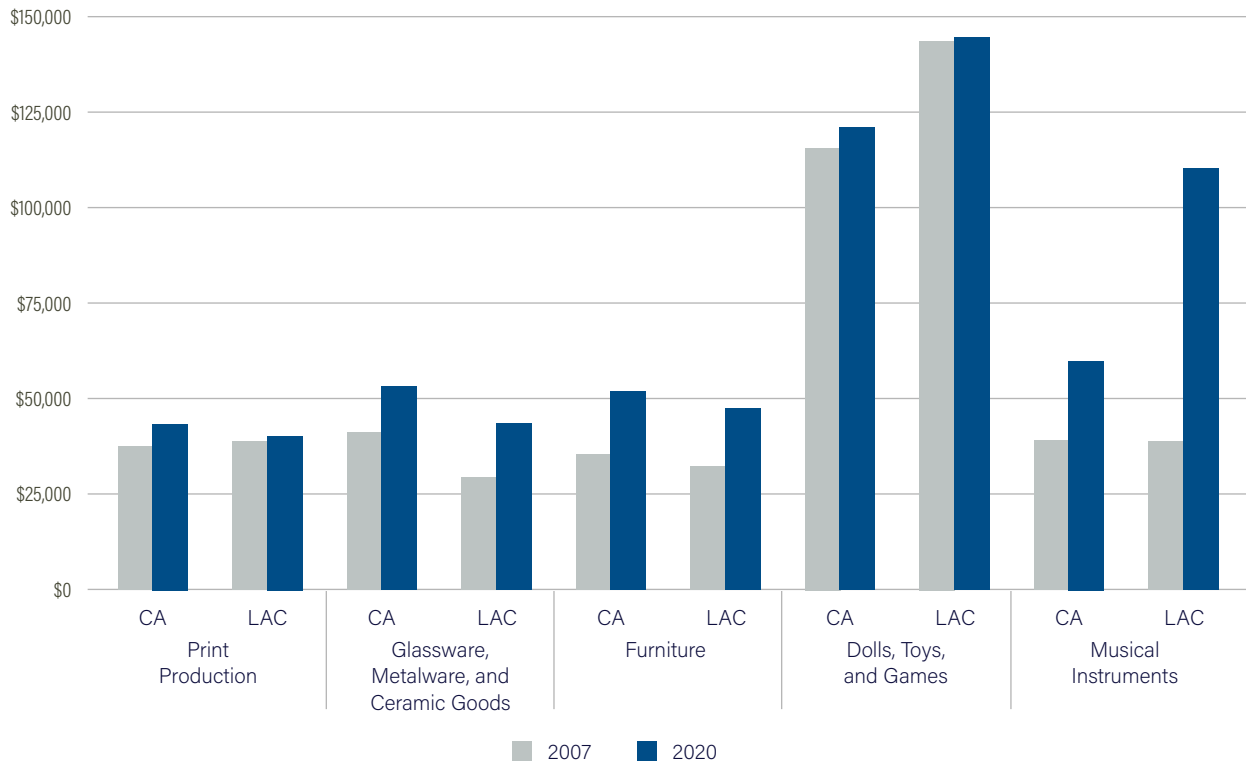
(b) New York State and New York City



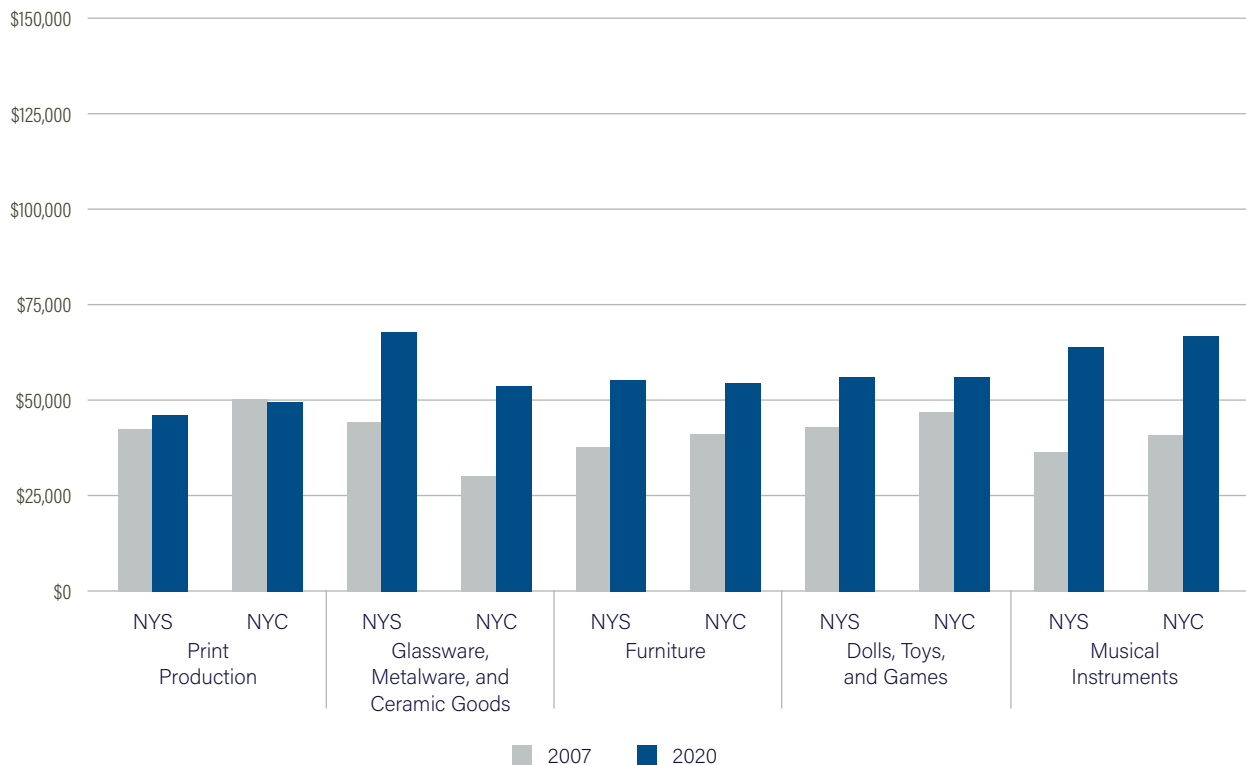
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.44: AVERAGE ANNUAL WAGES FOR CREATIVE GOODS AND PRODUCTS BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



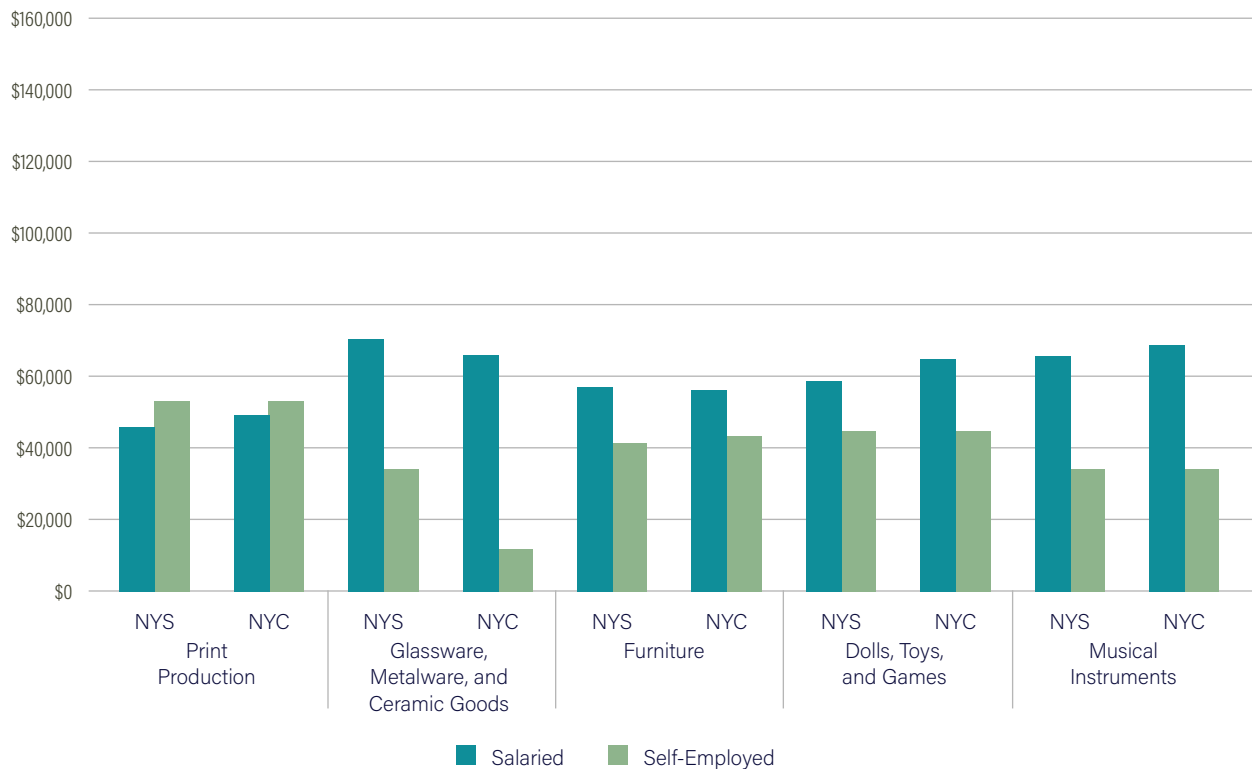
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.45: AVERAGE ANNUAL WAGES FOR CREATIVE GOODS AND PRODUCTS BY WORKER TYPE
2020

(a) California and Los Angeles County



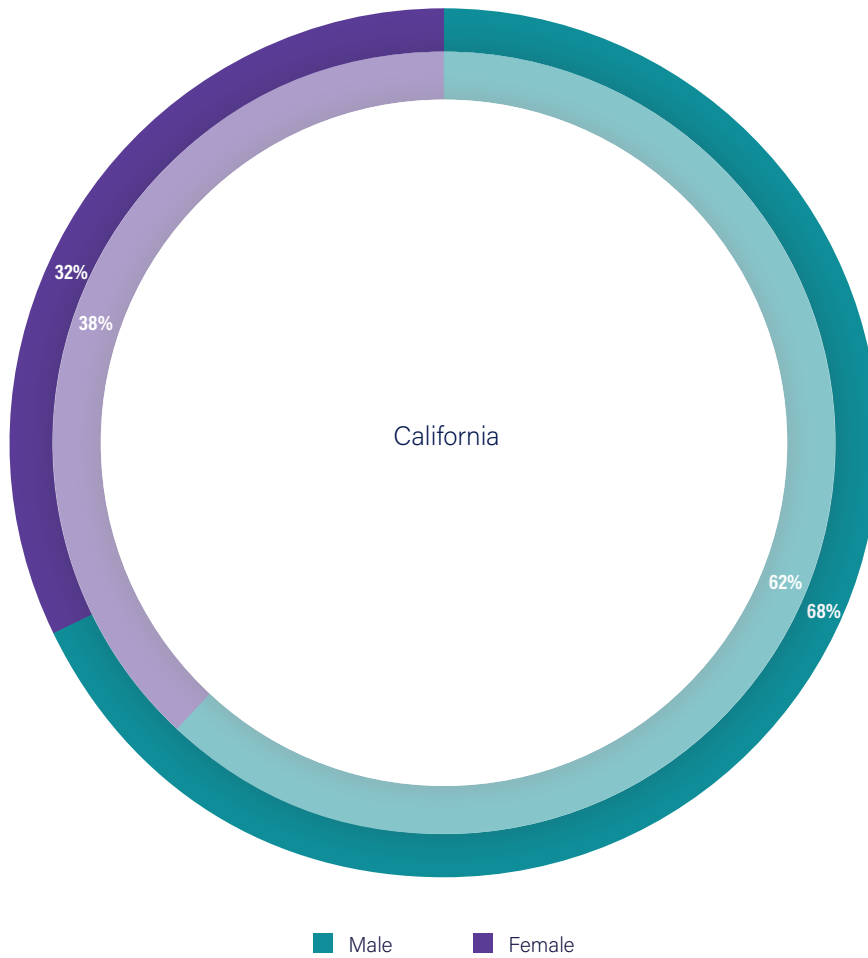
(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 2.46: CREATIVE GOODS AND PRODUCTS WORKFORCE BY GENDER
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: CREATIVE GOODS AND PRODUCTS



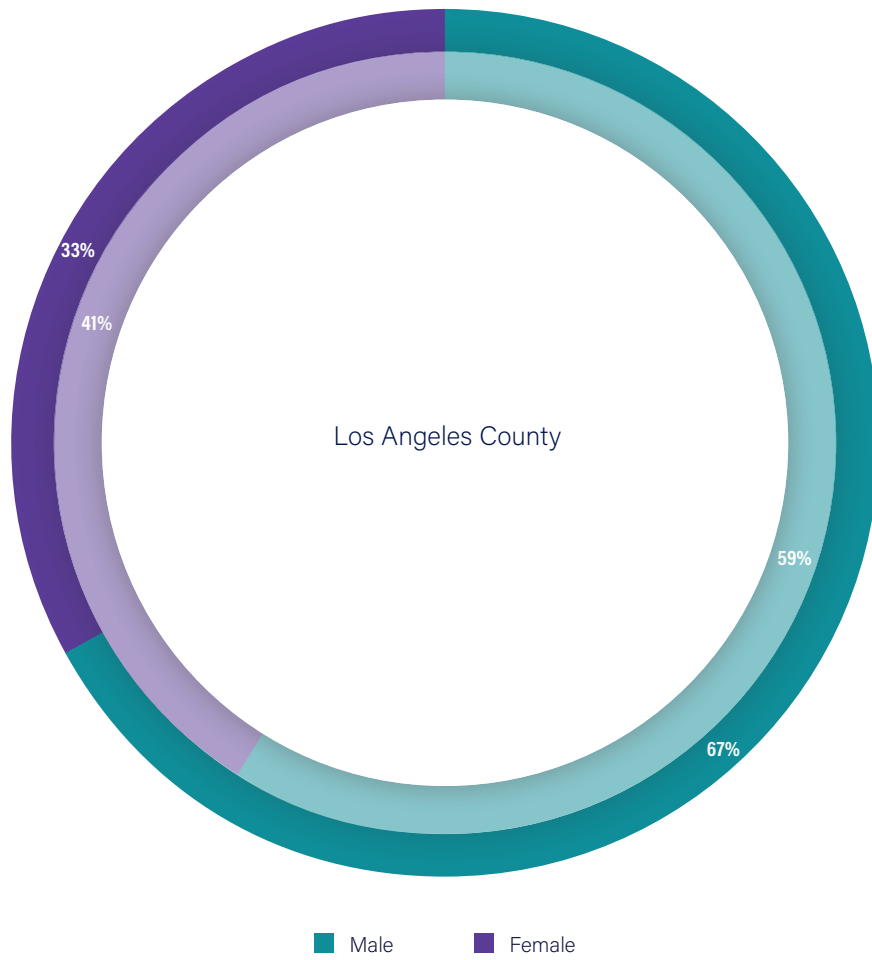
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Demographics

Women in Creative Goods and Products, both across the state and in Los Angeles County, were slightly underrepresented compared to the creative economy average at around 33% of the workforce. However, the sector is the second-most diverse among the five creative economy sectors (behind Fashion). In Los Angeles County, white workers account for only 35% of all employees, as opposed to 55% in the creative economy, and this figure is only marginally higher at 41% statewide. Hispanic or Latinx workers

constitute a narrow majority of the sector's workforce across California and sit at 51% representation at in Los Angeles County. Asian and Pacific Islander and Black workers make up roughly the same share of the Creative Goods and Products workforce at the state and county level, at 3% for Black workers and hovering around 10% for Asian and Pacific Islander workers, though they fall well short of creative economy averages in both cases.

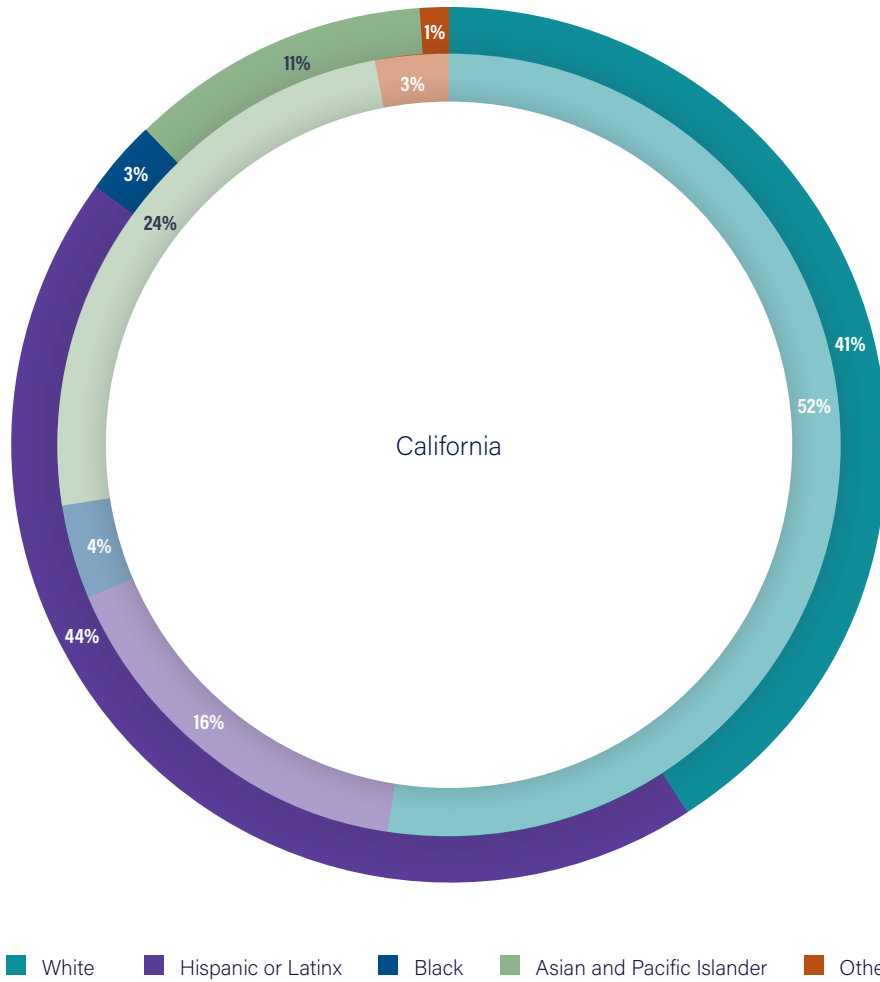
FIGURE 2.46: CREATIVE GOODS AND PRODUCTS WORKFORCE BY GENDER (continued)
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: CREATIVE GOODS AND PRODUCTS



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 2.47: CREATIVE GOODS AND PRODUCTS WORKFORCE BY RACE/ETHNICITY
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: CREATIVE GOODS AND PRODUCTS



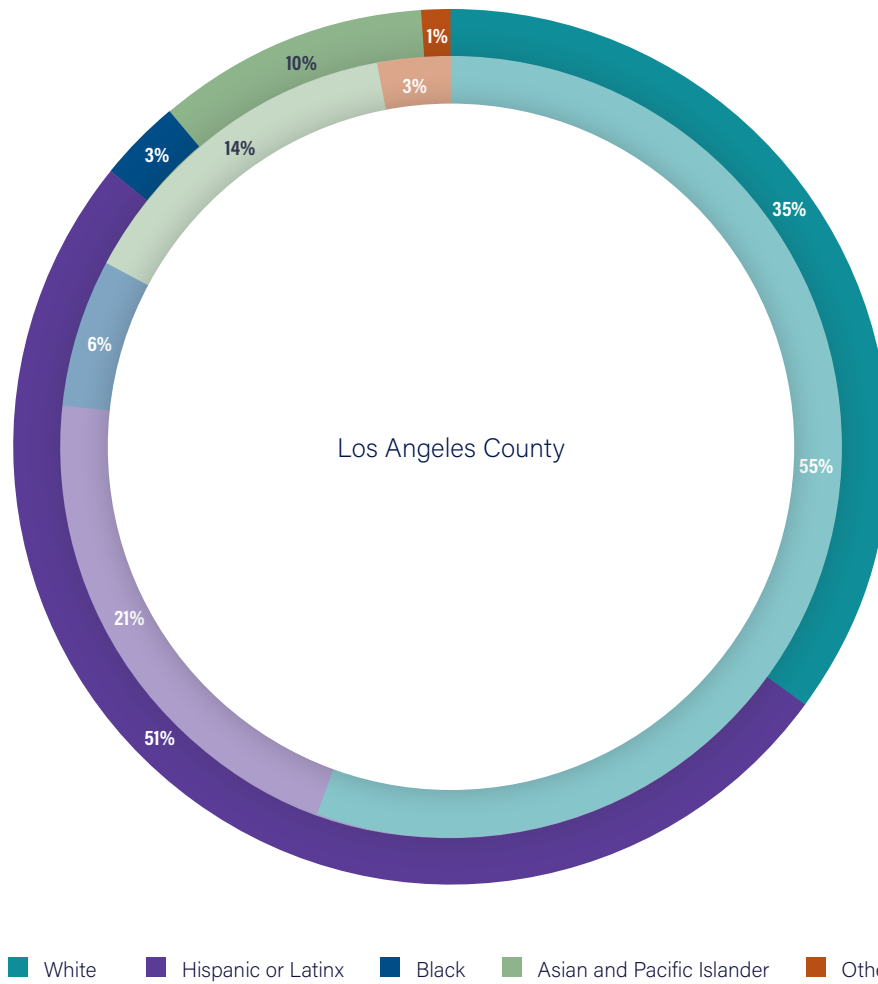
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Economic Impact Analysis

TABLE 2.17: ECONOMIC IMPACT OF THE CREATIVE GOODS AND PRODUCTS SECTOR IN CALIFORNIA
 2020

	Direct	Indirect	Induced	Total
Employment	35,044 Jobs	15,239 Jobs	16,411 Jobs	66,694 Jobs
Labor Income	\$2.5 Billion	\$1.3 Billion	\$1.1 Billion	\$4.9 Billion
Gross Value Add	\$3.6 Billion	\$2.0 Billion	\$2.0 Billion	\$7.6 Billion
Tax Revenue	-	-	-	\$1.3 Billion

FIGURE 2.47: CREATIVE GOODS AND PRODUCTS WORKFORCE BY RACE/ETHNICITY (continued)
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: CREATIVE GOODS AND PRODUCTS



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.18: ECONOMIC IMPACT OF THE CREATIVE GOODS AND PRODUCTS SECTOR IN LOS ANGELES COUNTY
 2020

	Direct	Indirect	Induced	Total
Employment	12,342 Jobs	4,411 Jobs	4,932 Jobs	21,685 Jobs
Labor Income	\$1.0 Billion	\$373.6 Billion	\$315.8 Billion	\$1.7 Billion
Gross Value Add	\$1.5 Billion	\$571.8 Billion	\$566.6 Billion	\$2.6 Billion
Tax Revenue	-	-	-	\$428.4 Million

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.

TECHNOLOGY SPOTLIGHT: THE RISE OF DIGITAL PLATFORMS

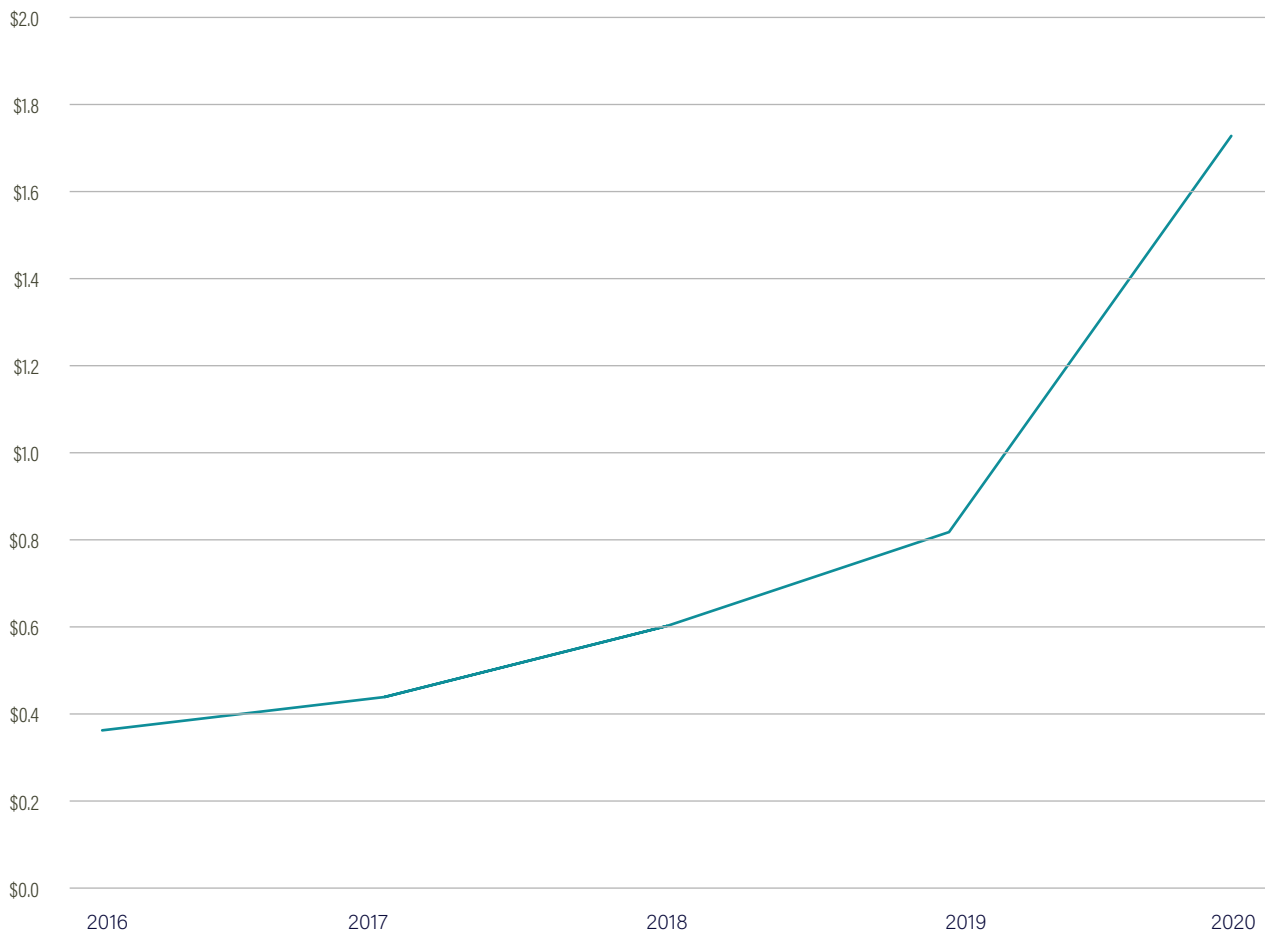
Digital platforms are home to a growing share of online commerce and content. These platforms lower the barriers to entry, provide access to global markets, and facilitate transactions totaling billions of dollars of economic activity.

PART 2

MARKETPLACE | ETSY

In 2020 Etsy, an e-commerce website company specializing in craft and vintage items, generated revenues worth \$1.7 billion, up by more than 100% in revenue over the previous year. The company launched in 2005, went public in 2015, and is now one of the leading online marketplaces worldwide. Most products on Etsy are sold by independent sellers.

FIGURE 2.48: ETSY ANNUAL REVENUES
2016 to 2020

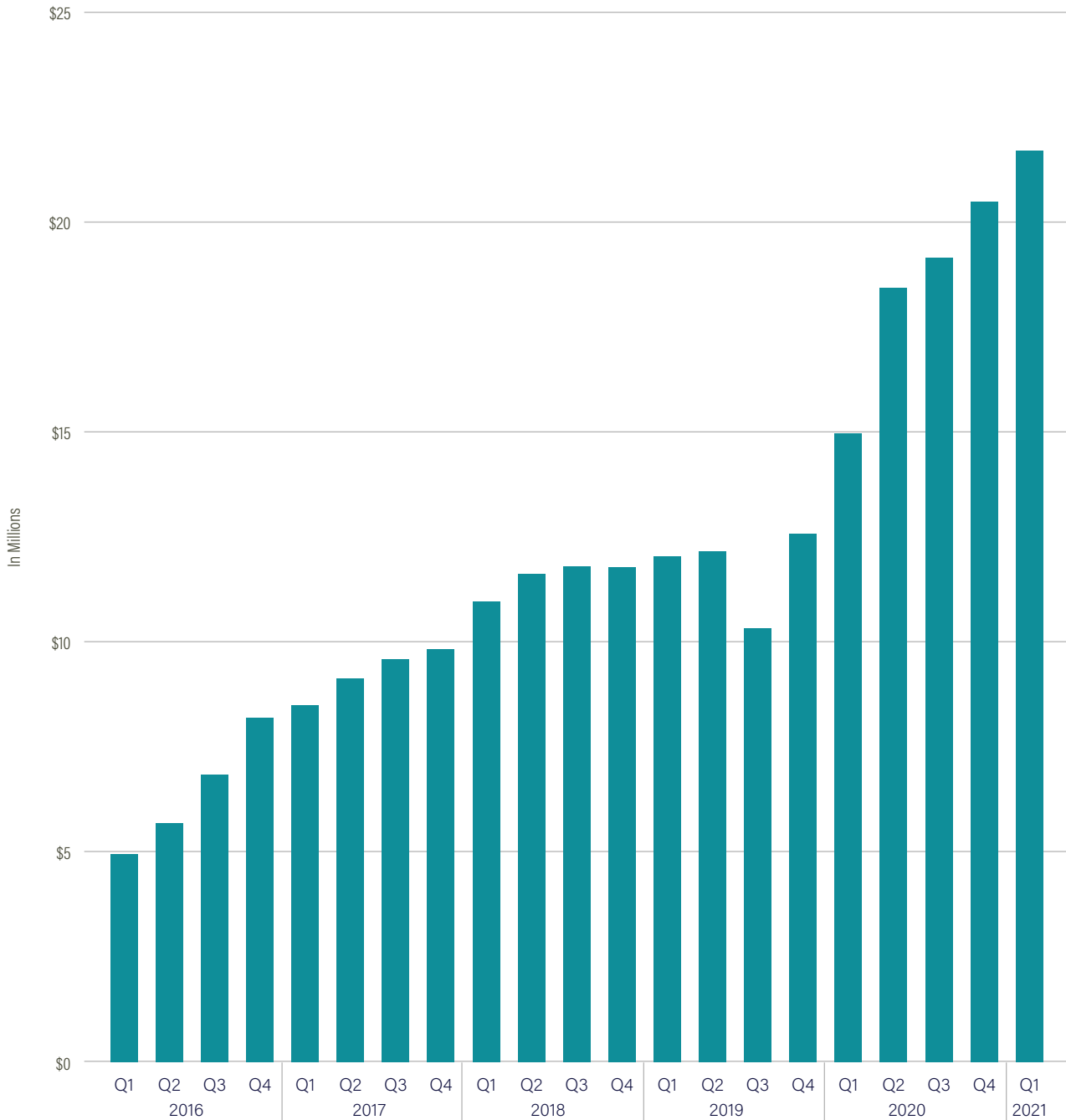


Source: Etsy

CROWDFUNDING | PATREON

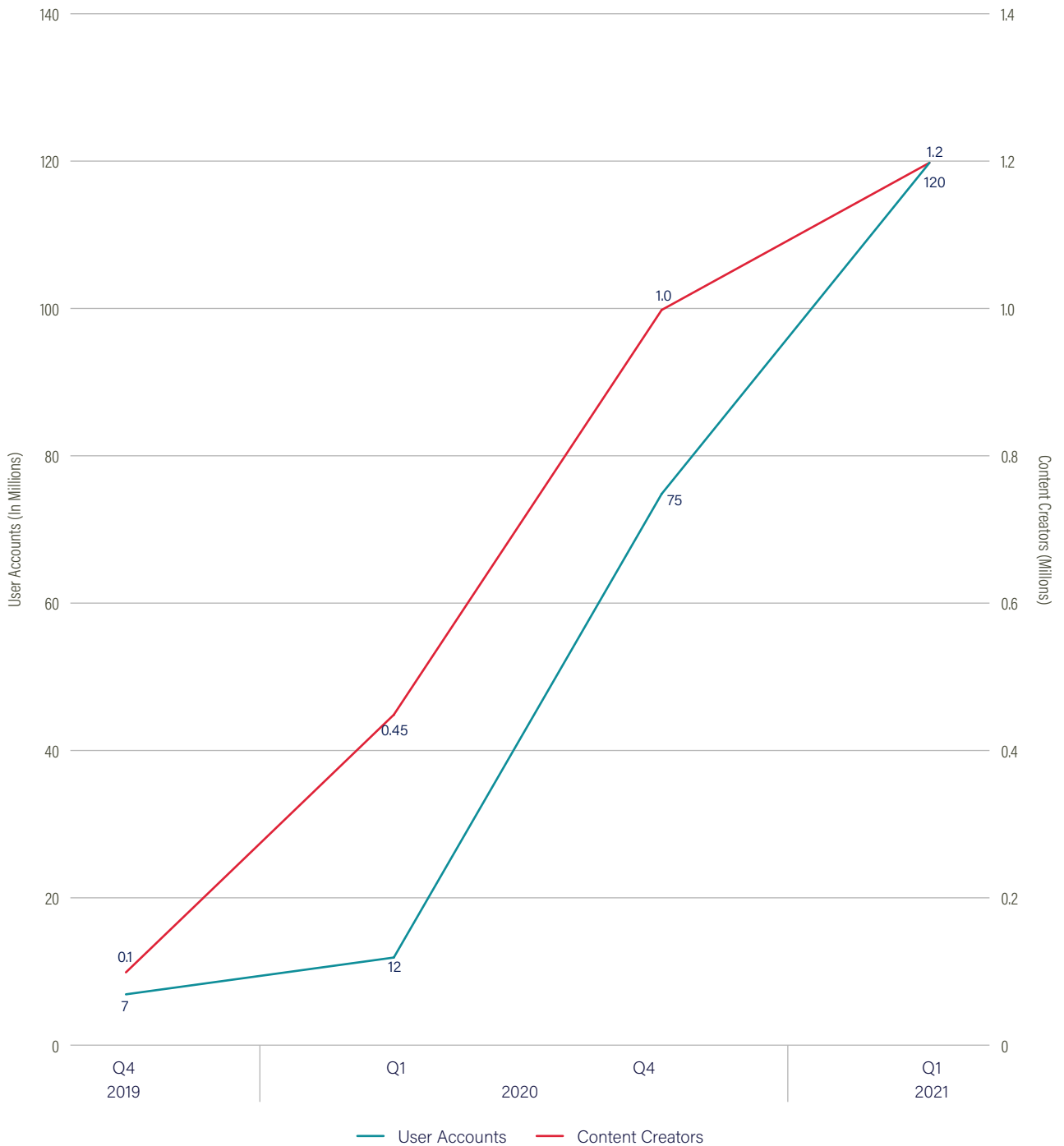
In recent years, content creators on the crowdfunding platform Patreon have experienced consistent revenue growth. In March 2016, monthly subscriber contributions to creators on the platform were estimated to be close to \$5 million. Five years later, the amount is reportedly up by more than 300%, reaching almost \$22 million. Between 2016 and 2021, the number of creators on Patreon increased to more than 187,000.

FIGURE 2.49: TOTAL MONTHLY PAYMENTS TO CONTENT CREATORS VIA PATREON BY QUARTER
2016 to 2021



Source: Backlinko, Patreon

FIGURE 2.50: TOTAL USERS AND CONTENT CREATORS FOR ONLY FANS
Q4 2019 to Q1 2021



Source: The Guardian; OnlyFans

SOCIAL AND VIDEO | ONLYFANS

Launched in 2016, London-based OnlyFans is a social and video platform – one that is becoming increasingly popular for hosting adult content – for content creators to monetize their content via paid subscriptions and tips. In January 2022, the platform saw approximately 39 million monthly website visits from “fans” (or users) worldwide.



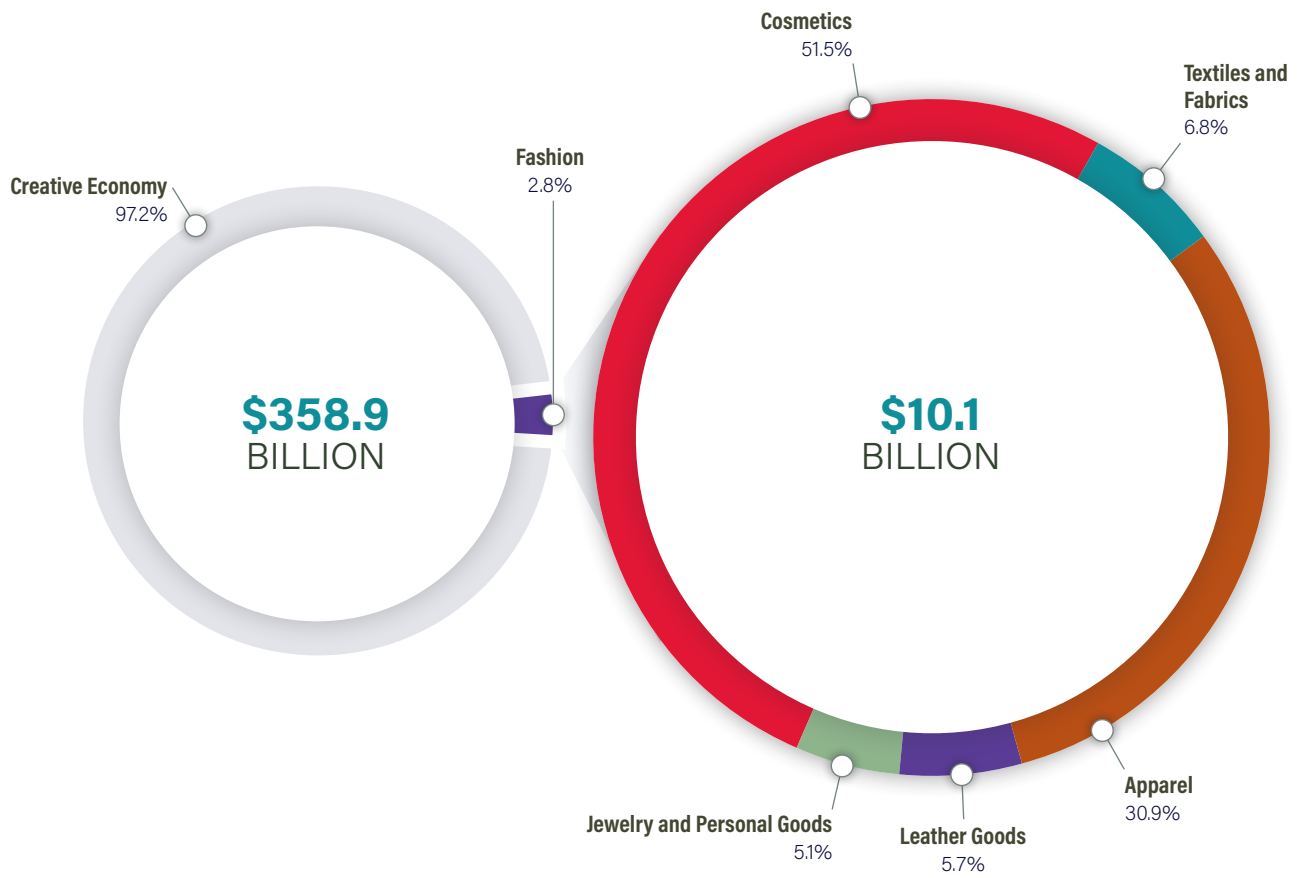
2.5: FASHION

The Fashion sector continues its long, slow decline and has lagged well behind in both California and Los Angeles County creative economy employment since 2007. Los Angeles County has seen Fashion employment drop at almost an identical rate to that of California, which is due to nearly 64% of the state's jobs located in the county. Although the sector stabilized after losing a significant number of jobs at the beginning of the Great Recession, employment started dropping again in 2014 and caused a contraction by over half at both the state (51.4%) and county (57.1%) levels between 2007 and 2020.

Comparatively, the pandemic had a more modest effect between 2019 and 2020, with job losses of 14.4% and 17.3% across the state and in Los Angeles County, respectively. Both contractions overwhelmingly affected salaried workers, and job losses among self-employed workers between 2007 and 2020 amounted to only about 450 statewide. As a result, the composition of the workforce shifted, with the share of self-employed workers in the sector nearly doubling from 6.1% to 11.7% in California and more than doubling in Los Angeles County from 3.6% to 7.9%.



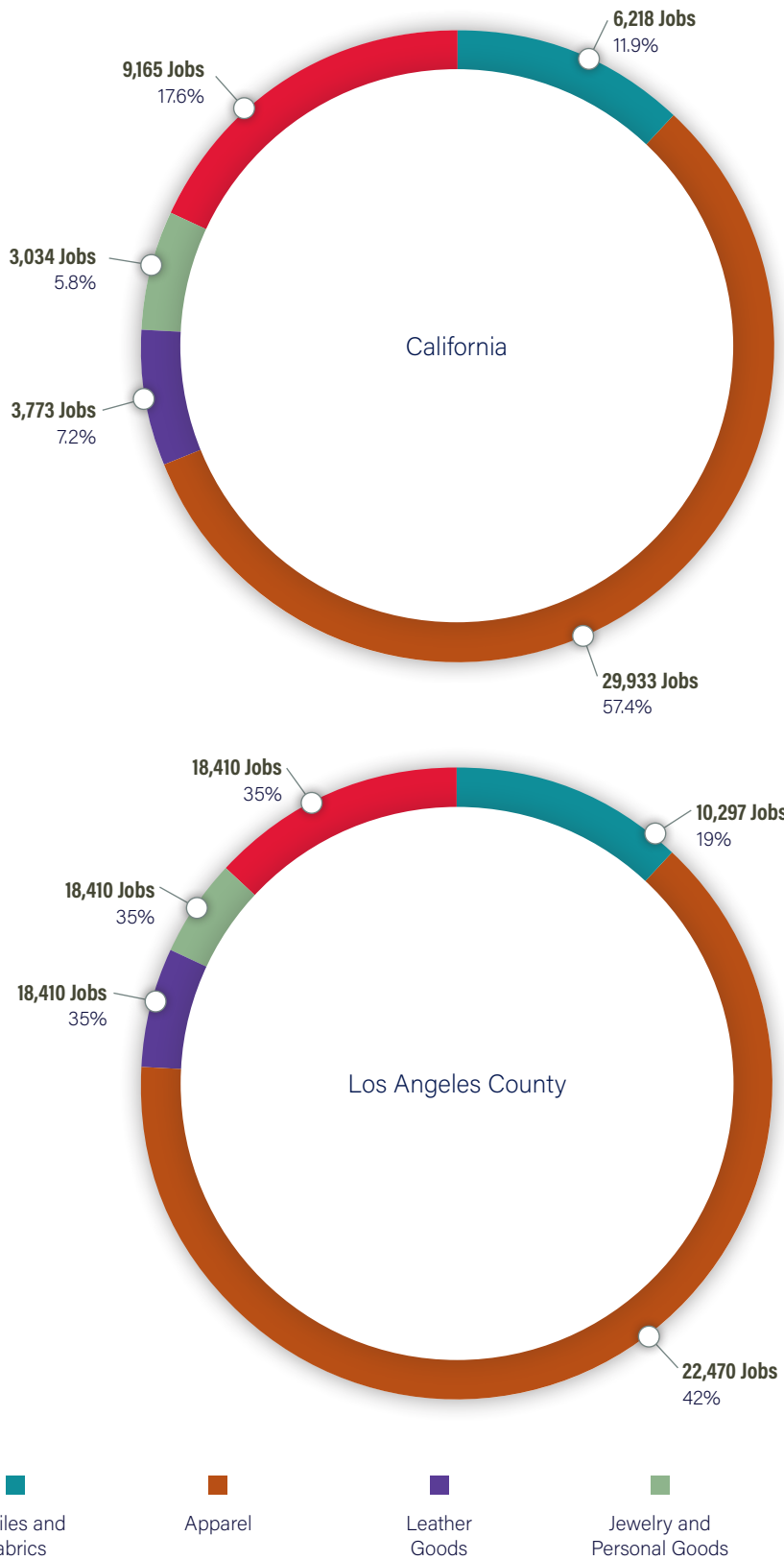
FIGURE 2.51: FASHION DIRECT GROSS VALUE ADD CONTRIBUTION TO CALIFORNIA'S CREATIVE ECONOMY GROSS REGIONAL PRODUCT 2020



Source: U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages



FIGURE 2.52: FASHION EMPLOYMENT SHARE BY SUBSECTOR
2020



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.53: FASHION EMPLOYMENT BY WORKER TYPE
2007 to 2020

(a) California



	2016	2017	2018	2019	2020
Number of Jobs	75,316	68,386	64,095	60,909	52,123
Salaried	68,056	61,460	57,646	54,766	46,017
Self-Employed	7,261	6,926	6,449	6,143	6,107
Share of Self-Employed	9.6%	10.1%	10.1%	10.1%	11.7%
1-Year Change	-	-9.2%	-6.3%	-5.0%	-14.4%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.19: SELECT OCCUPATIONS IN THE FASHION SECTOR

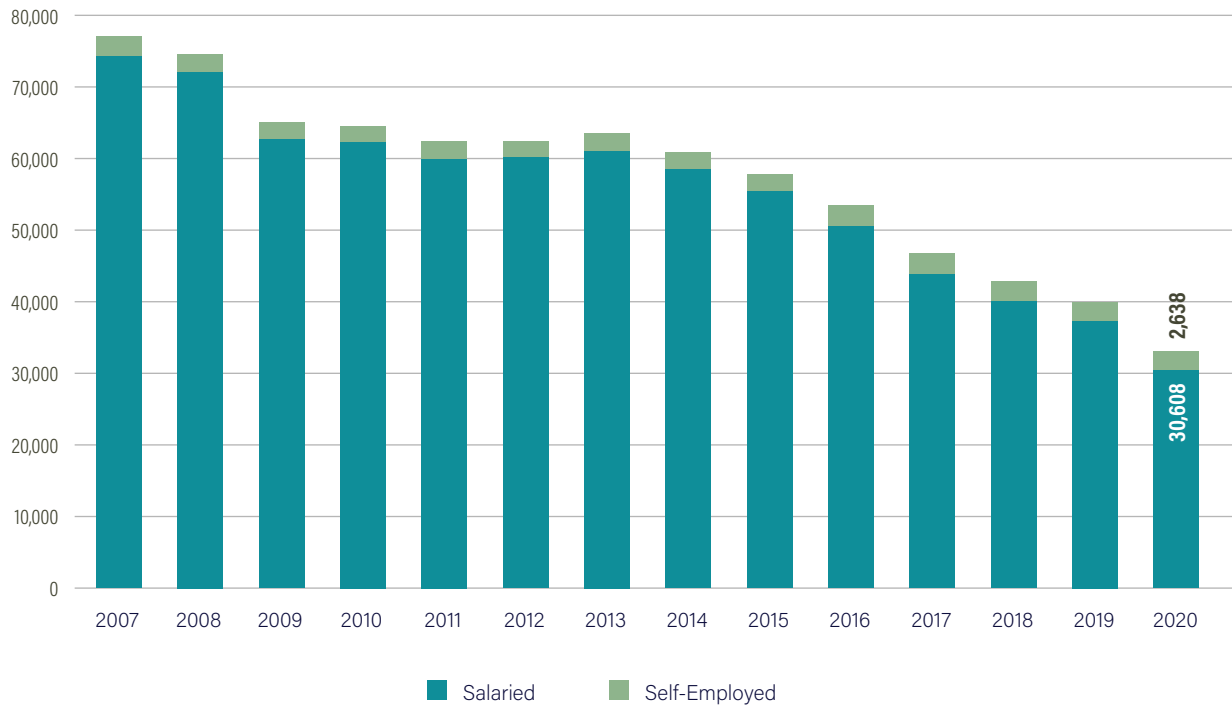
(a) California

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Sewing Machine Operators	11,824	-26,769	-69.4%	22.7%
Laborers and Material Movers	3,243	-2,725	-45.7%	6.2%
Textile Machine Setters, Operators, and Tenders	2,201	-6,618	-75.0%	4.2%
Designers	2,095	-637	-23.3%	4.0%
Tailors, Dressmakers, and Sewers	1,564	-984	-38.6%	3.0%
Sales Representatives, Wholesale and Manufacturing	1,528	-720	-32.0%	2.9%

Source: U.S. Bureau of Labor Statistics

FIGURE 2.53: FASHION EMPLOYMENT BY WORKER TYPE (continued)
2007 to 2020

(b) Los Angeles County



	2016	2017	2018	2019	2020
Number of Jobs	53,815	47,018	43,066	40,192	33,246
Salaried	50,806	44,073	40,282	37,529	30,608
Self-Employed	3,008	2,945	2,784	2,663	2,638
Share of Self-Employed	5.6%	6.3%	6.5%	6.6%	7.9%
1-Year Change	-	-12.6%	-8.4%	-6.7%	-17.3%

Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.19: SELECT OCCUPATIONS IN THE FASHION SECTOR (continued)

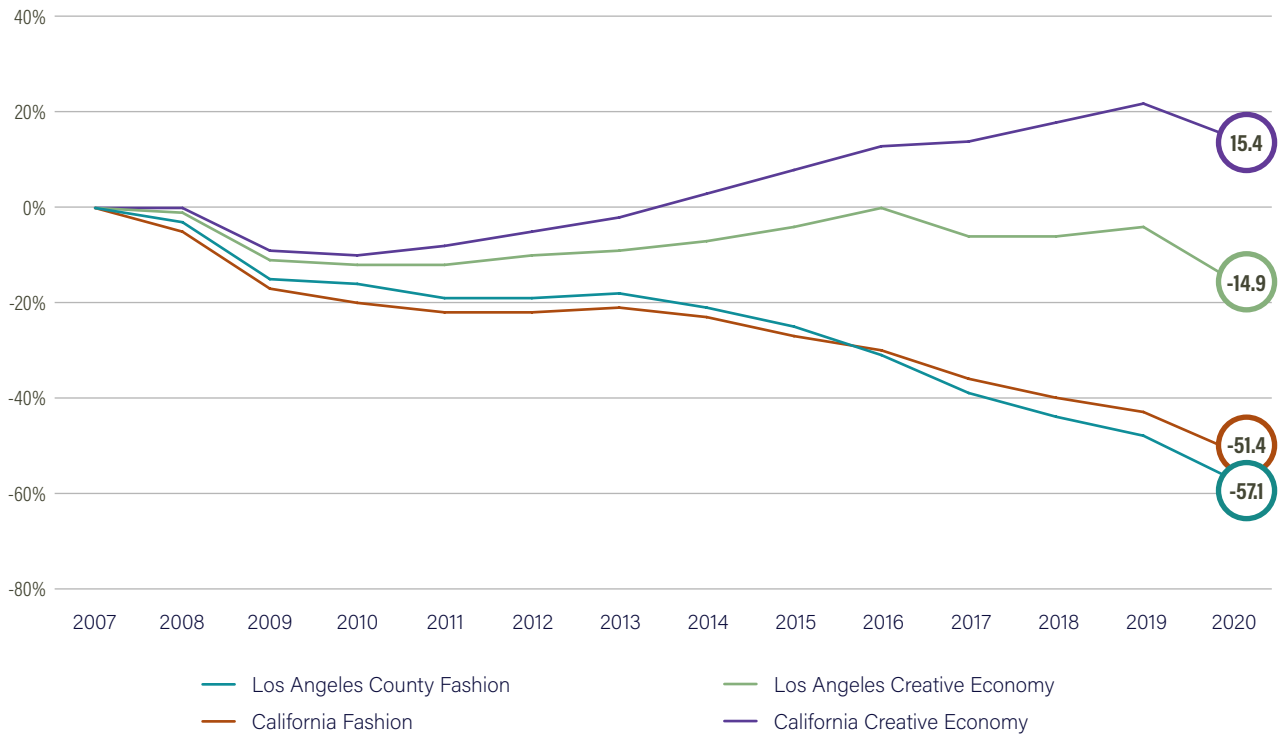
(b) Los Angeles County

	Number of Workers (2020)	Change (2007-20)	% Change (2007-20)	Share of Industry Group (2020)
Sewing Machine Operators	8,265	-21,219	-72.0%	24.9%
Laborers and Material Movers	2,108	-2,113	-50.1%	6.3%
Textile Machine Setters, Operators, and Tenders	1,550	-5,143	-76.8%	4.7%
Designers	1,387	-502	-26.6%	4.2%
Sales Representatives, Wholesale and Manufacturing	946	-534	-36.1%	2.9%
Shipping, Receiving, and Inventory Clerks	939	-812	-46.4%	2.8%

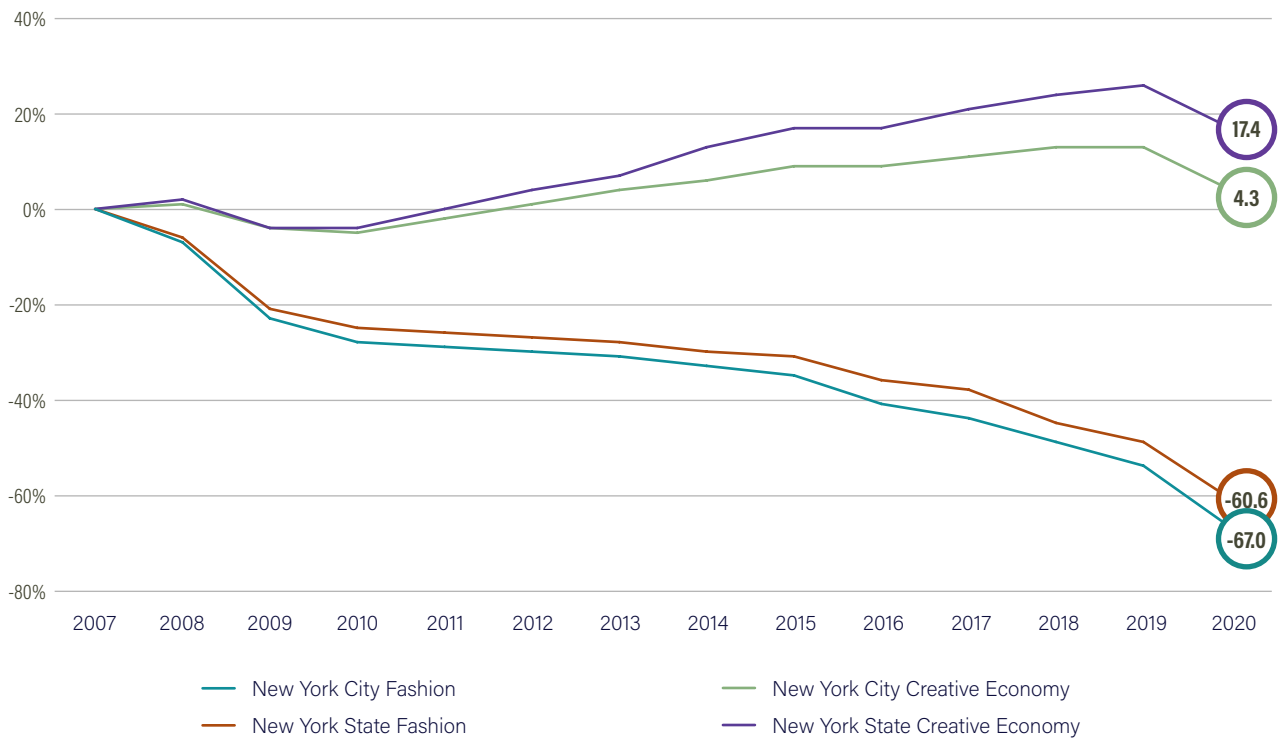
Source: U.S. Bureau of Labor Statistics

FIGURE 2.54: RELATIVE CHANGE IN FASHION EMPLOYMENT
2007 to 2020

(a) California and Los Angeles County



(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

Subsector Analysis

The Apparel subsector is home to the largest share of Fashion jobs, accounting for over three times the employment of the next largest subsector (Cosmetics) in California and nearly five times in Los Angeles County. While the industry as a whole has seen employment shrink, the Cosmetics subsector provides an exception to this rule in some cases. In California, the Cosmetics subsector not only recovered from Great Recession-era employment losses but grew by over 35%; yet Los Angeles County Cosmetics employment contracted by nearly 13%, showing the center of gravity of this subsector is shifting to other regions. The case in New York State is inverted, with New York City showing approximately 28% employment growth in Cosmetics compared to over 16% in job losses at the state level between 2007 and 2020.

Apparel

The Apparel subsector lost jobs at steady rate between 2007 and 2020, with a 22% contraction statewide following the pandemic. Most job losses were among salaried, not self-employed workers, which occurred in New York City and New York State as well. Wage growth between from 2007 to 2020 was substantial, with a roughly 68% increase both across California and in Los Angeles County.

Textiles and Fabrics

Subsector employment decreased by 49.7% and 54.7% in California and Los Angeles County, respectively, between 2007 and 2020. Textile and Fabric wages, on the other hand, rose significantly, with 70.3% growth statewide and a 77.0% increase in Los Angeles County, resulting in average annual wages of around \$52,000 at both the state and county level.

FASHIONABLE TECHNOLOGY

In December 2020, Instagram introduced Shopping in Reels, which allows users to tag specific fashion items or brands in posts for convenient purchasing.⁵⁴ But it is the second-hand apparel platforms that have truly capitalized on the seismic shift towards e-commerce during the pandemic. By more effectively converting advertising into purchases, companies such as Poshmark, DePop, and thredUP, as compared to the current social media giants, occupy a unique position in an increasingly segmented market and may even replace fast fashion in the coming years.⁵⁵

Additionally, alternate, augmented, and virtual reality technologies are gaining traction as retailers explore new avenues in digitization. For example, TopShop's in-store augmented reality mirrors let customers "try-on" clothes without getting undressed. With Converse's Sampler app, users can point their phones at their feet to visualize the "fit" of different footwear.⁵⁶ Technologies focused on diversity, equity and inclusion go one step further in terms of customization. With the Reflekt Me platform and app, users adjust the size measurements, skin tone, and other features of clothing models to "mirror" their own physical characteristics.^{57 58}

The degree to which these technologies are able to individualize the shopping experience will have a profound effect not just on retailers and how goods are sold, but on designers and the way fashion is produced.

⁵⁴ Retail Dive. "Instagram Debuts Shopping in Reels." Accessed January 26, 2022. <https://www.retaildive.com/news/instagram-debuts-shopping-in-reels/592045/>.

⁵⁵ Gransauil, Tima Bansal and Gareth. "Why Fast Fashion Has to Slow Down." MIT Sloan Management Review. Accessed January 17, 2022. <https://sloanreview.mit.edu/article/why-fast-fashion-has-to-slow-down/>.

⁵⁶ CB Insights Research. "The Future of Fashion: Technology & the Industry," May 11, 2021. <https://www.cbinsights.com/research/fashion-tech-future-trends/>.

⁵⁷ Seeds, Catherine. "Council Post: Technology And Fashion: An Innovative Ensemble Now In Vogue." Forbes. Accessed January 19, 2022. <https://www.forbes.com/sites/forbesagencycouncil/2021/06/08/technology-and-fashion-an-innovative-ensemble-now-in-vogue/>.

⁵⁸ Blake, Suzanne. "Startup Reflekt Me Brings E-Commerce Fashion The Inclusivity It Needs." GrepBeat, February 4, 2020. <https://gripbeat.com/2020/02/04/startup-reflekt-me-brings-fashion-e-commerce-the-inclusivity-it-needs/>.

Leather Goods

The Leather Goods subsector displayed more resilience with respect to salaried employment compared to other Fashion subsectors. This may simply be due to its status as a smaller subsector that isn't as subject to the large-scale, fast-fashion demands and manufacturing cycles as Apparel, for example. From 2007 to 2020, wages increased by 65.0% in California and by 40.2% in Los Angeles County.

Jewelry and Personal Goods

Subsector employment fell by nearly 40% statewide and by a lesser degree almost 30% in Los Angeles County between 2007 and 2020. Wages, meanwhile, rose 40.1% statewide and 45.5% in Los Angeles County over the same period. That said, wage differences between salaried and self-employed workers were less pronounced in California than in New York. Salaried workers in both New York State and New York City did considerably better than their peers in California and Los Angeles County, whereas self-employed workers earned slightly higher wages on the west coast.



Cosmetics

An outlier in the Fashion sector, California's Cosmetics subsector experienced stable employment growth from the depths of the Great Recession through 2020. Wages increased statewide by nearly 45% from \$44,610 to \$64,651, whereas wage growth in Los Angeles County was more modest at about 35%. On average, wages for self-employed workers rebounded from the Great Recession in Los Angeles County and California, though they have stagnated in both New York City and New York State.

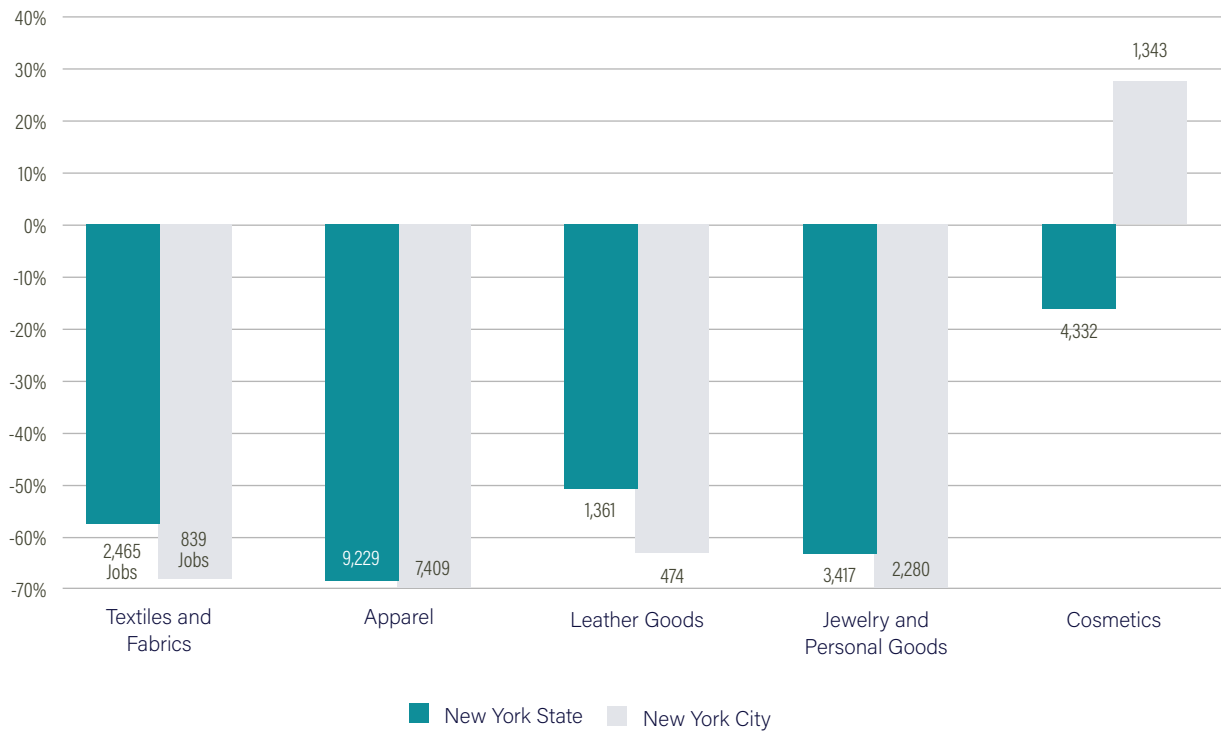


FIGURE 2.55: EMPLOYMENT GROWTH IN FASHION BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



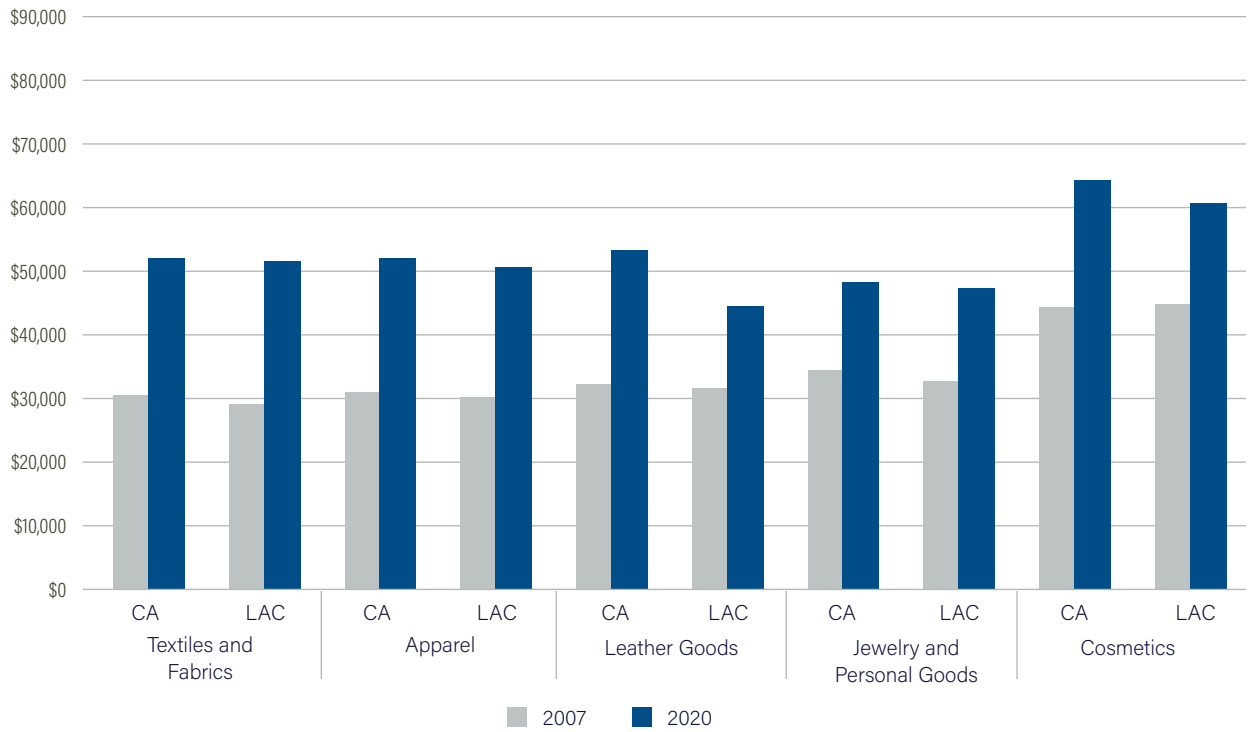
(b) New York State and New York City



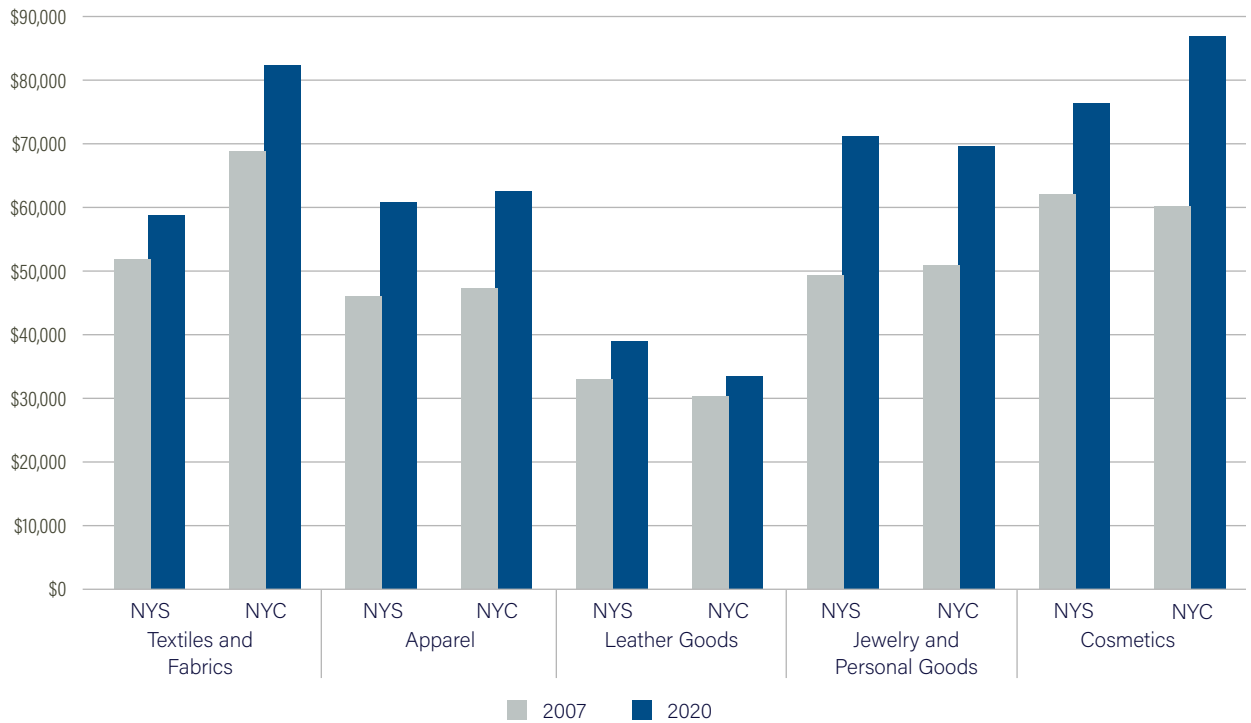
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.56: AVERAGE ANNUAL WAGES FOR FASHION BY SUBSECTOR
2007 to 2020

(a) California and Los Angeles County



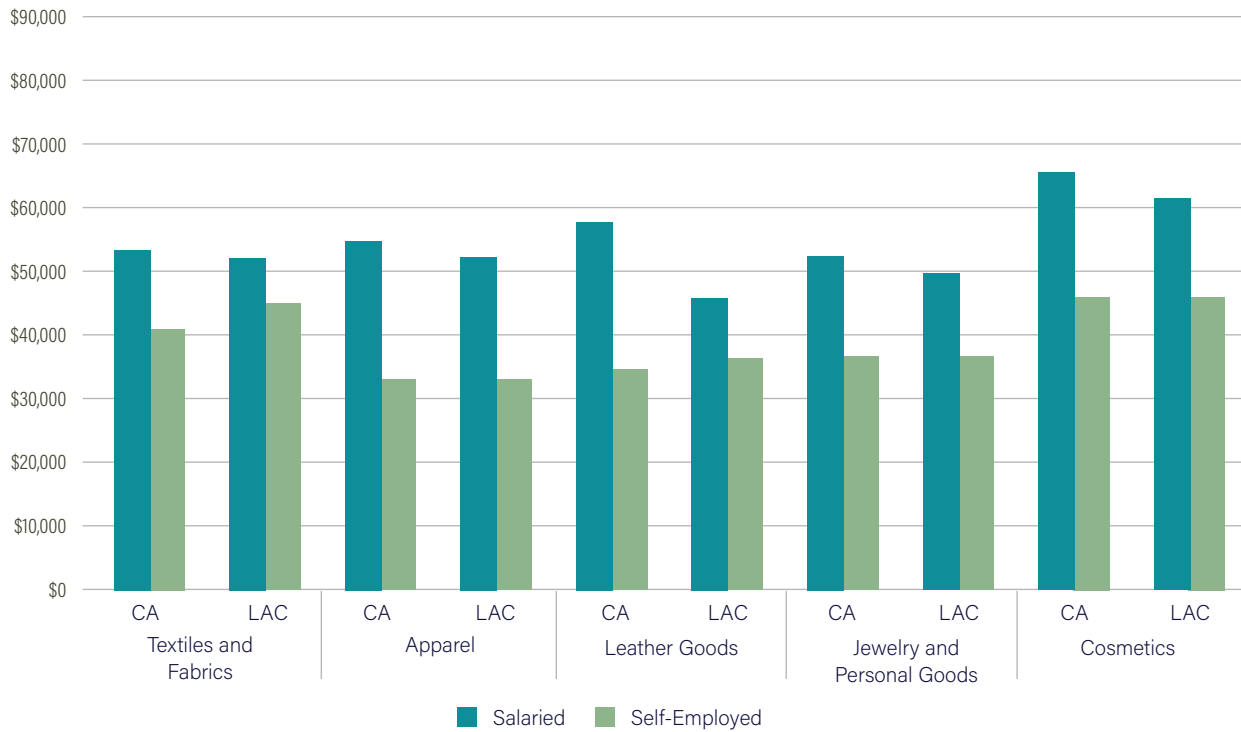
(b) New York State and New York City



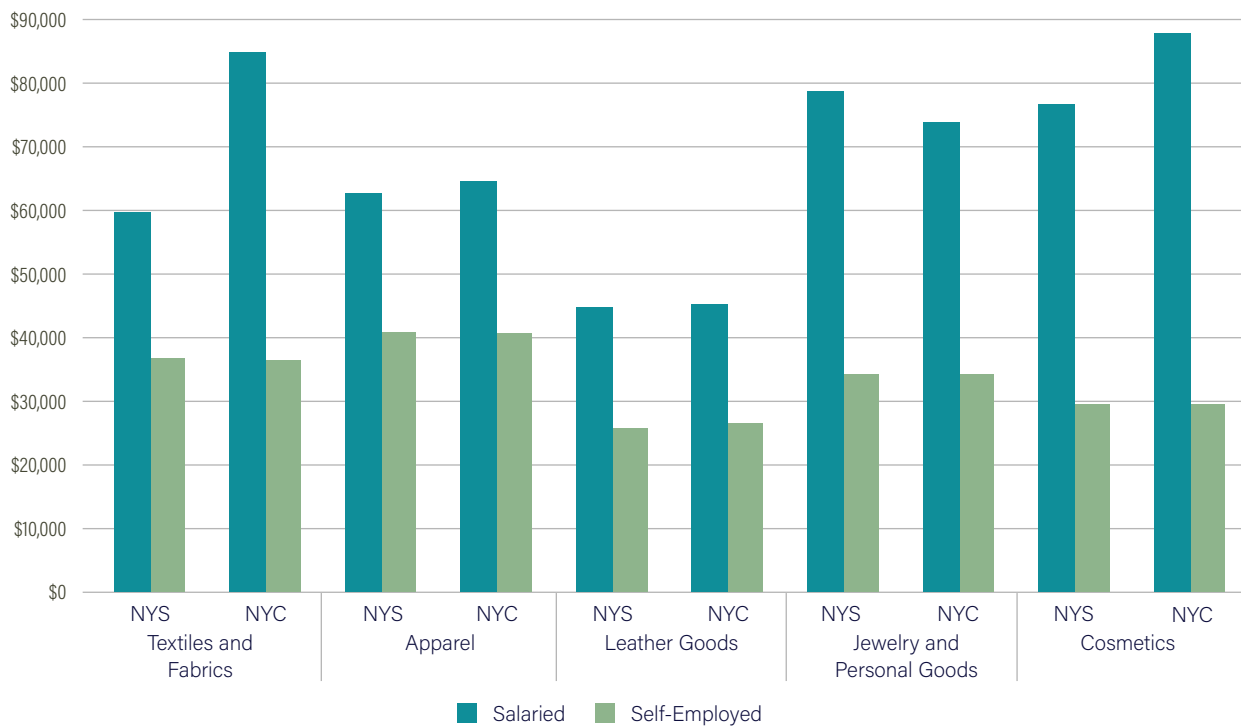
Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.57: AVERAGE ANNUAL WAGES FOR FASHION BY WORKER TYPE
2020

(a) California and Los Angeles County

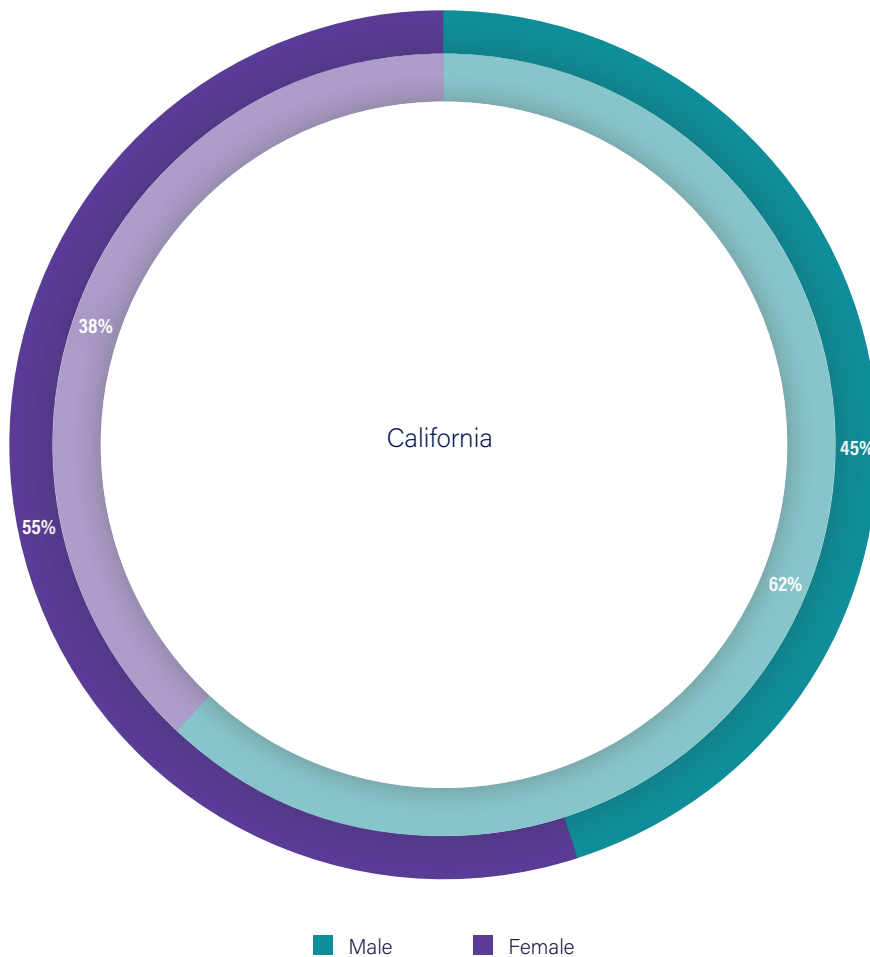


(b) New York State and New York City



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.58: FASHION WORKFORCE BY GENDER
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: FASHION



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

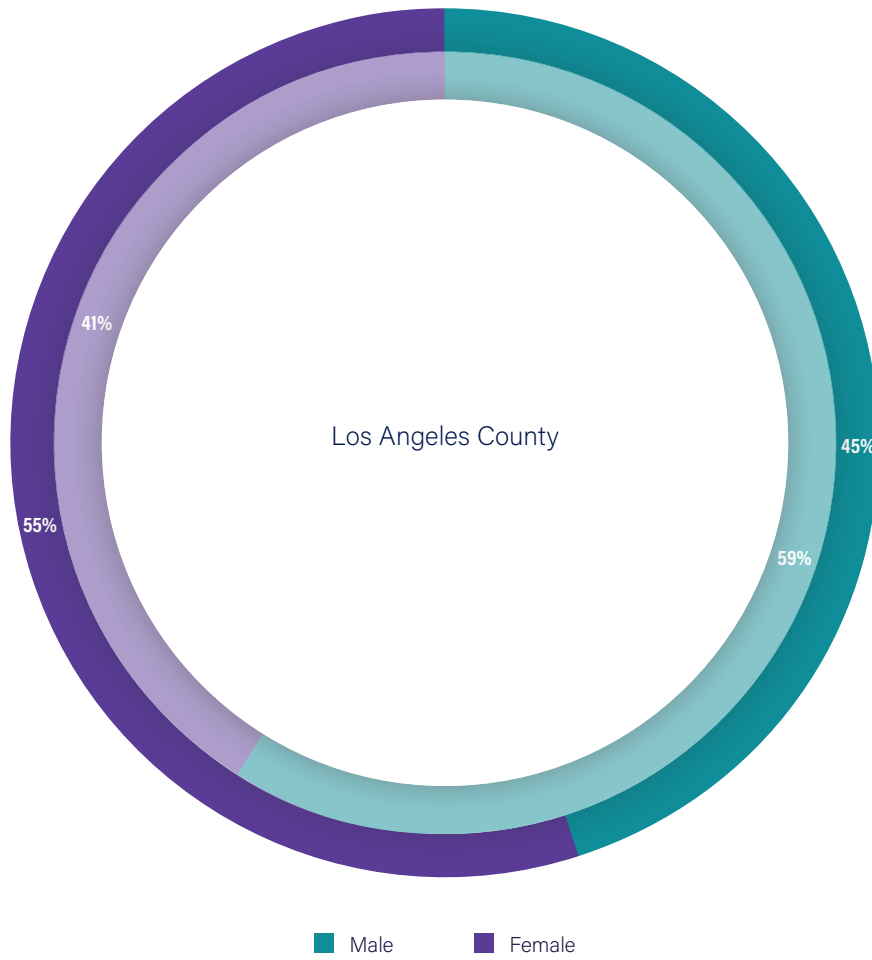
Demographics

By and large, Fashion sector workers skew female compared to workers in the creative economy overall. The Jewelry and Personal Goods subsector serves as an outlier, comprised of 63% male workers with both New York City and New York State data affirming this trend.

The Fashion sector displays greater racial diversity than others, particularly with its high share of Hispanic or Latinx and Asian and Pacific Islander

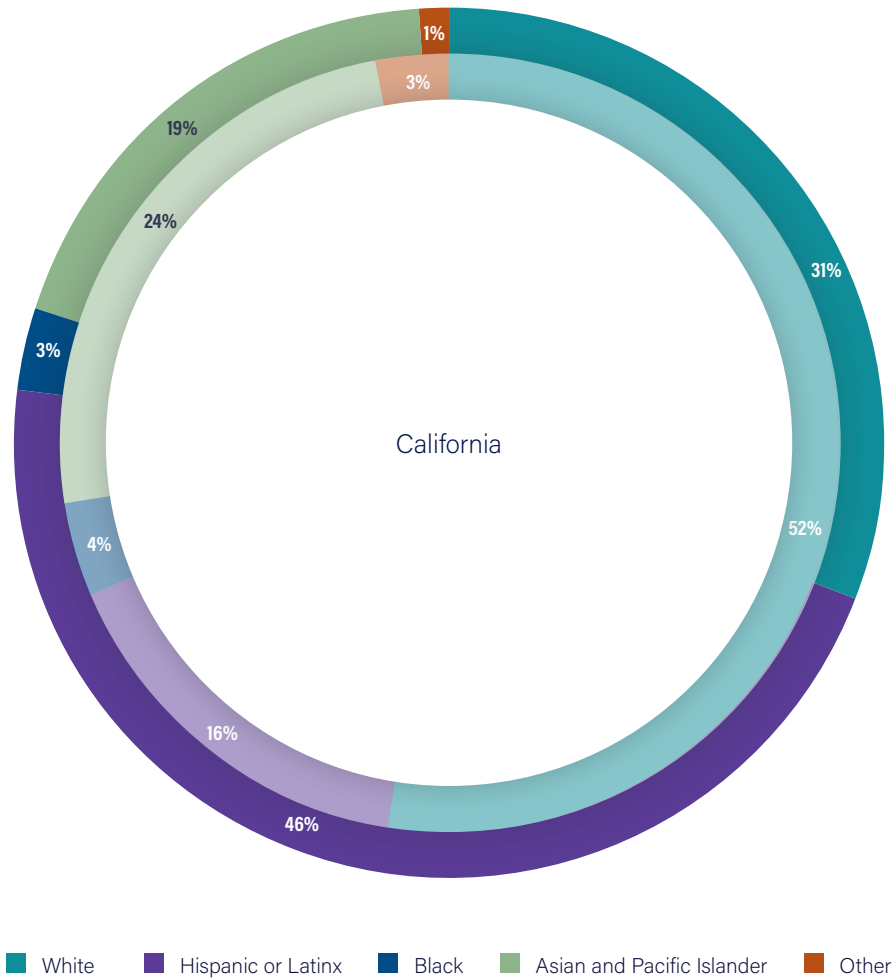
workers compared to the general labor force in both Los Angeles County and California. However, Black workers are still generally under-represented in the sector. Data from the east coast demonstrates similar trends regarding ethnicity prevalence: an under-representation of white and Black workers and over-representation of Hispanic or Latinx and Asian and Pacific Islander workers as compared to the general labor force.

FIGURE 2.58: FASHION WORKFORCE BY GENDER (continued)
2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: FASHION



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

FIGURE 2.59: FASHION WORKFORCE BY RACE/ETHNICITY
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: FASHION



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

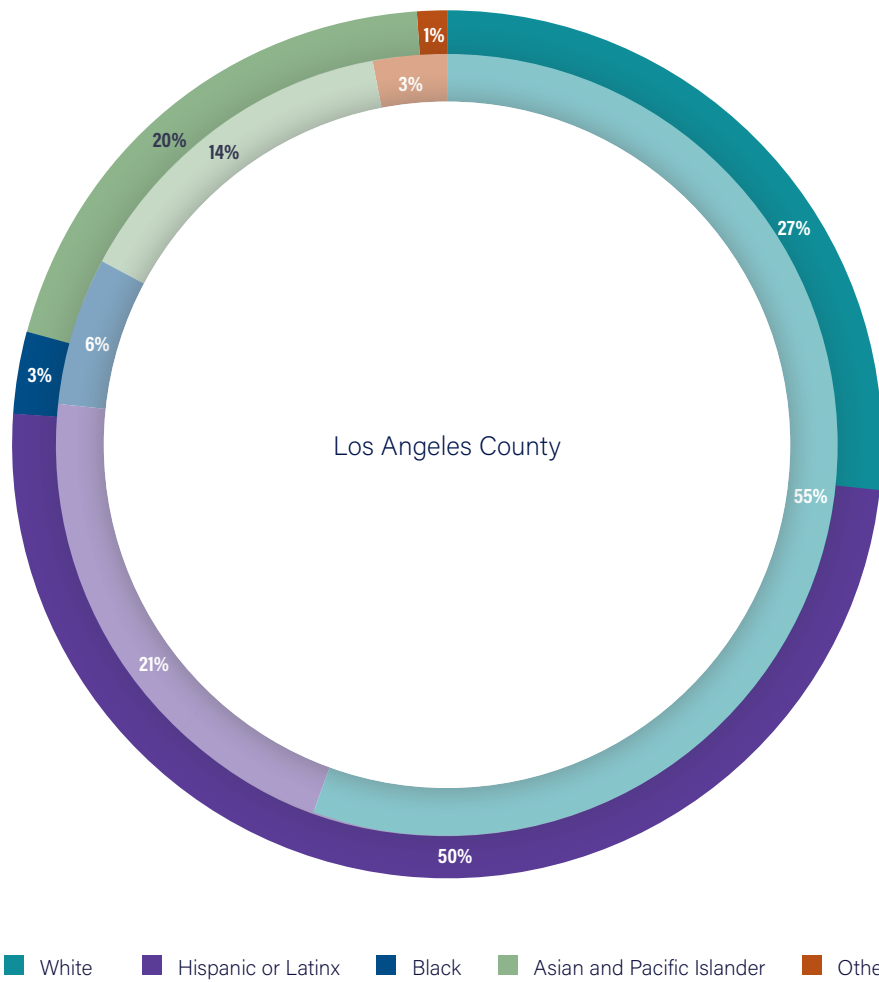
Economic Impact Analysis

TABLE 2.20: ECONOMIC IMPACT OF THE FASHION SECTOR IN CALIFORNIA
 2020

	Direct	Indirect	Induced	Total
Employment	52,124 Jobs	29,614 Jobs	26,512 Jobs	108,250 Jobs
Labor Income	\$3.6 Billion	\$2.7 Billion	\$1.8 Billion	\$8.0 Billion
Gross Value Added	\$10.0 Billion	\$4.1 Billion	\$3.2 Billion	\$17.4 Billion
Tax Revenue	-	-	-	\$2.7 Billion

Note: Direct contributions comprise the value-added output generated by the five sectors, those employed directly by firms in the creative sectors, the wages these firms pay, their operation expenditures, and the taxes paid. Indirect contributions reflect the employment and GRP contribution made by the suppliers of those establishments in the sector and, in turn, within the supply chains of those suppliers. Induced Contributions estimate the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains.

FIGURE 2.59: FASHION WORKFORCE BY RACE/ETHNICITY (continued)
 2020 | INNER CIRCLE: CREATIVE ECONOMY, OUTER CIRCLE: FASHION



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

TABLE 2.21: ECONOMIC IMPACT OF THE FASHION SECTOR IN LOS ANGELES COUNTY
 2020

	Direct	Indirect	Induced	Total
Employment	33,246 Jobs	13,521 Jobs	11,528 Jobs	58,295 Jobs
Labor Income	\$2.1 Billion	\$1.1 Billion	\$738.3 Million	\$4.0 Billion
Gross Value Add	\$5.4 Billion	\$1.7 Billion	\$1.3 Billion	\$8.4 Billion
Tax Revenue	-	-	-	\$1.2 Billion



PART 3:

Regional Profiles

The overall size and strength of the creative economy varies drastically across California’s geographic regions. But one theme is clear: jobs in the creative economy offer considerably higher compensation compared to the economy overall (Table 3.1). In some regions the pay gap is substantial. For instance, workers in San Francisco’s creative sectors on average earn over twice as much as their peers.

TABLE 3.1: CREATIVE ECONOMY REGIONAL AVERAGE ANNUAL WAGE PREMIUMS

	Creative Economy	Overall Economy	Wage Premium
Bay Area	\$234,063	\$112,971	2.07
Southern California	\$117,339	\$69,967	1.67
Central Coast	\$93,690	\$58,012	1.61
San Diego and Imperial Counties	\$98,947	\$68,813	1.43
Capital Region	\$88,633	\$64,915	1.36
Central Valley	\$65,591	\$49,787	1.31
Inland Empire	\$62,882	\$51,403	1.22
Northern California	\$53,016	\$48,351	1.09

Region 1: Northern California

Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, and Yuba

Region 2: The Capital Region

El Dorado, Nevada, Placer, Sacramento, and Yolo

Region 3: The Bay Area

Alameda, Contra Costa, Marin, Napa, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, and Sonoma

Region 4: The Central Valley

Alpine, Amador, Calaveras, Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced, Mono, Stanislaus, Tulare, and Tuolumne

Region 5: The Central Coast

Monterey, San Luis Obispo, Santa Barbara, and Ventura

Region 6: Southern California

Los Angeles, Orange

Region 7: The Inland Empire

Riverside, San Bernardino

Region 8: San Diego and Imperial Counties

San Diego, Imperial



Accounting For Remote Workers

Payroll employment counts include the number of jobs in an area held by commuters who live outside the area, as well as local residents. This is in contrast to self-employment data that capture both where a person lives and works. So while only a subset of regions have seen employment increase since 2007, the changes in work-from-home (WFH) policies, workplace norms, and individual decisions to move to less expensive regions to take advantage of remote working opportunities will not be clearly reflected in payroll employment data. Historically, this has not proved a challenge since the percentage of creative economy industry employment with telework or WFH participation has been low, but new shifts in the nature of work will require methodological updates for analysis in the future.

Despite this potential economic windfall, many regions have failed to see any employment growth in these sectors over the past few decades. Prior to the pandemic, only the Bay Area, Capital Region, and San Diego and Imperial Counties saw employment increase between 2007 and 2020.⁵⁹

And while the Bay Area and Southern California account for 80% of creative economy jobs statewide, the center of gravity seems to be shifting away from Hollywood and towards Silicon Valley. Once home to California's largest creative economy workforce,

Southern California has seen a sizeable contraction in employment due to both the pandemic and secular trends in the Fashion and Creative Goods and Products sectors. The Bay Area's creative sectors, by contrast, continue to surge given the region's strong technology base and a robust digital media presence. While creative economy employment will eventually rebound in many regions as the economy continues to recover, it is likely that there will continue to be significant gaps absent meaningful and sustained investment by the state.



⁵⁹ To provide a fuller picture of the creative economy in any given region, the narratives in this section discuss employment from 2007 to 2019, as well as the impact of the pandemic on select sectors. The charts display data over the same 2007-2020 time period used in Part 2.



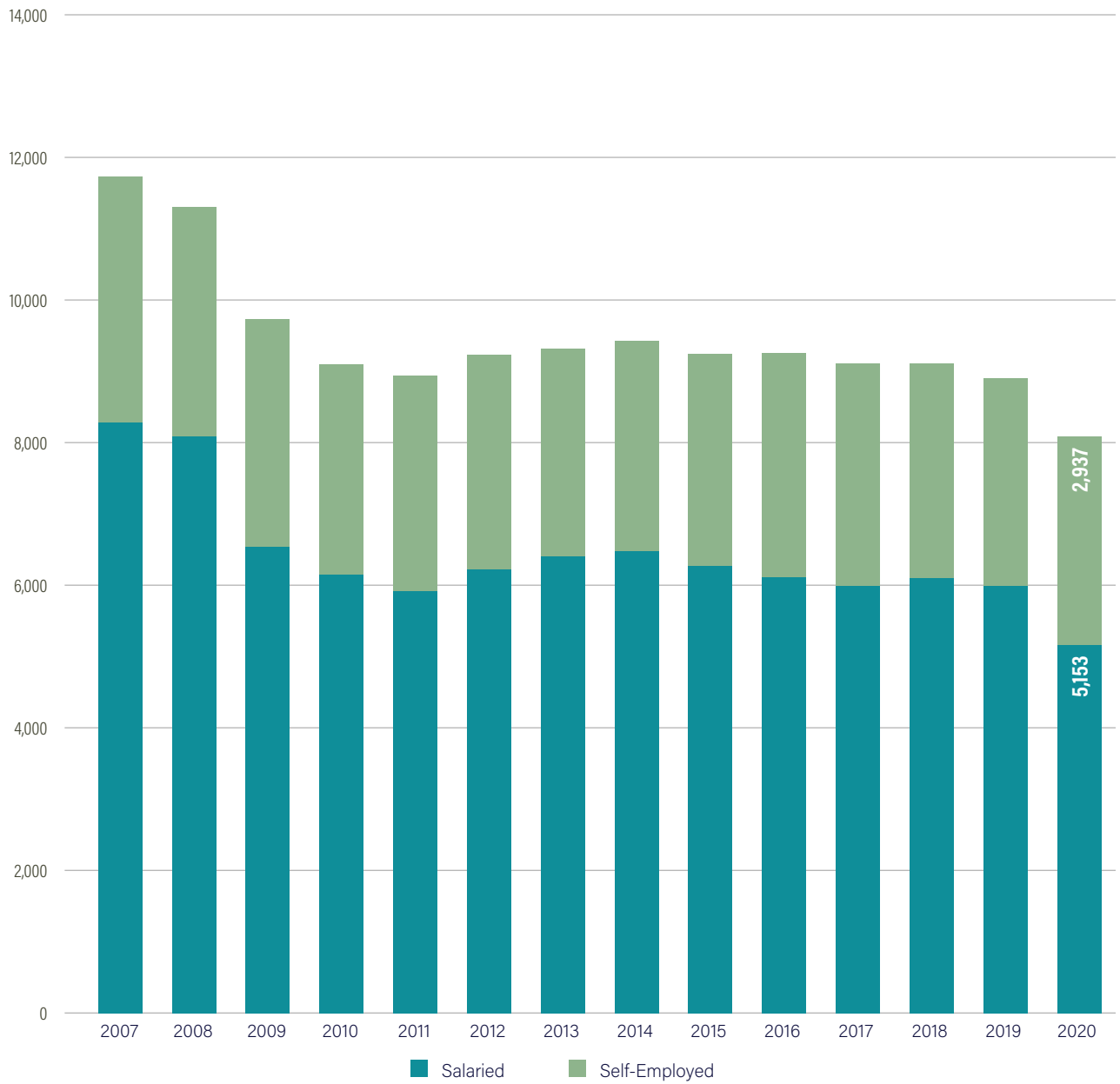
3.1: NORTHERN CALIFORNIA

With a quarter of the total workforce laid off since 2007, the Northern California region has witnessed the greatest percentage decrease in creative economy employment among all regions in recent years. This decline reflects the broader economic malaise experienced across all sectors in the region, where total employment barely grew over 1% from 2007 to 2019. In 2020, creative economy employment accounted for around 2% of the total workforce – the second smallest share among all regions – and was 31% smaller than in it was in 2007.

The creative economy workforce is concentrated in Entertainment and Digital Media, which accounts for 49% of the 8,090 total jobs in the region overall. On a granular level, the Creative Goods and Products sector was the hardest hit over the past decade with employment declining by 45.6% from 2007 to 2019, while the Fine and Performing Arts sector was the most resilient over the same period with employment increasing by 9.9%. The average annual wage for creative economy jobs was \$53,016 in 2020, up 35% since 2007.

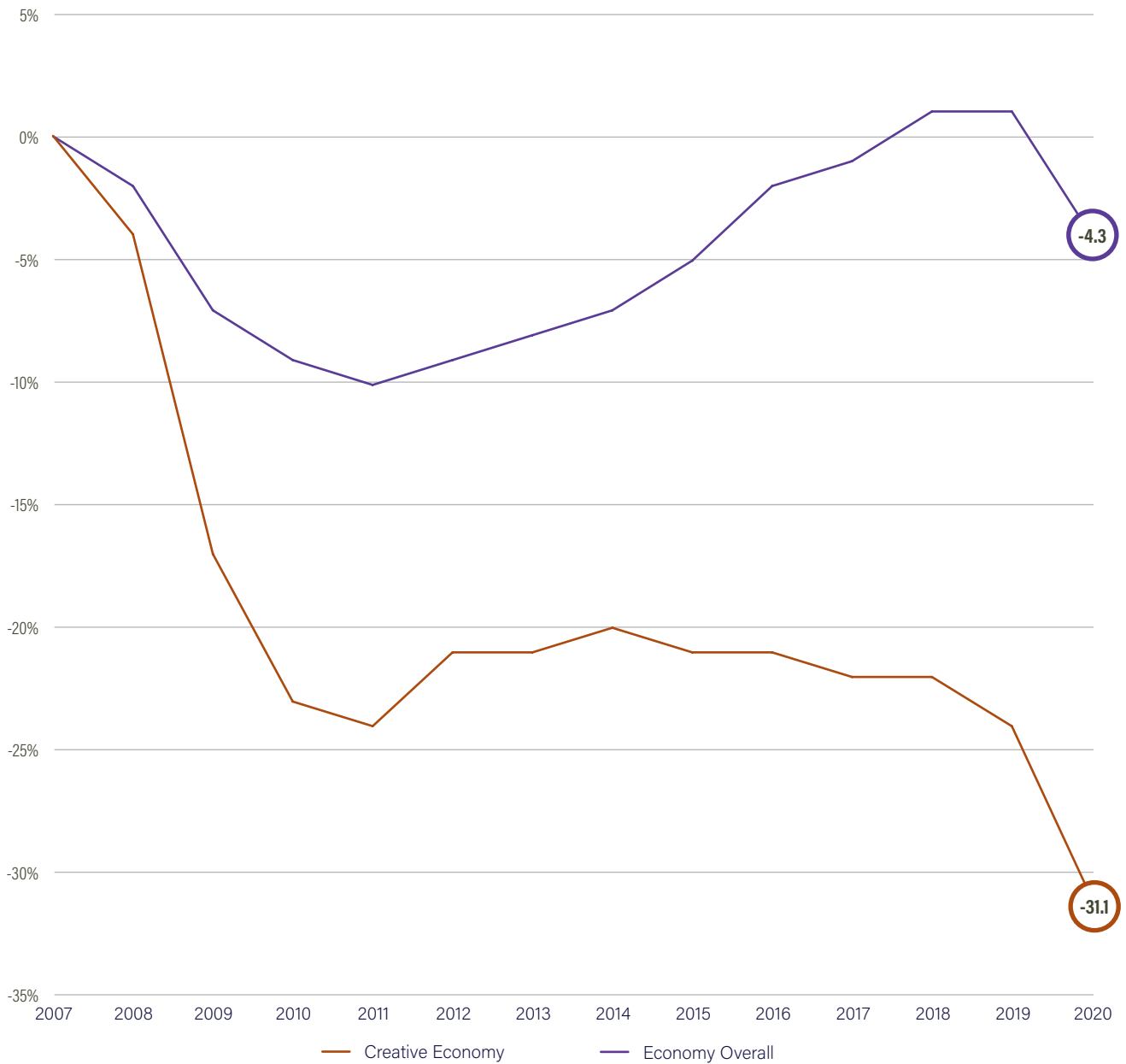


FIGURE 3.1: NORTHERN CALIFORNIA CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.2: RELATIVE CHANGE IN NORTHERN CALIFORNIA CREATIVE ECONOMY AND ECONOMY OVERALL 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

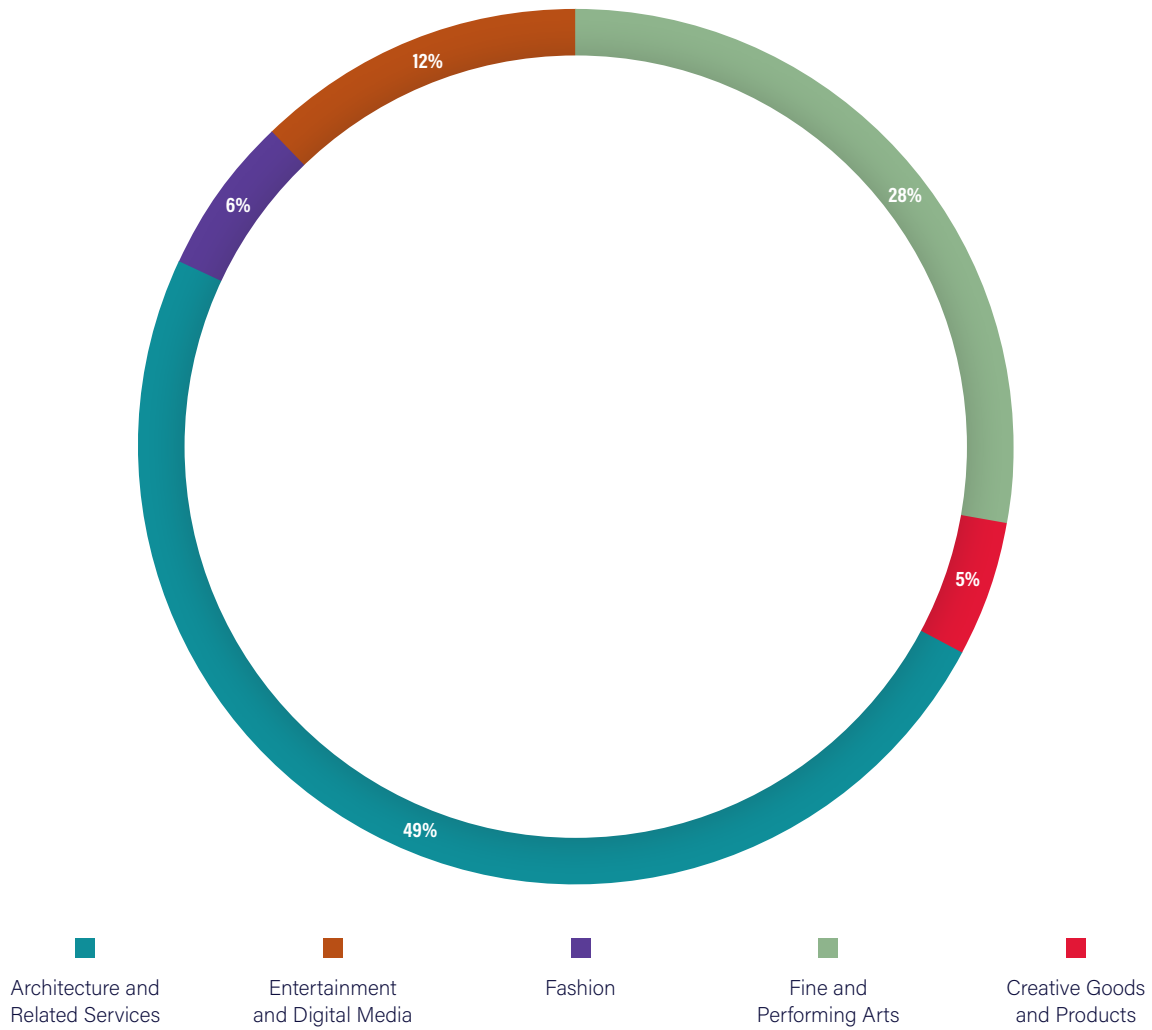


PART 3

FIGURE 3.3: CREATIVE ECONOMY SHARE BY SECTOR IN NORTHERN CALIFORNIA
2020

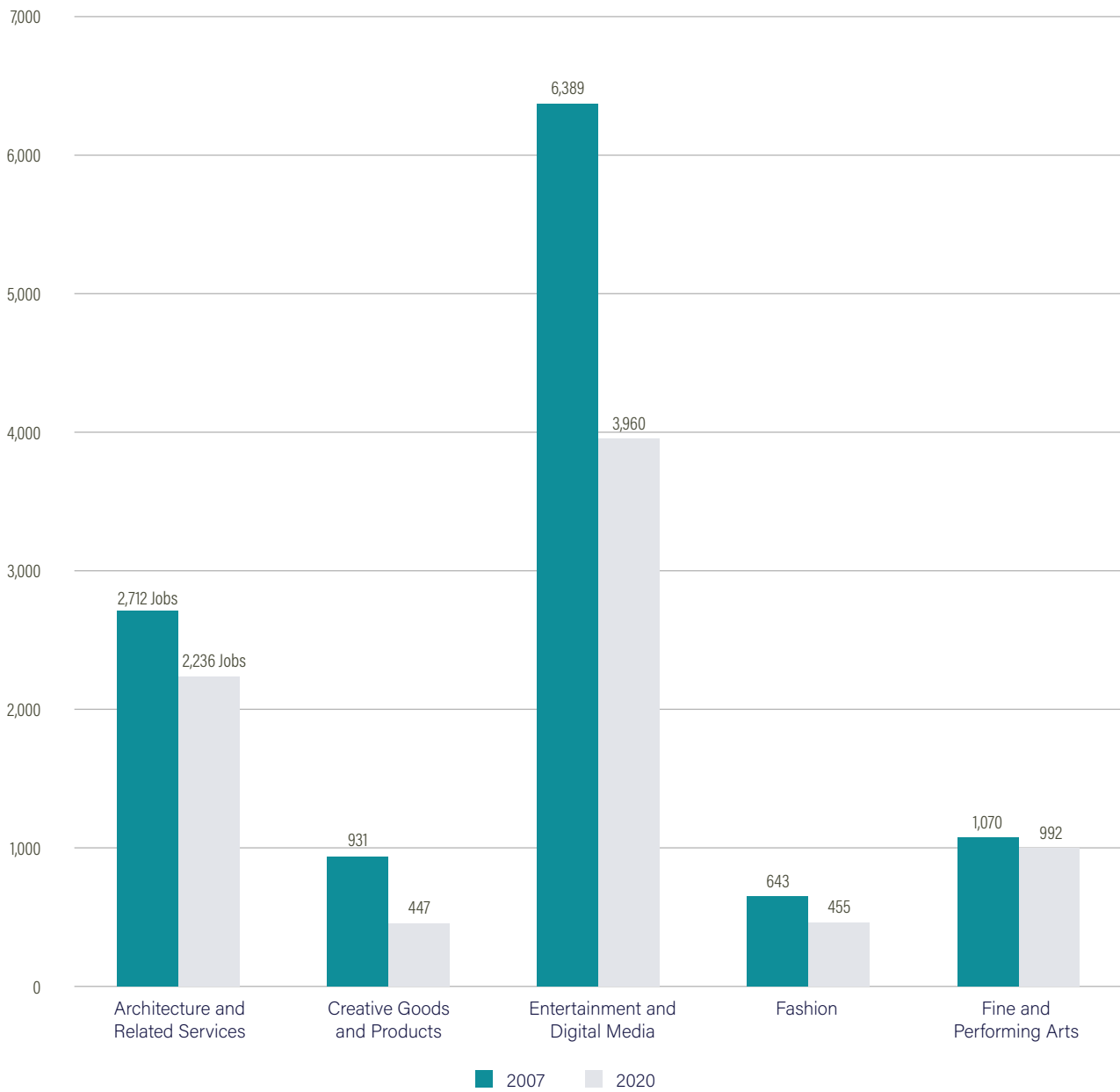


PART 3



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.4: CREATIVE ECONOMY EMPLOYMENT BY SECTOR IN NORTHERN CALIFORNIA
2007 to 2020

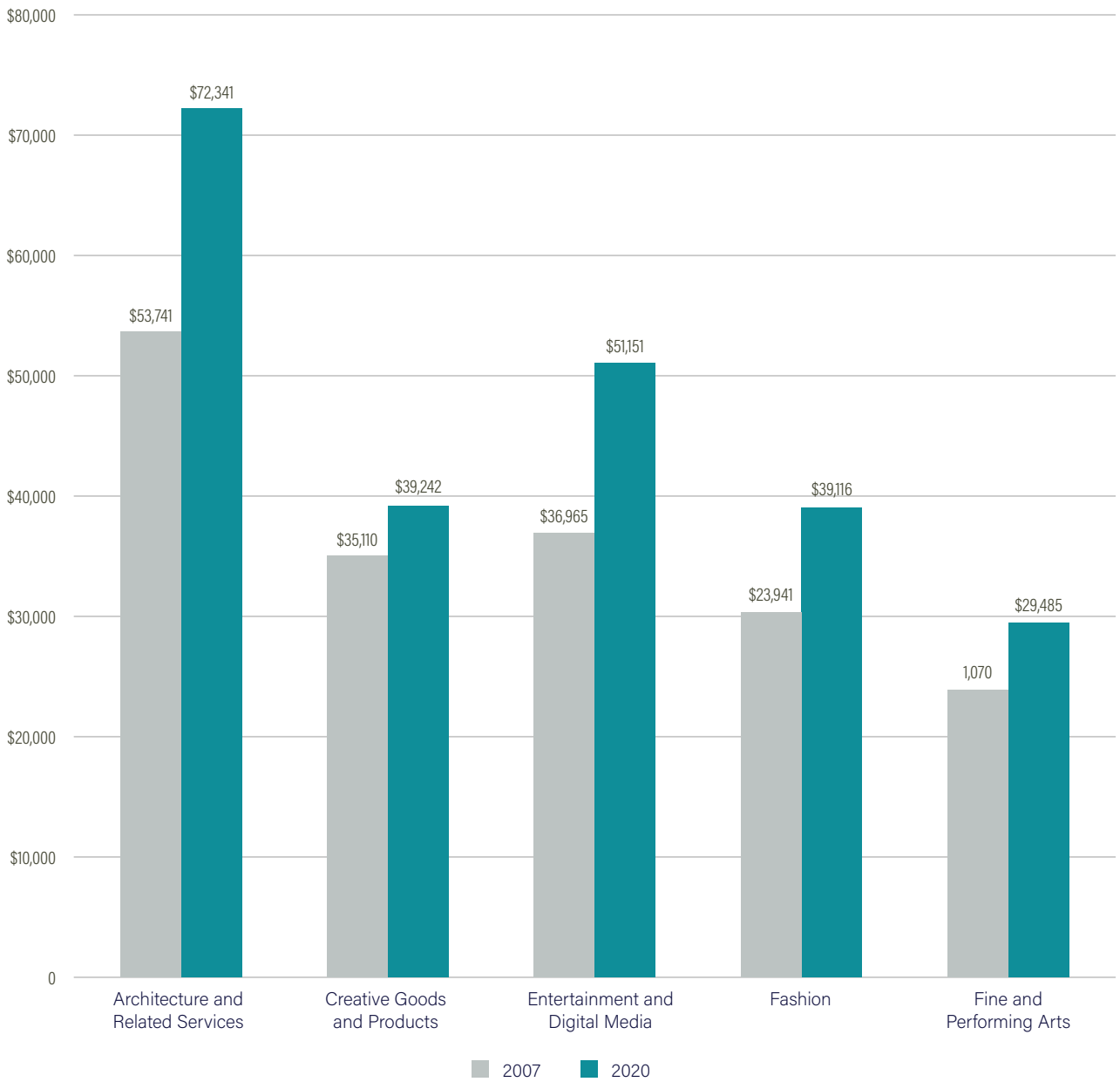


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



PART 3

FIGURE 3.5: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN NORTHERN CALIFORNIA 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

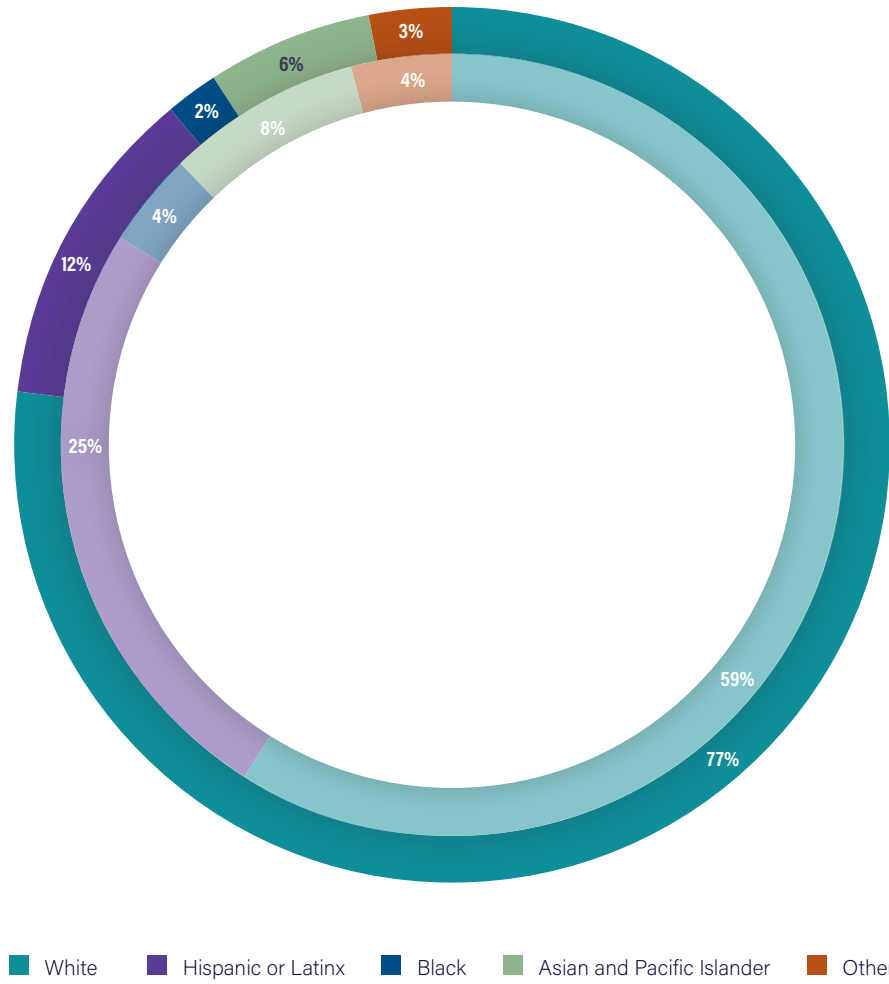
FIGURE 3.6: CREATIVE ECONOMY WORKFORCE BY GENDER IN NORTHERN CALIFORNIA
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 3.7: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN NORTHERN CALIFORNIA 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.2: THE CAPITAL REGION

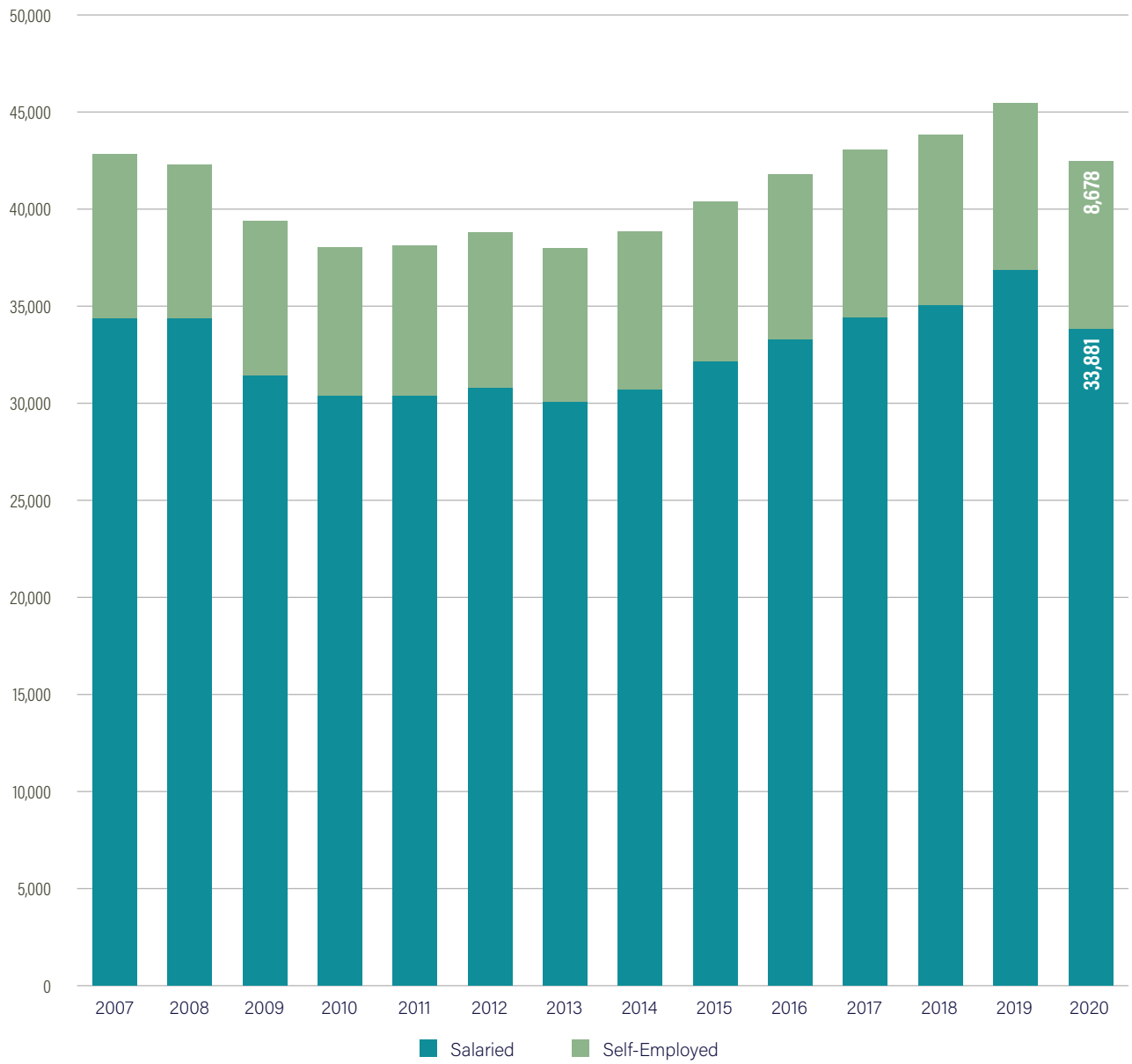
After years of slow growth, the creative economy in the Capital Region finally began to gain traction just before the pandemic. There were roughly 6% more jobs in the creative economy in 2019 compared to 2007, but the economic downturn caused a 6.5% drop in employment in 2020. Certain sectors, such as Entertainment and Digital Media, saw employment increasing by an even faster rate at 12.4% from 2007 to 2019.

Others did not fare as well. Creative Goods and Products saw a 26% decline in employment over this period. Following the broader statewide trend, the Fine and Performing Arts sector was the hardest hit by the pandemic with employment shrinking by 20.6%. By 2020, creative economy employment accounted for only around 3.9% of the total workforce.

Like many other regions, the Entertainment and Digital Media sector accounts for the majority of all jobs in the creative economy with a 61% workforce share and is the only sector to have added jobs over the past decade. It also boasts the most highly compensated workforce with an average annual wage of \$96,450, an increase of over 56% from 2007 to 2020. The average annual wage for the creative economy, at \$88,633, was considerably higher than the economy as a whole, at \$64,915. Moreover, creative economy wages grew by 51% between 2007 and 2020, which outpaced wage growth for the economy overall.

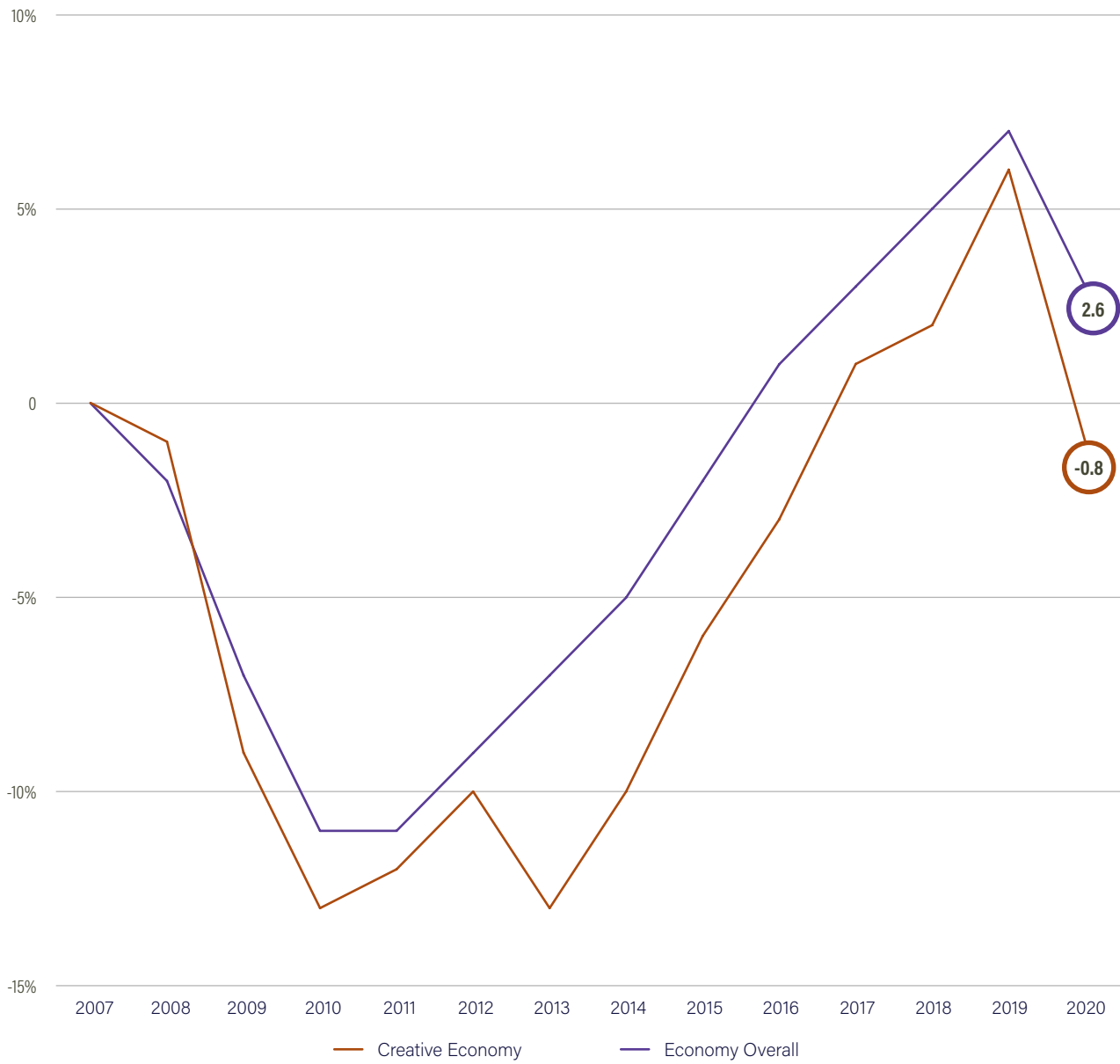


FIGURE 3.8: CAPITAL REGION CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



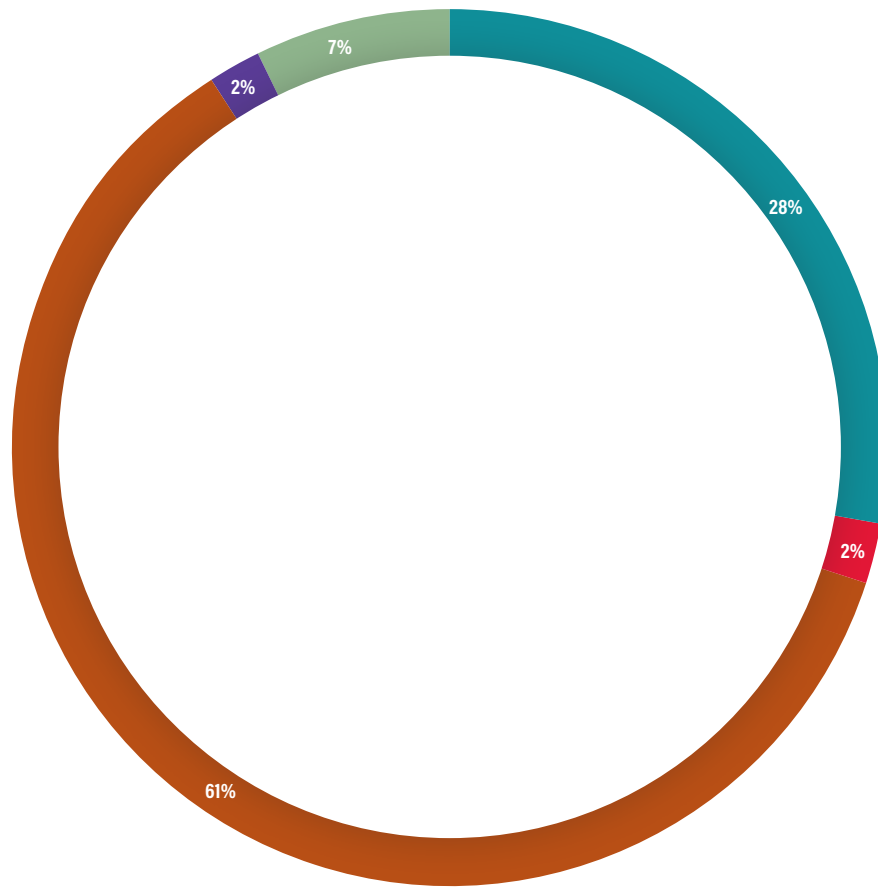
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.9: RELATIVE CHANGE IN THE CAPITAL REGION CREATIVE ECONOMY AND ECONOMY OVERALL 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.10: CREATIVE ECONOMY SHARE BY SECTOR IN THE CAPITAL REGION
2020



■ Architecture and Related Services

■ Entertainment and Digital Media

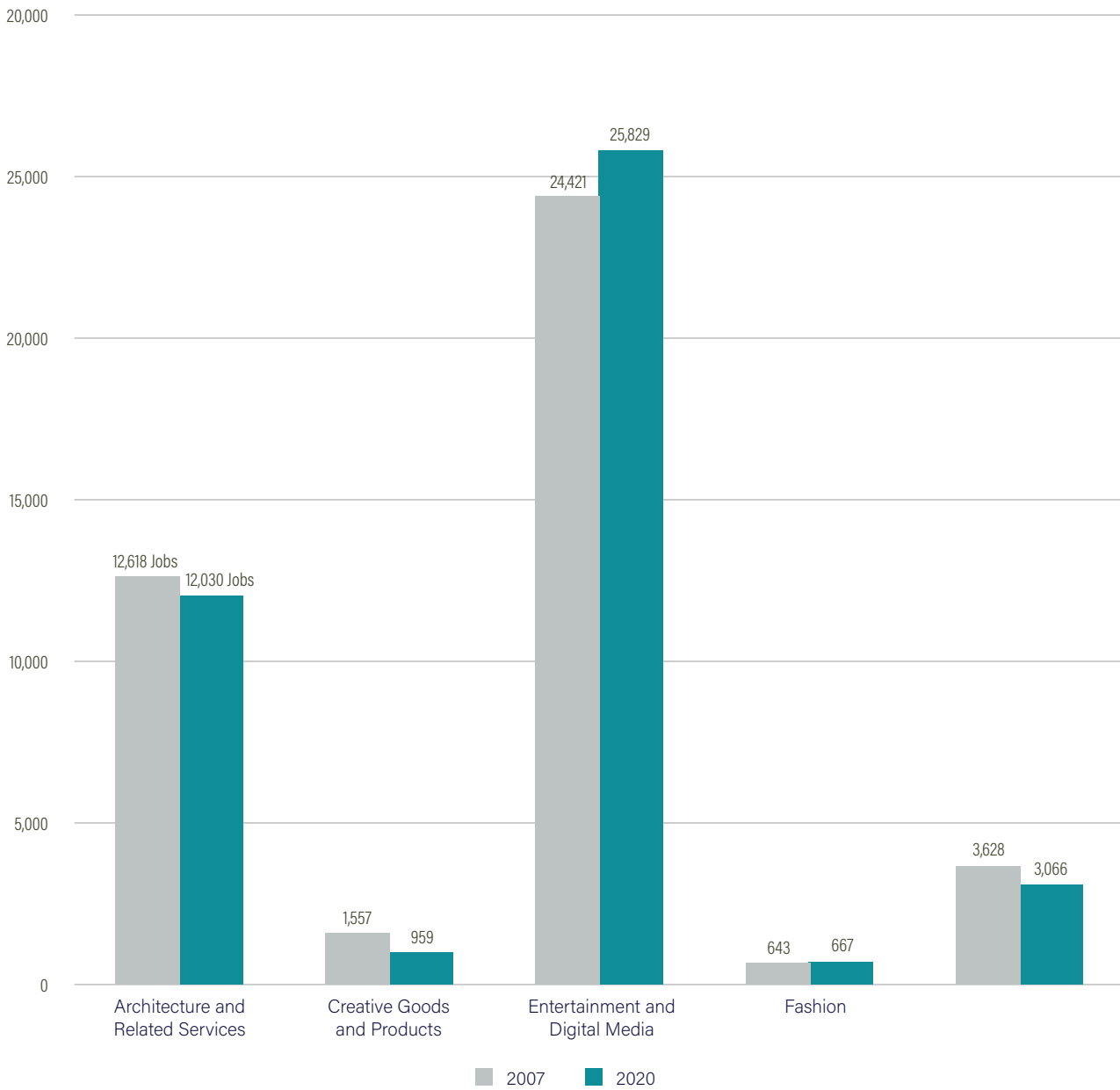
■ Fashion

■ Fine and Performing Arts

■ Creative Goods and Products

Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

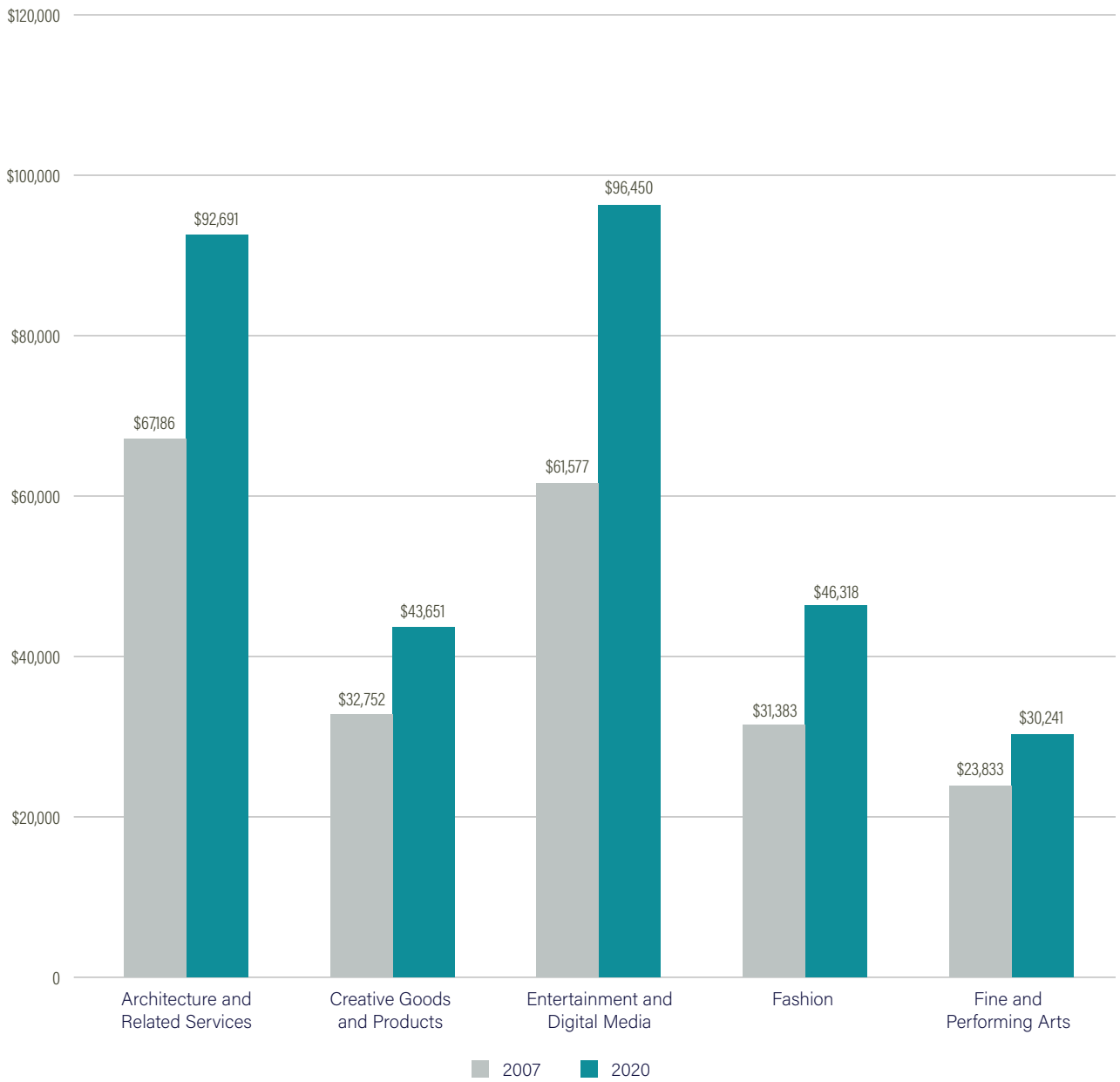
FIGURE 3.11: CREATIVE ECONOMY EMPLOYMENT BY SECTOR IN THE CAPITAL REGION
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

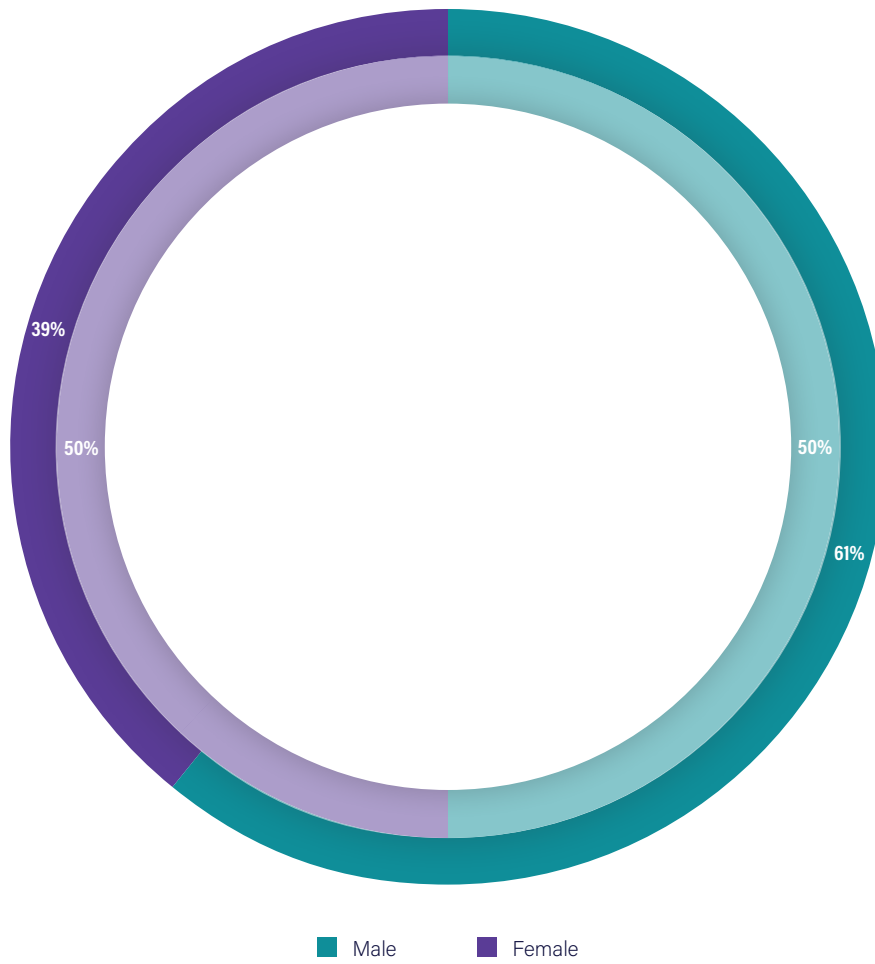


**FIGURE 3.12: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN THE CAPITAL REGION
2007 to 2020**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.13: CREATIVE ECONOMY WORKFORCE BY GENDER IN THE CAPITAL REGION
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey

**FIGURE 3.14: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN THE CAPITAL REGION
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.3: THE BAY AREA

The Bay Area was one of the few regions in the state which saw significant gains in creative economy employment after the Great Recession. The number of jobs in the creative economy grew by 64.3% from 2007 to 2019, a far faster pace than the overall economy which only saw an 18% increase over this same period. As of 2020, there were nearly 539,600 workers in the Bay Area's creative economy, which comprised 12% of the total workforce.

Strong economic growth heading into the pandemic helped the Bay Area's creative economy avoid significant job losses as employment only dropped by 0.4% from 2019 to 2020. As a result, creative economy employment remained 64% higher than 2007 levels. Certain sectors even grew throughout the widespread economic disruptions of 2020. For example, the Entertainment and Digital Media sector saw jobs increase by 1.2%. However, the Fine and Performing Arts sector could not avoid significant job losses as pandemic-related restrictions led to a 17.8% drop in employment.

The average annual wage for the creative economy was \$234,063 in 2020, which was twice as high as the average annual wage for creative economy employment in other regions. This reflects both strong growth in the creative sectors, as well as the overall robust economic conditions in the region as a whole. Although wages in the creative economy are higher than average across all regions, this difference is most pronounced in the Bay Area. The average annual wage for the region's overall economy stands at \$112,971, less than half the compensation of the creative economy.

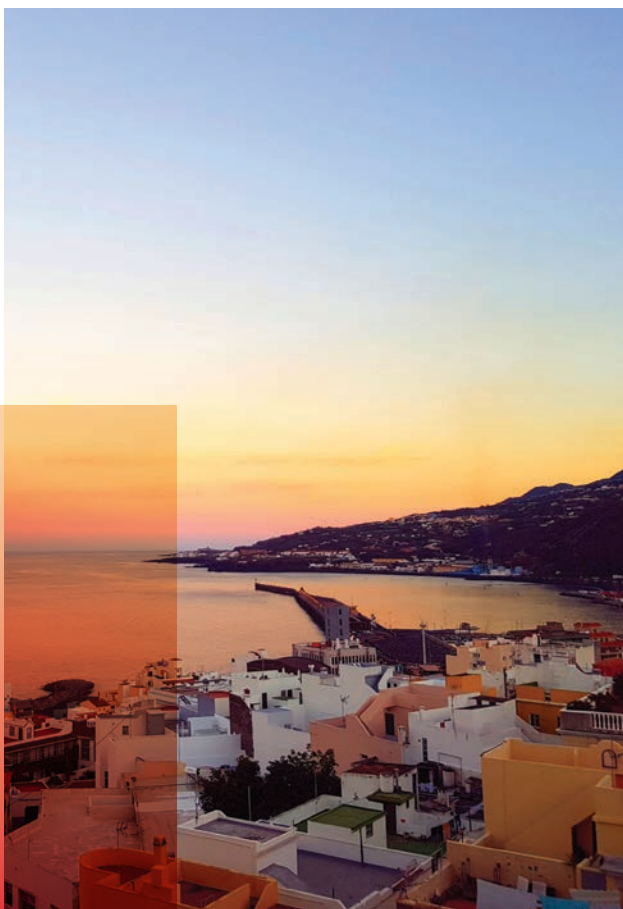
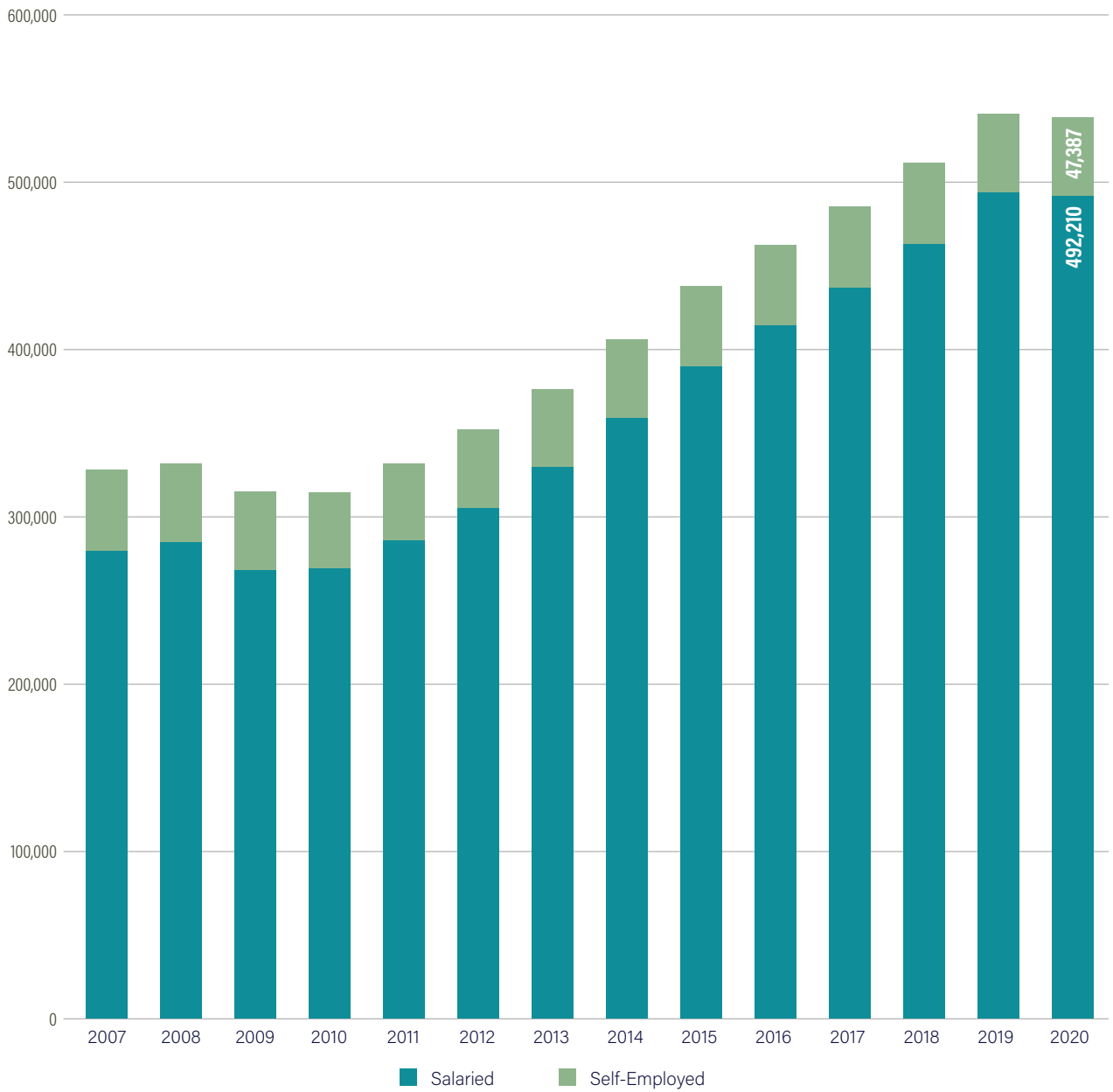
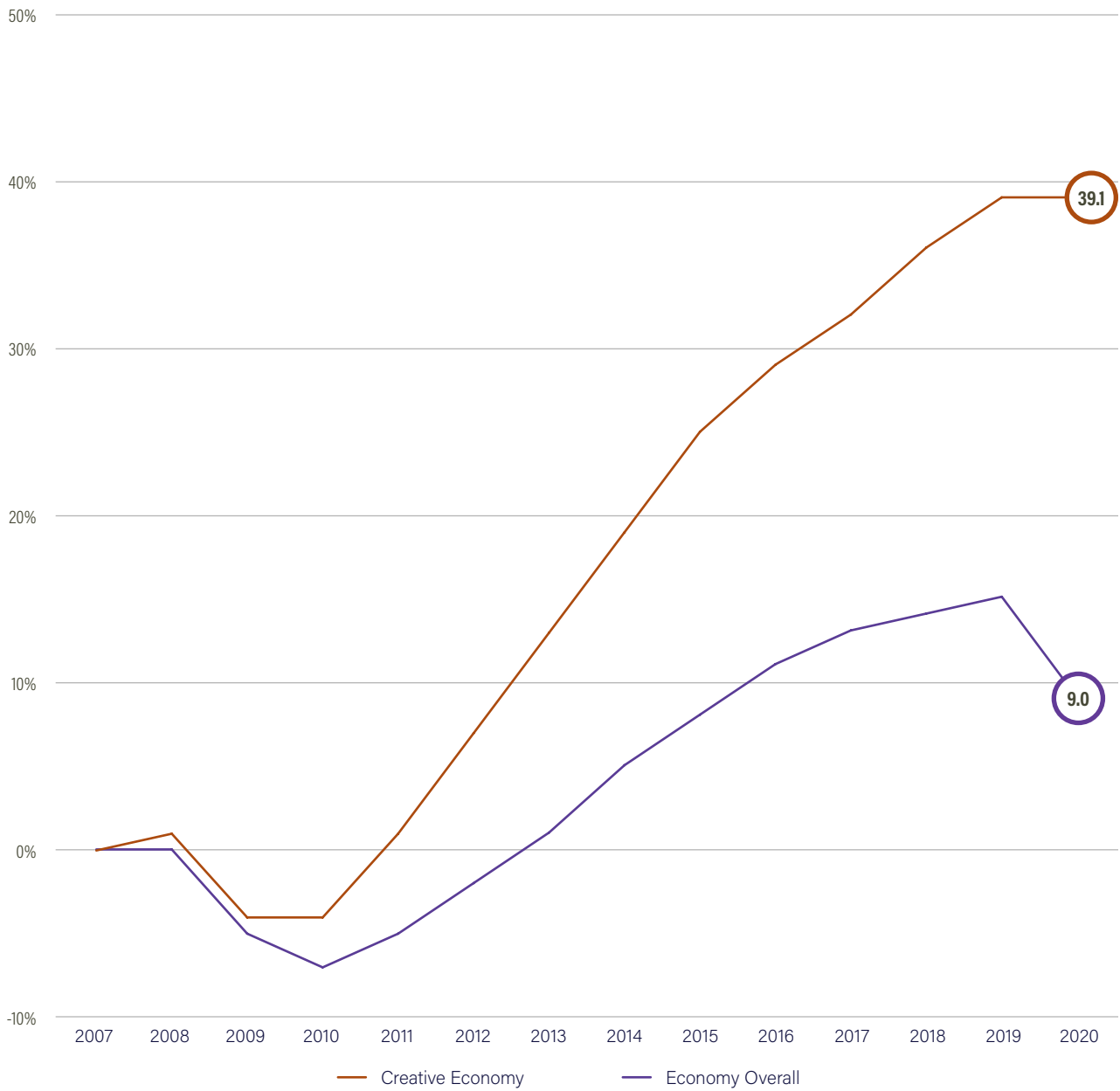


FIGURE 3.15: BAY AREA CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



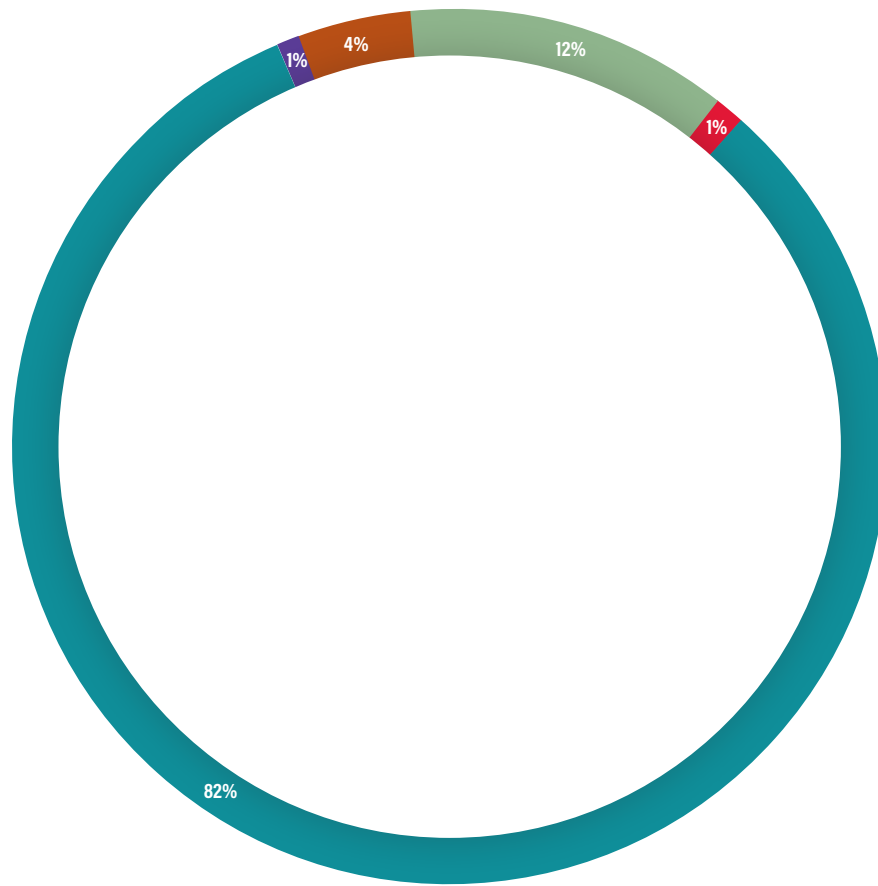
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.16: RELATIVE CHANGE IN THE BAY AREA CREATIVE ECONOMY AND ECONOMY OVERALL
2007 to 2020



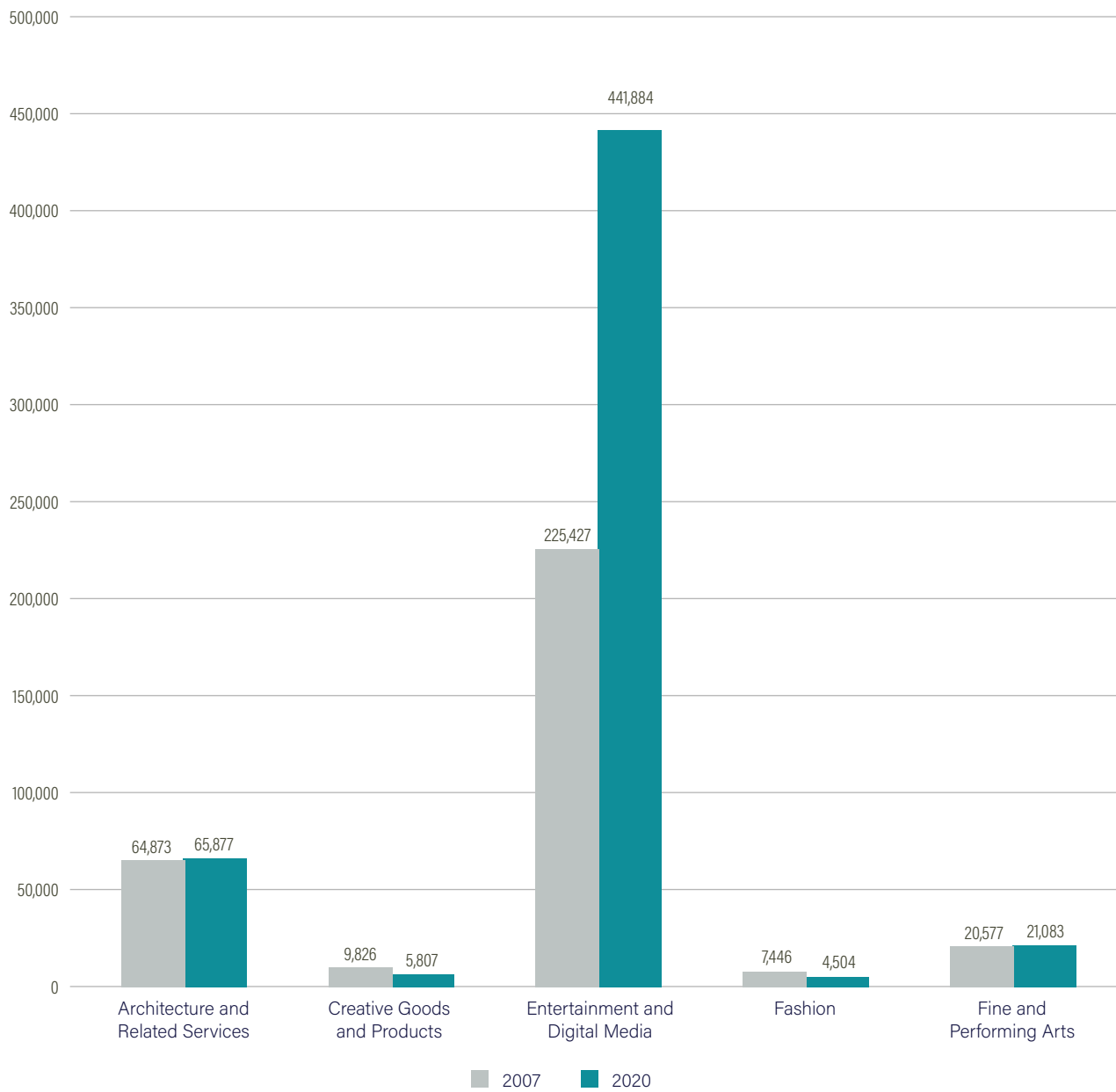
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.17: CREATIVE ECONOMY SHARE BY SECTOR IN THE BAY AREA
2020



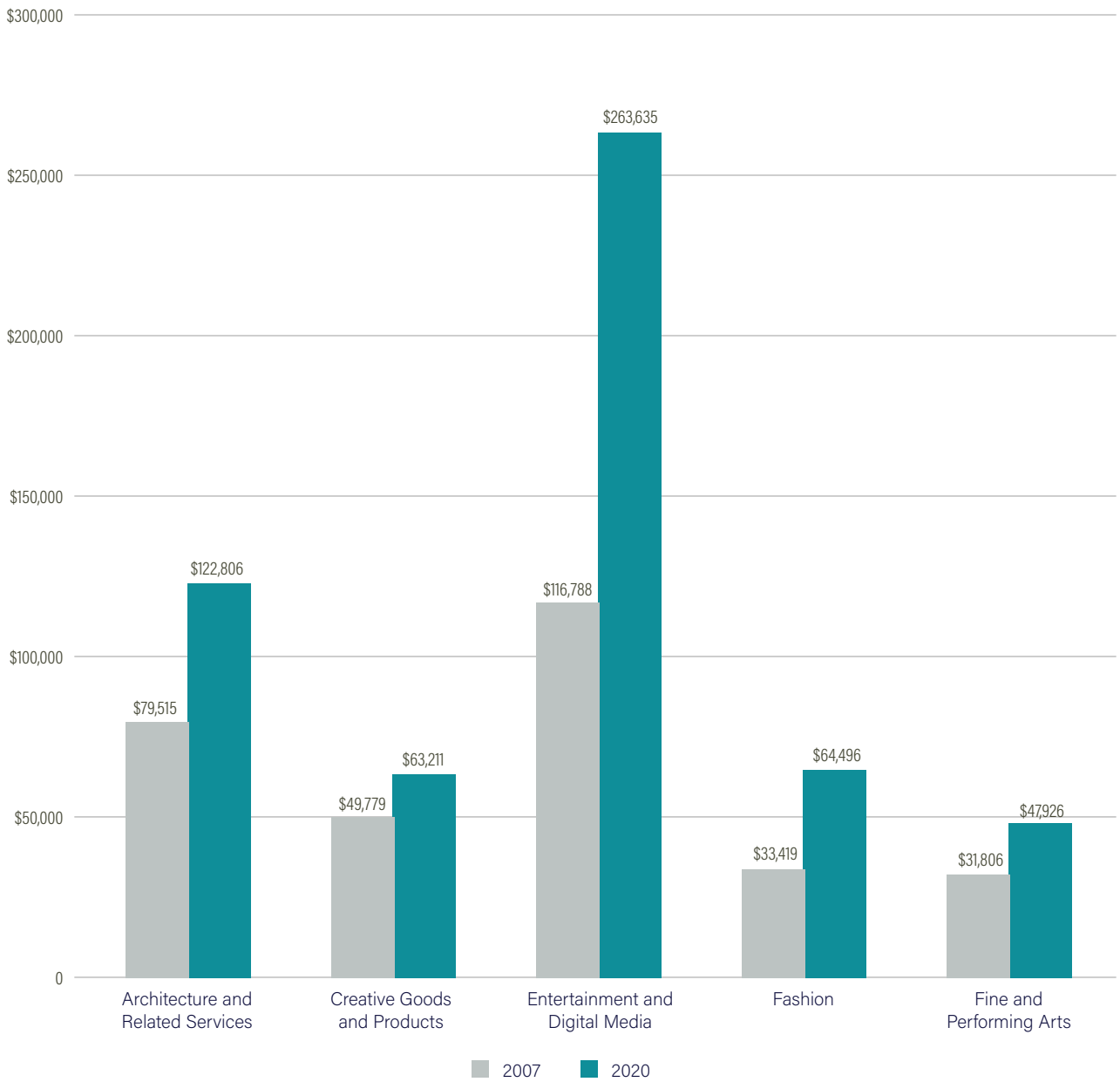
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.18: CREATIVE ECONOMY EMPLOYMENT BY SECTOR IN THE BAY AREA
2007 to 2020



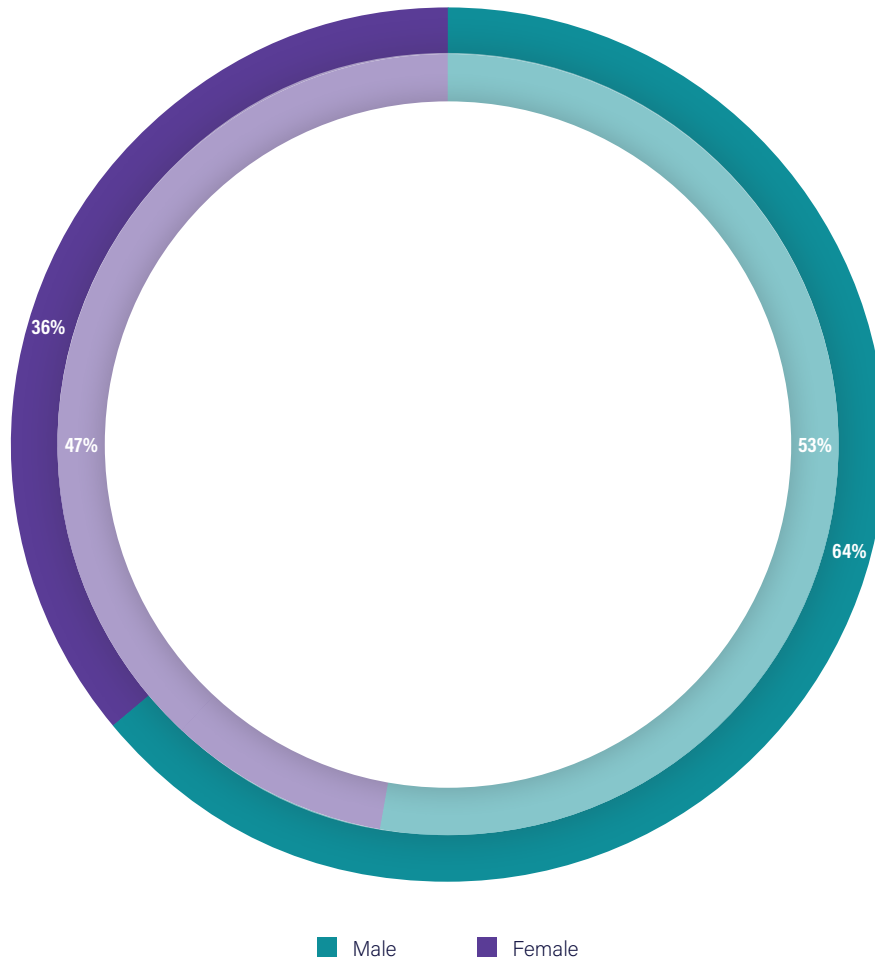
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.19: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN THE BAY AREA
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

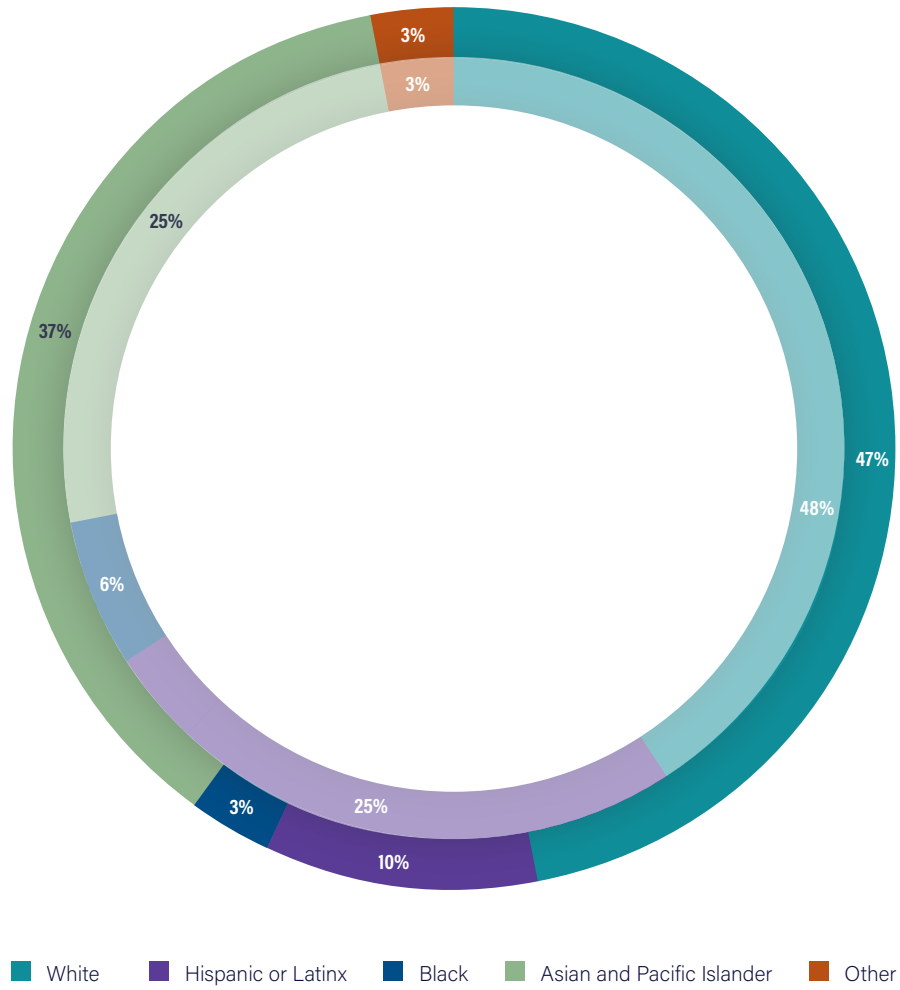
FIGURE 3.20: CREATIVE ECONOMY WORKFORCE BY GENDER IN THE BAY AREA
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



**FIGURE 3.21: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN THE BAY AREA
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.4: THE CENTRAL VALLEY

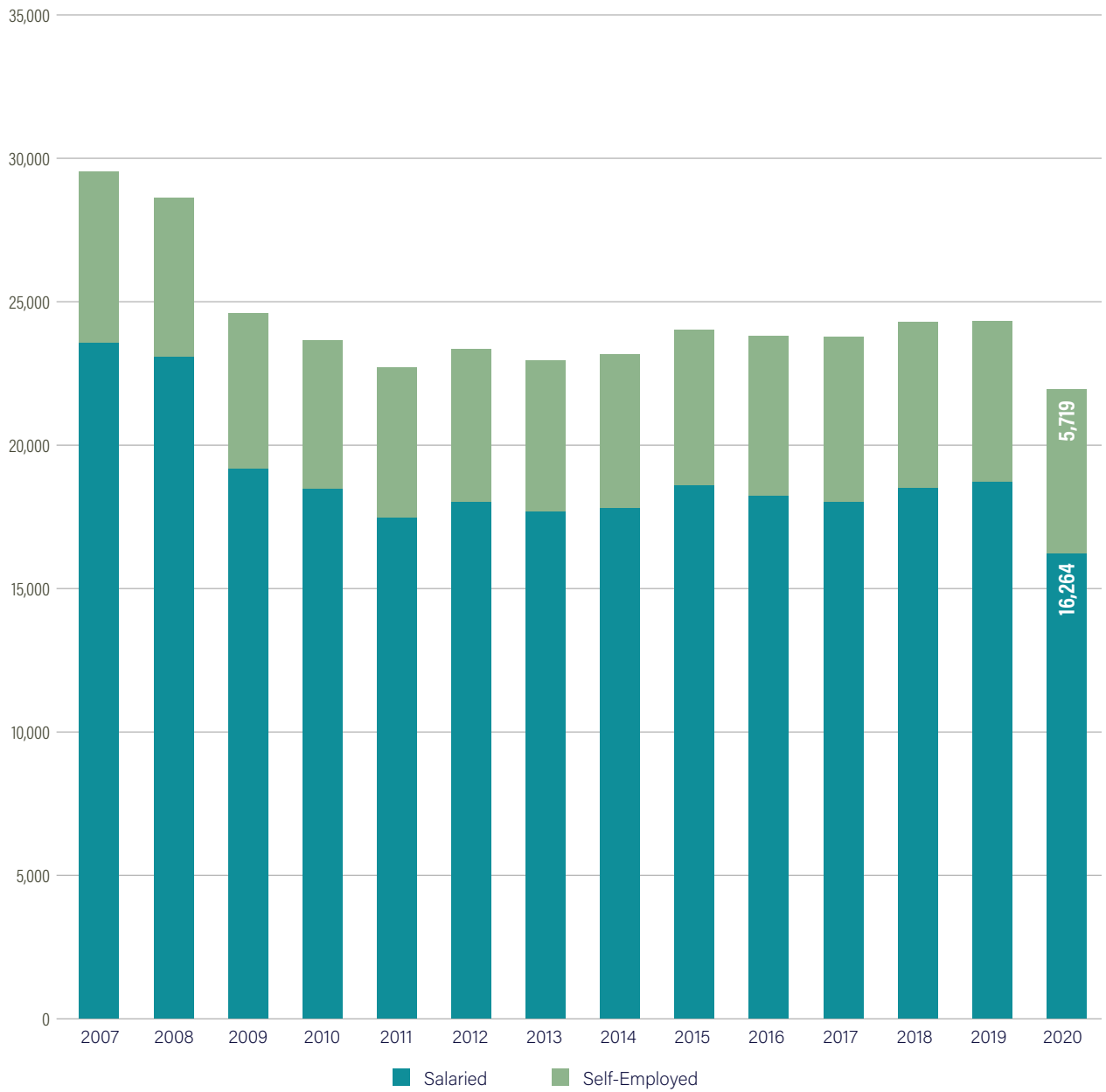
The Central Valley saw the second largest decline in creative economy employment among all regions over the past decade with 18% fewer creative economy jobs in 2019 compared to 2007. Leading the decline was the Fashion sector, where employment decreased by 47.7%. By 2020, creative economy employment accounted for only 1.6% of the total workforce, the smallest share among all regions.

The pandemic caused employers to lay off 10% of the creative economy workforce, and employment in 2020 was 26% smaller compared to 2007 levels. The Fine and Performing Arts sector was the most affected, with employment shrinking by 16.7% from 2019 to 2020. However, not all sectors equally impacted by the pandemic. For instance, the Architecture and Related Services sector saw a 1% increase in employment over the same period.

The average annual wage for the creative economy was \$65,591 in 2020, an increase of over 50% since 2007. Like all other regions, creative economy compensation far outpaced the economy overall where workers had an average annual wage of \$49,787 in 2020. The Entertainment and Digital Media sector saw the largest average annual wage gains in the creative economy, growing by 66.9% from 2007 to 2020.

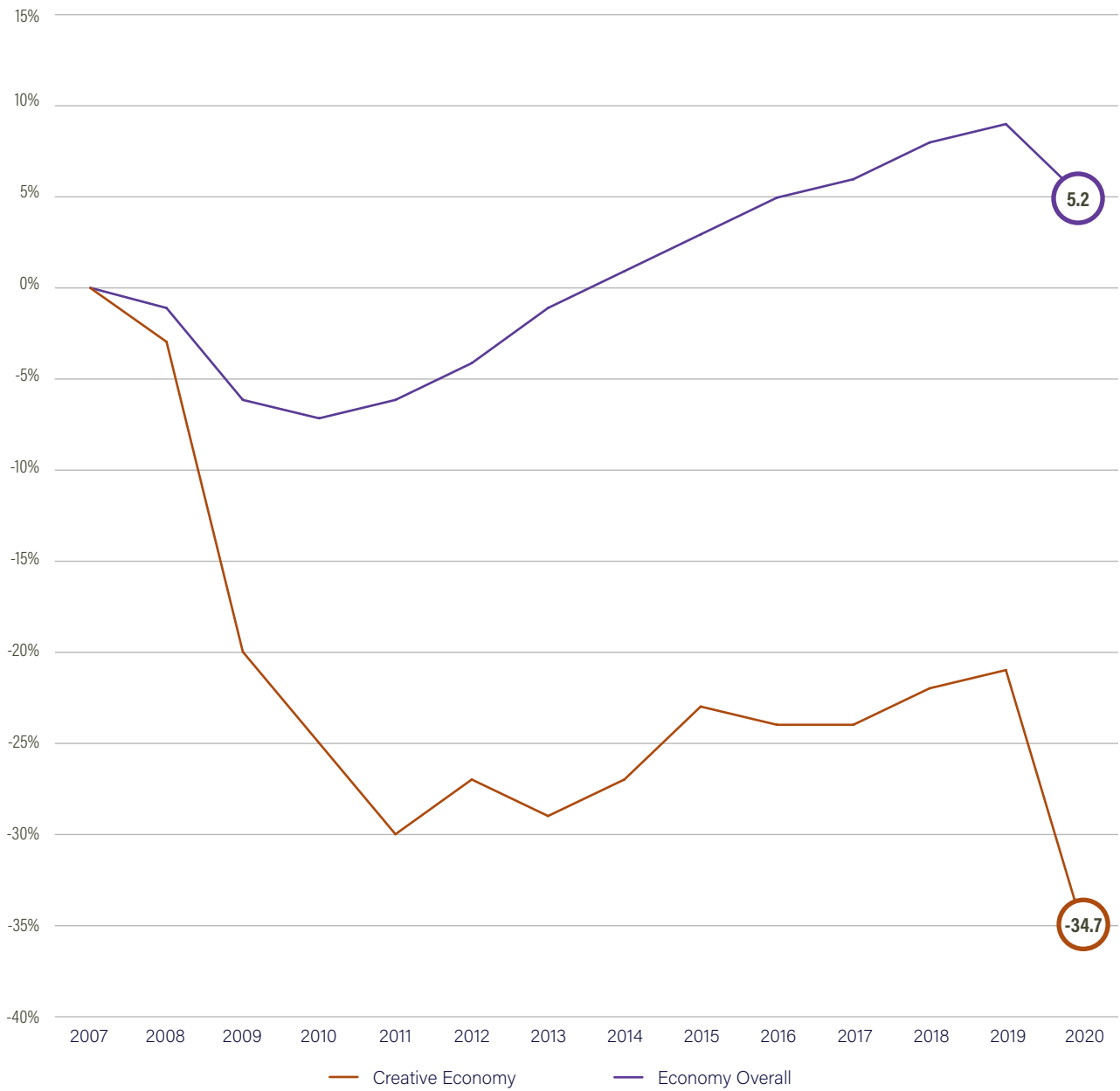


FIGURE 3.22: CENTRAL VALLEY CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.23: RELATIVE CHANGE IN THE CENTRAL VALLEY CREATIVE ECONOMY AND ECONOMY OVERALL 2007 to 2020



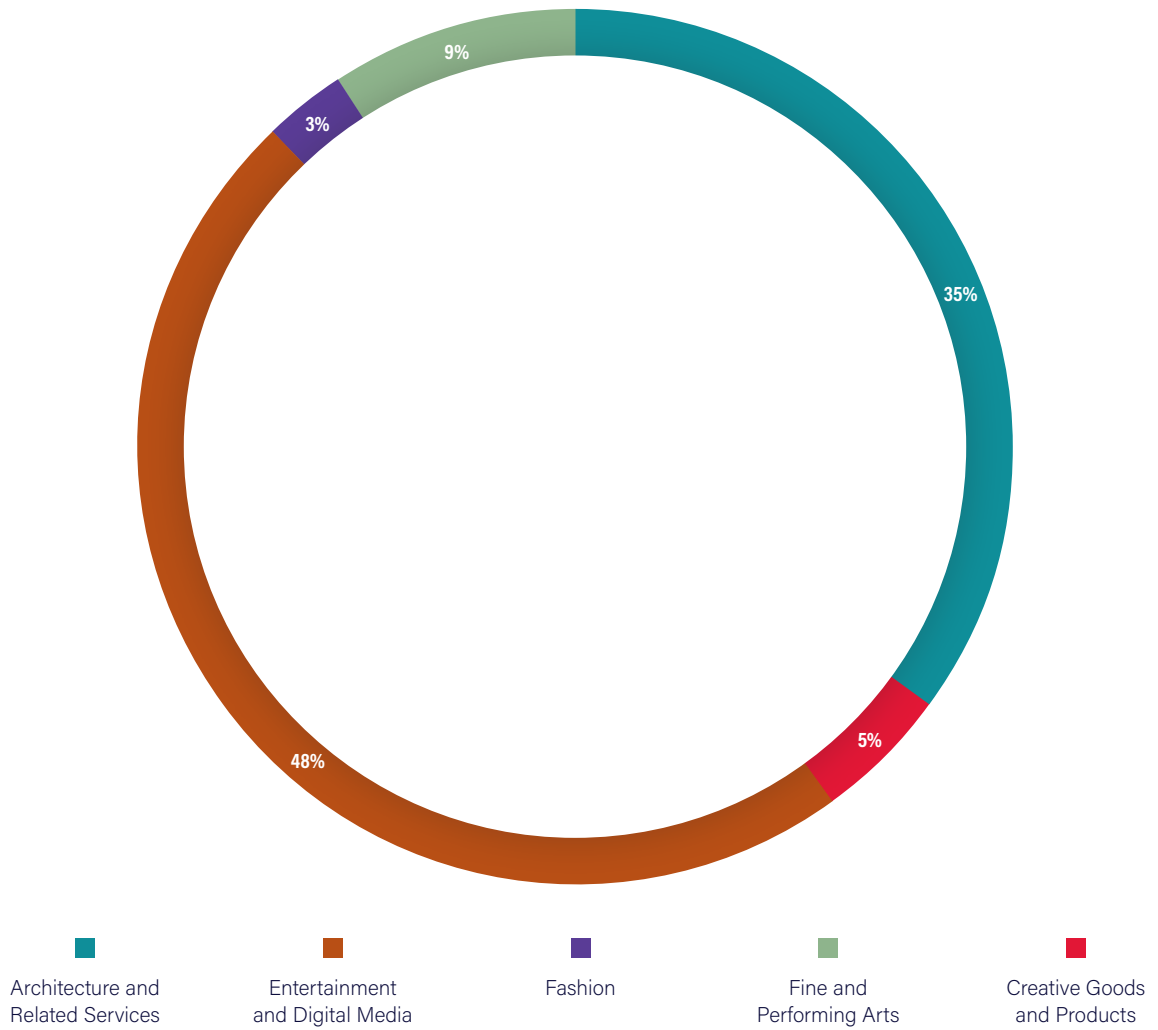
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



FIGURE 3.24: CREATIVE ECONOMY SHARE BY SECTOR IN THE CENTRAL VALLEY
2020

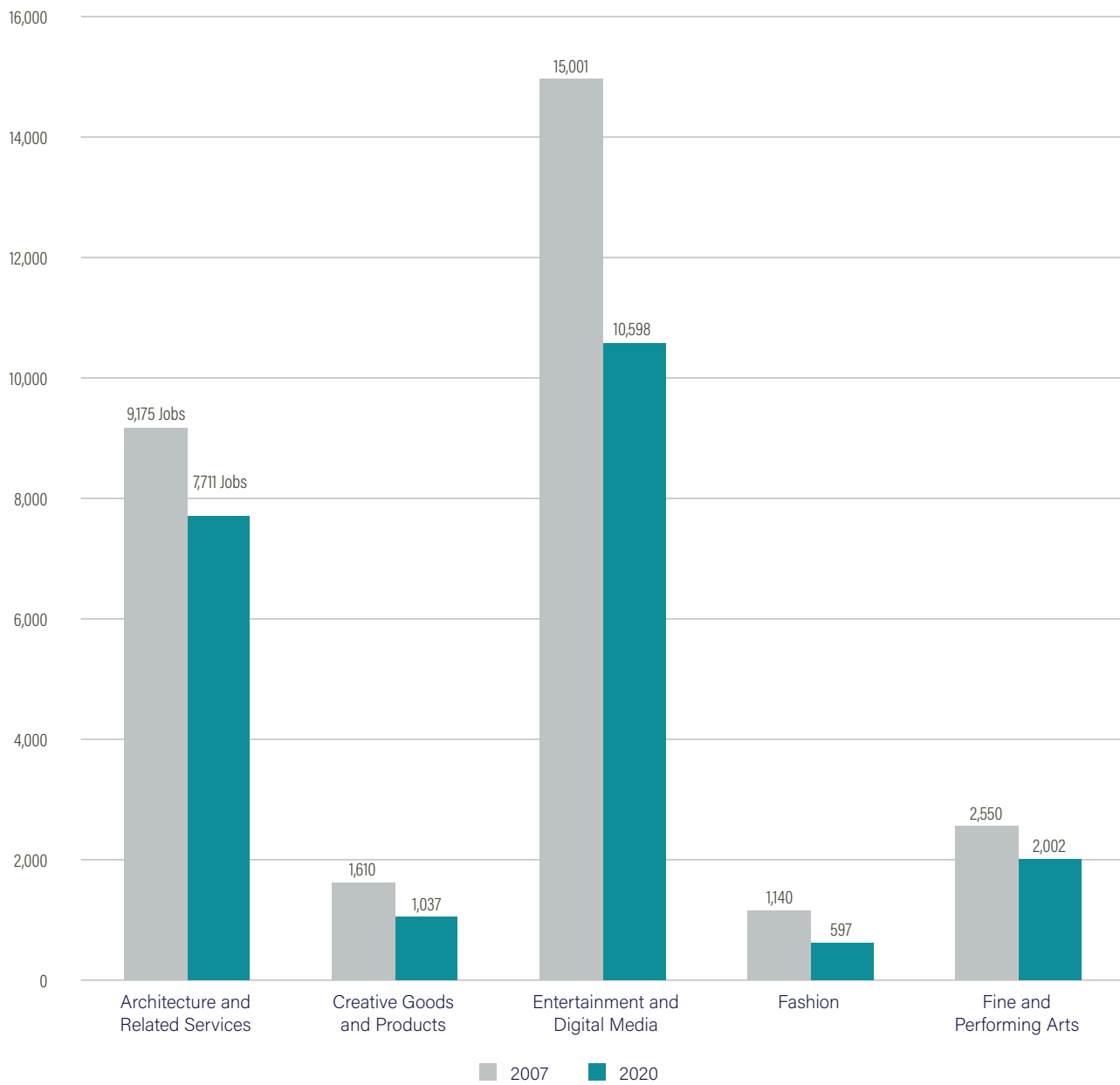


PART 3



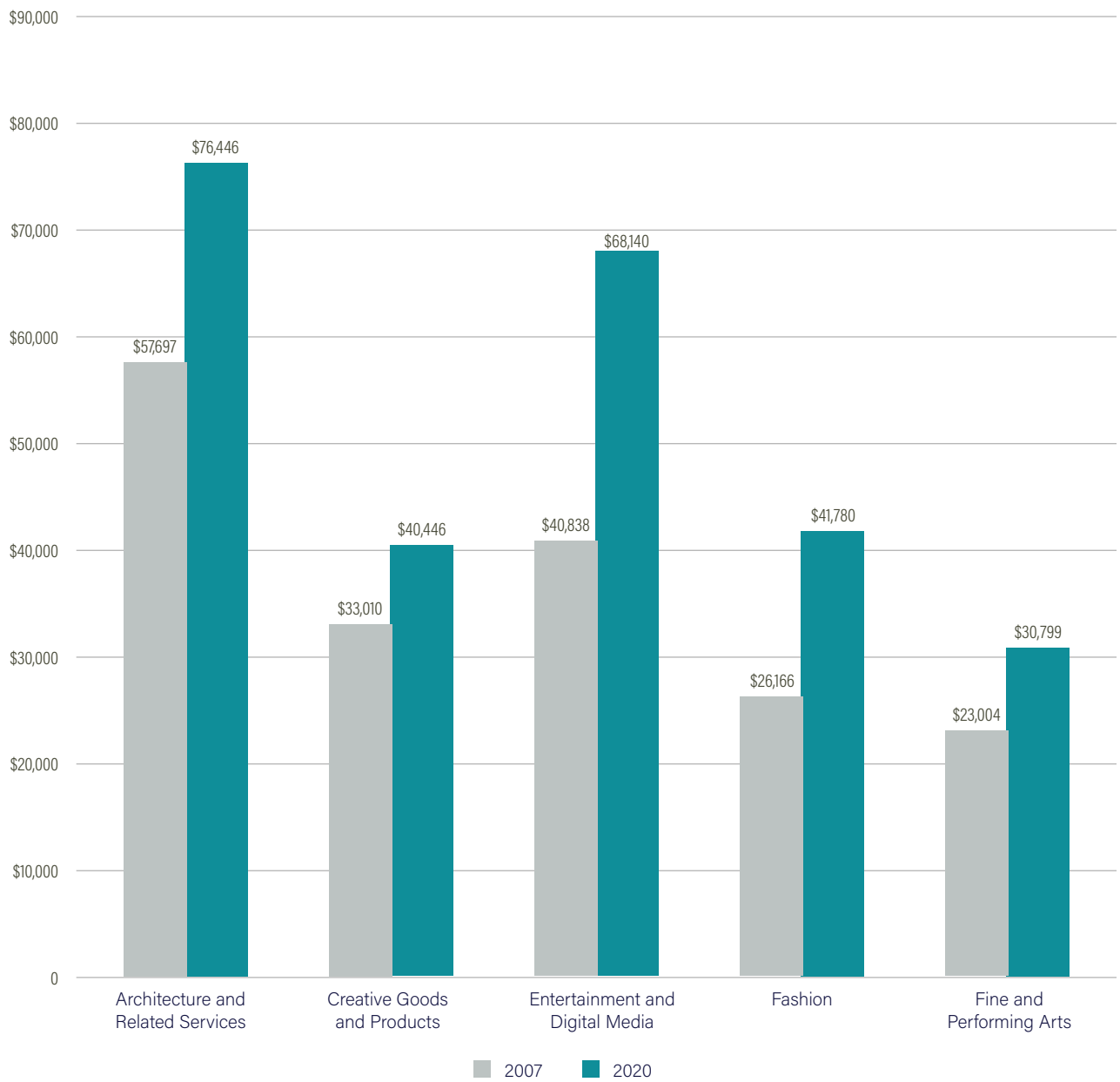
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.25: CREATIVE ECONOMY EMPLOMENT BY SECTOR IN THE CENTRAL VALLEY
2007 to 2020



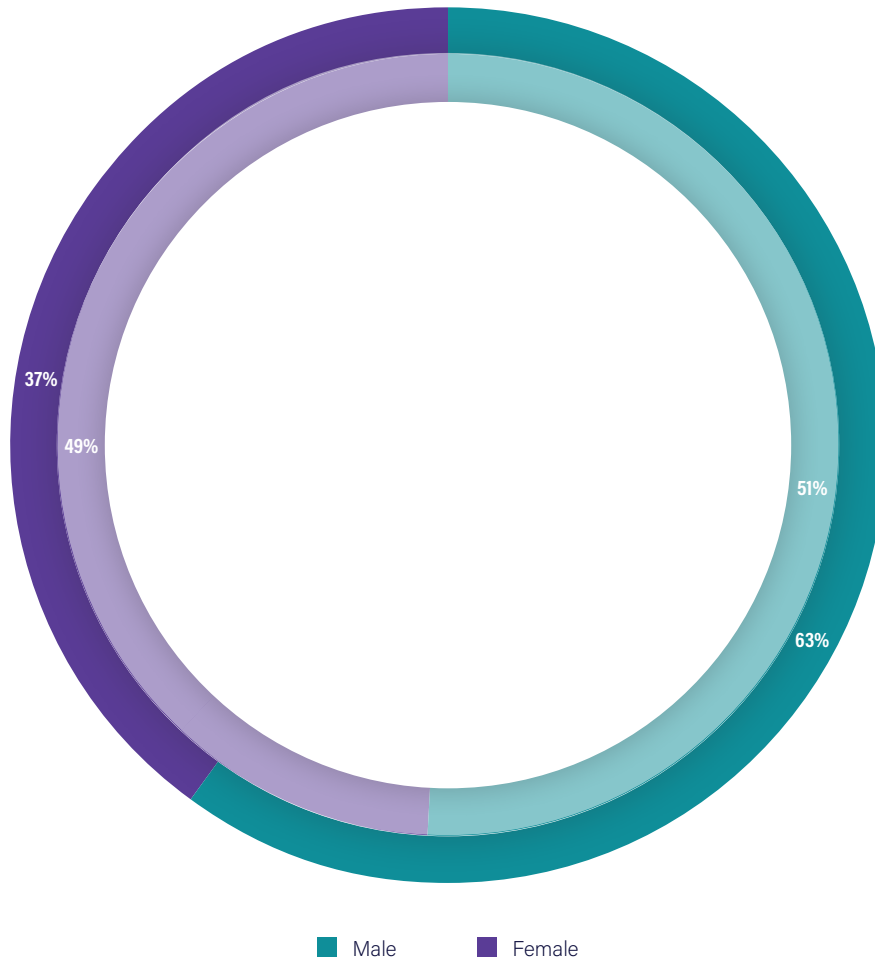
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

**FIGURE 3.26: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN THE CENTRAL VALLEY
2007 to 2020**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.27: CREATIVE ECONOMY WORKFORCE BY GENDER IN THE CENTRAL VALLEY
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 3.28: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN THE CENTRAL VALLEY 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.5: THE CENTRAL COAST

In recent years, the pace of employment growth for the Central Coast's creative economy has lagged behind other industries in the region. Creative economy employment in the region increased by only 0.6% to roughly 38,850 workers between 2007 and 2019. This is far slower than the 7.6% job growth in the economy overall during the same period. As in other regions, Entertainment and Digital Media saw employment increase by 6.7% from 2007 to 2019, while employment in the Creative Goods and Products sector dropped by almost a quarter.

The creative economy was further set back by the pandemic, shedding almost 7.2% of jobs in 2020. Accounting for this decline, creative economy employment is 7% smaller than 2007 levels and accounts for roughly 4% of the region's total workforce. The Fine and Performing Arts sector fared the worst, with employment shrinking by 19%. And while the Architecture and Related Services sector avoided significant damage from the pandemic, employment still dropped by 1.8%. Average annual wages for the creative economy in 2020 were \$93,690, far higher than the average annual wage for the overall economy which stood at \$58,012.

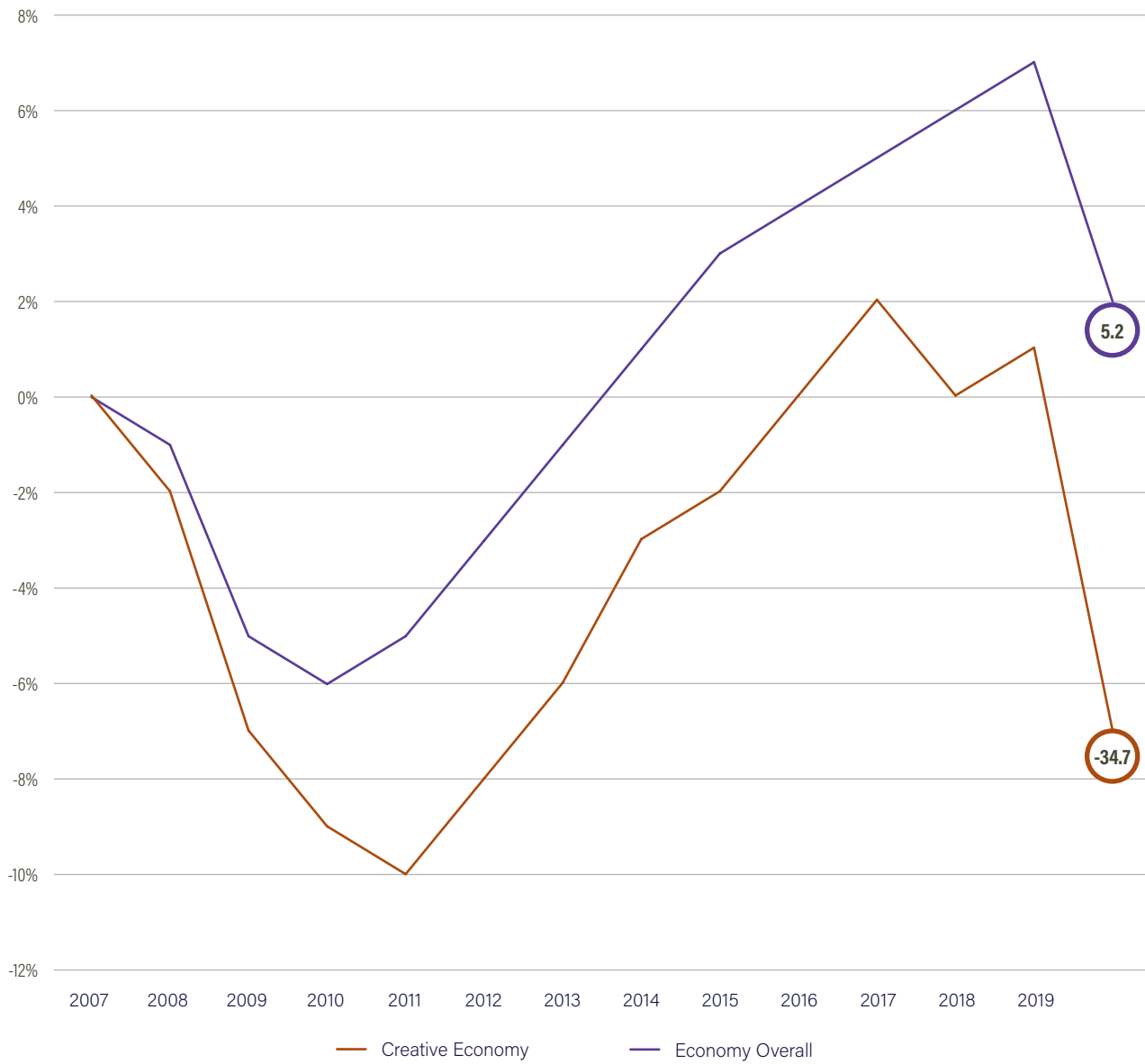


FIGURE 3.29: CENTRAL COAST CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



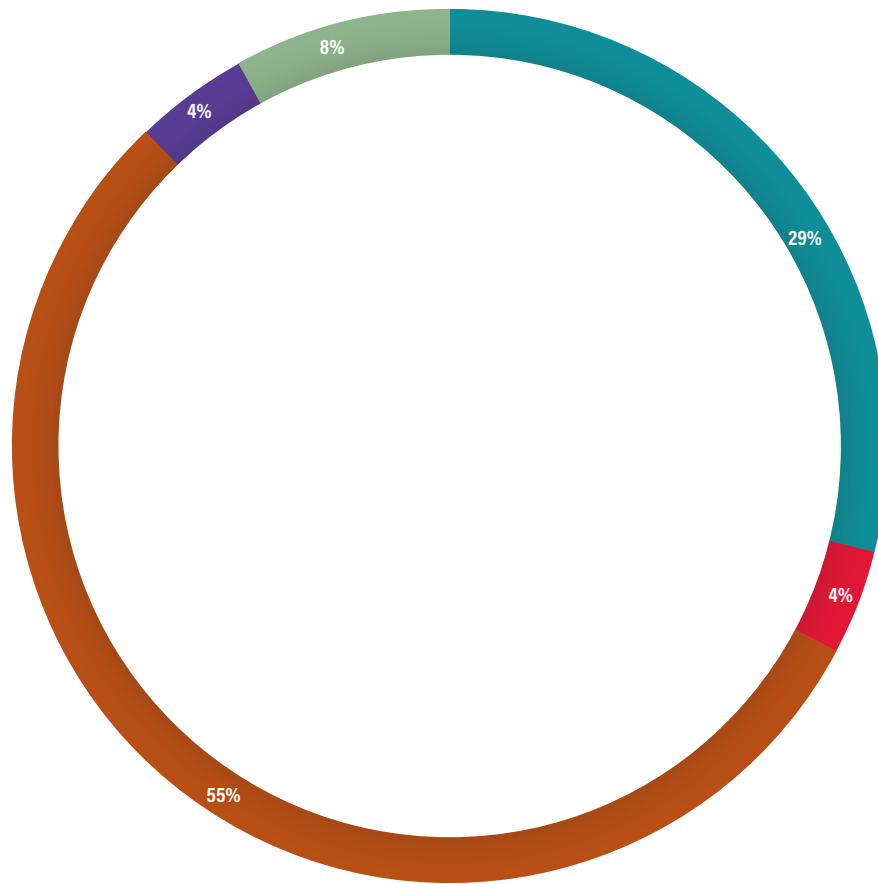
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.30: RELATIVE CHANGE IN CENTRAL COAST CREATIVE ECONOMY AND ECONOMY OVERALL
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

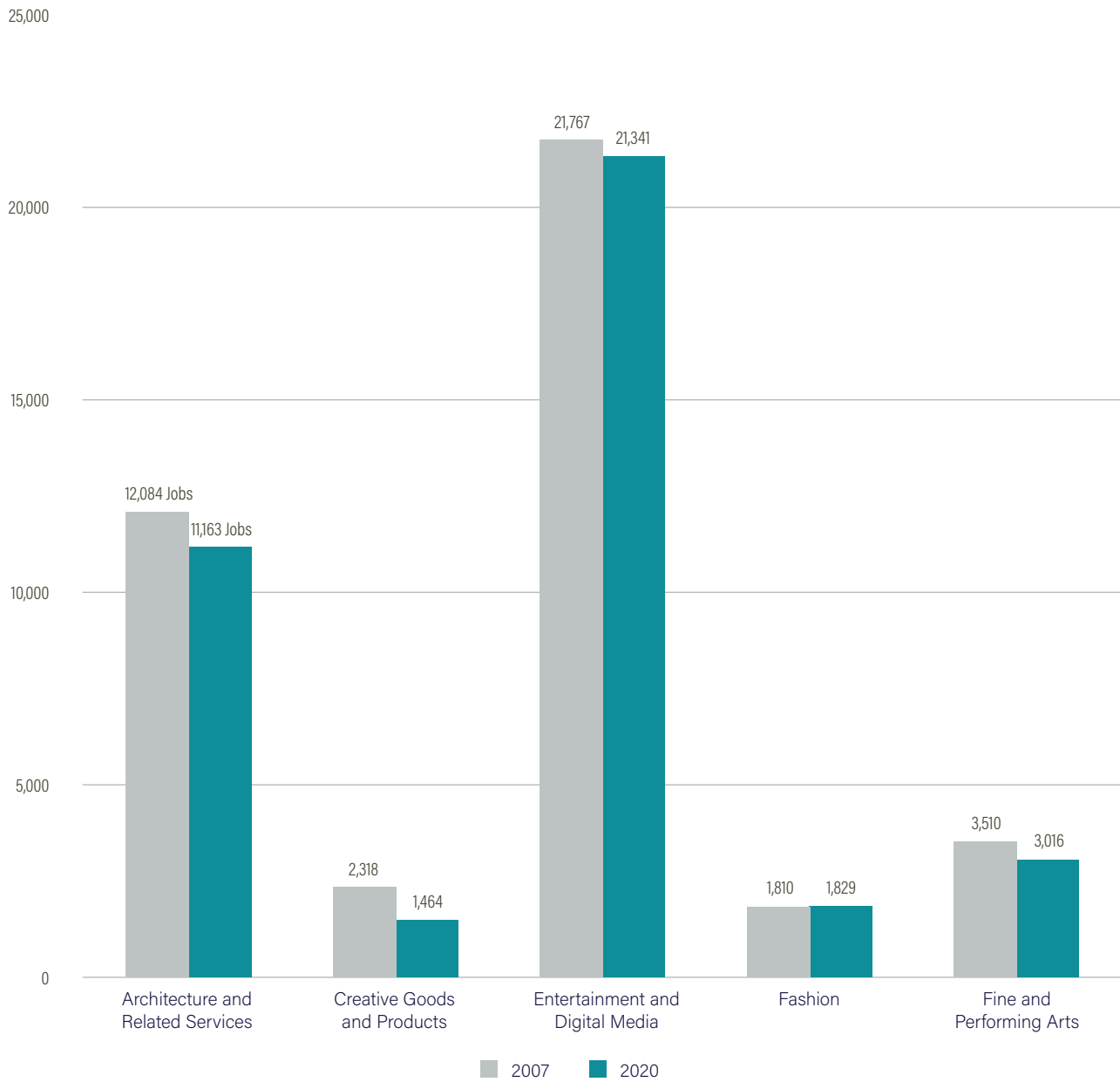
FIGURE 3.31: CREATIVE ECONOMY SHARE BY SECTOR IN THE CENTRAL COAST
2020



■ Architecture and Related Services ■ Entertainment and Digital Media ■ Fashion ■ Fine and Performing Arts ■ Creative Goods and Products

Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.32: CREATIVE ECONOMY EMPLOMENT BY SECTOR IN THE CENTRAL COAST
2007 to 2020

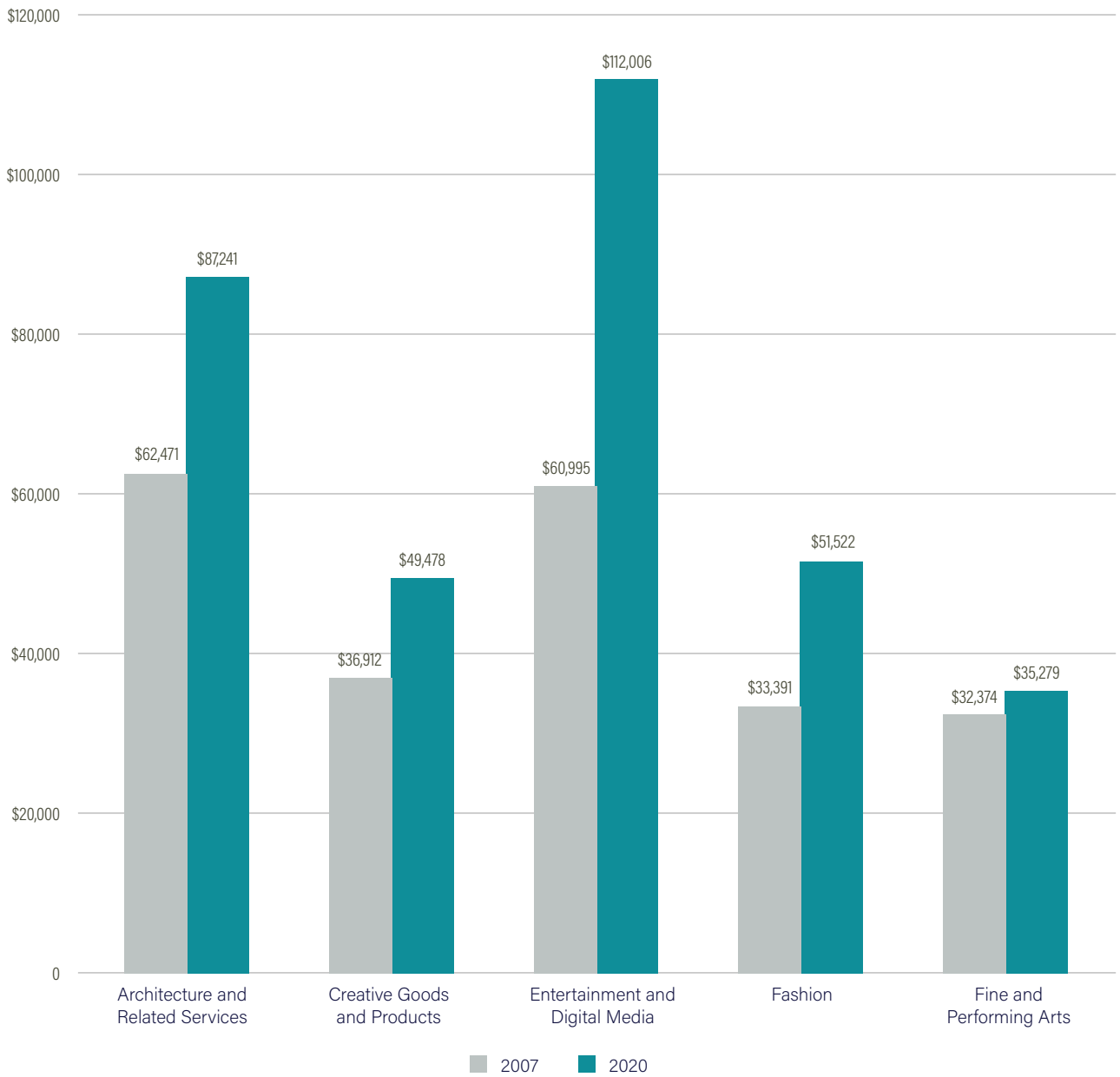


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



PART 3

**FIGURE 3.33: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN THE CENTRAL COAST
2007 to 2020**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

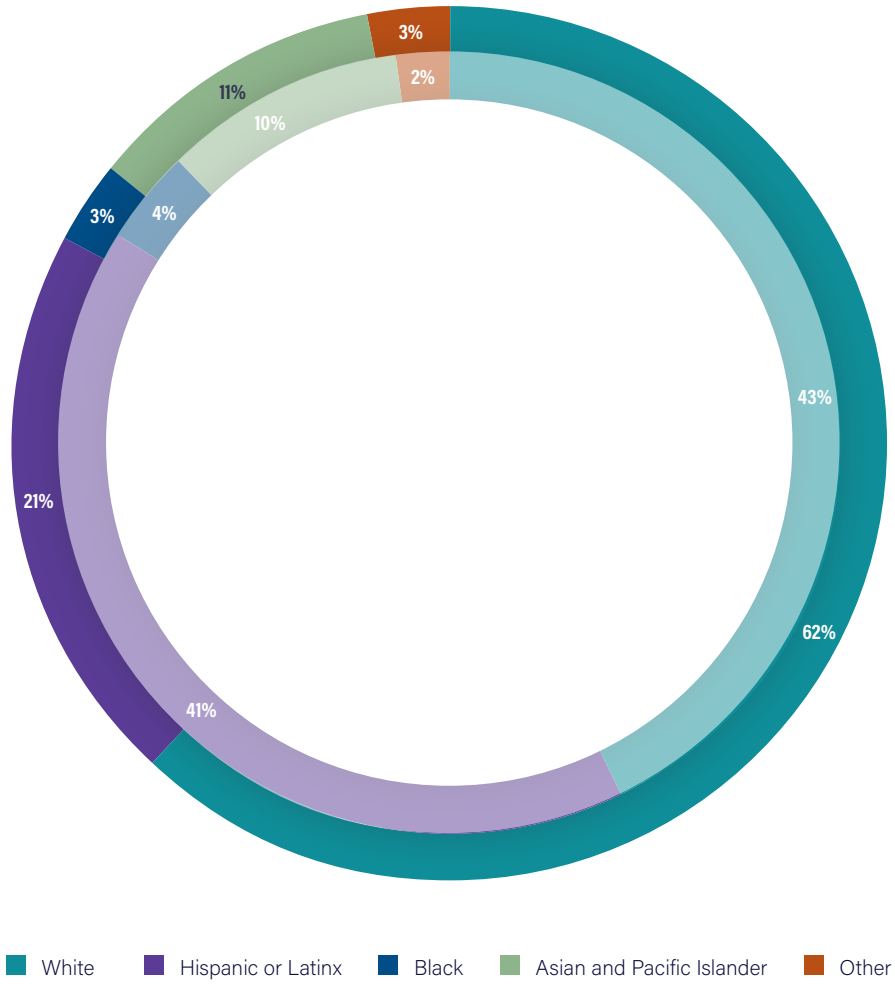
FIGURE 3.34: CREATIVE ECONOMY WORKFORCE BY GENDER IN THE CENTRAL COAST
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 3.35: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN THE CENTRAL COAST 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.6: SOUTHERN CALIFORNIA

Although the creative economy in Southern California is roughly equal in size to the Bay Area, it has fallen far behind over the past decade in terms of growth. From 2007 to 2019, creative economy employment fell by 0.2% in the region – even as total employment increased by 71% – while the Bay Area grew by 64.3% over this same period. The lack of creative economy job growth is mainly attributed to the huge job losses in the Fashion sector, which saw employment decline by over 41,000, or 46.6%, from 2007 to 2019.

The pandemic only amplified these losses, shedding almost 8.8% of jobs from 2019 to 2020 and leaving the creative workforce 1.5% smaller than it was in 2007. The Fine and Performing Arts sector was the hardest hit by the pandemic and saw employment contract by 21.2%, while employment in the Architecture and Related Services sector only slipped by 2.3%. Average annual wages were \$117,339 in 2020, up by 64% from 2007. This is over 50% higher than the average annual wage of the overall economy in the region, which stood at \$69,967 in 2020.

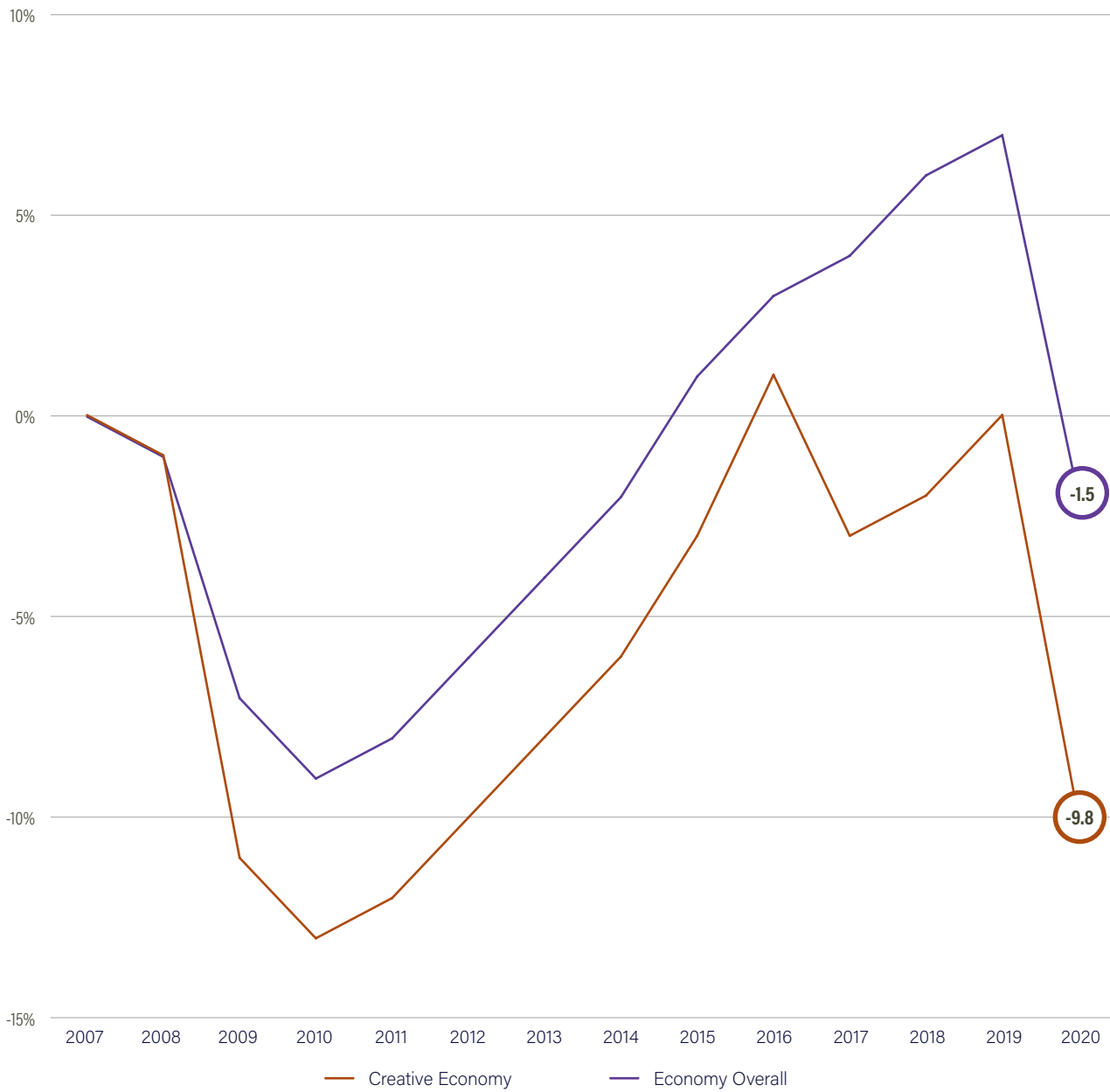


FIGURE 3.36: SOUTHERN CALIFORNIA CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



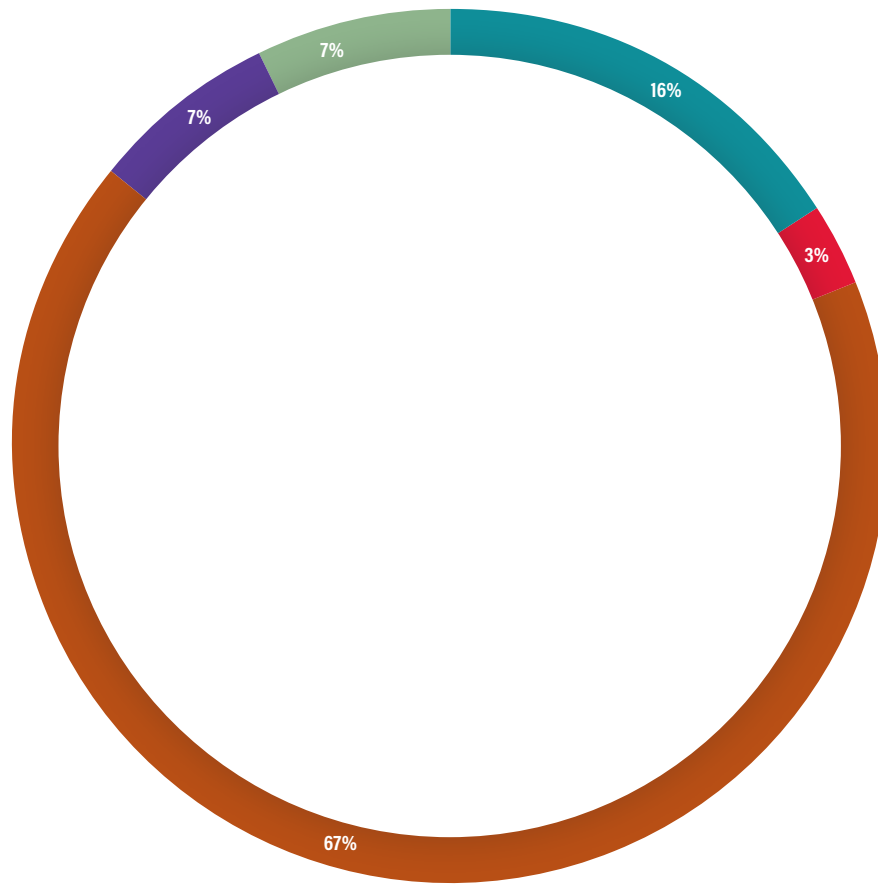
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.37: RELATIVE CHANGE IN SOUTHERN CALIFORNIA CREATIVE ECONOMY AND ECONOMY OVERALL 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

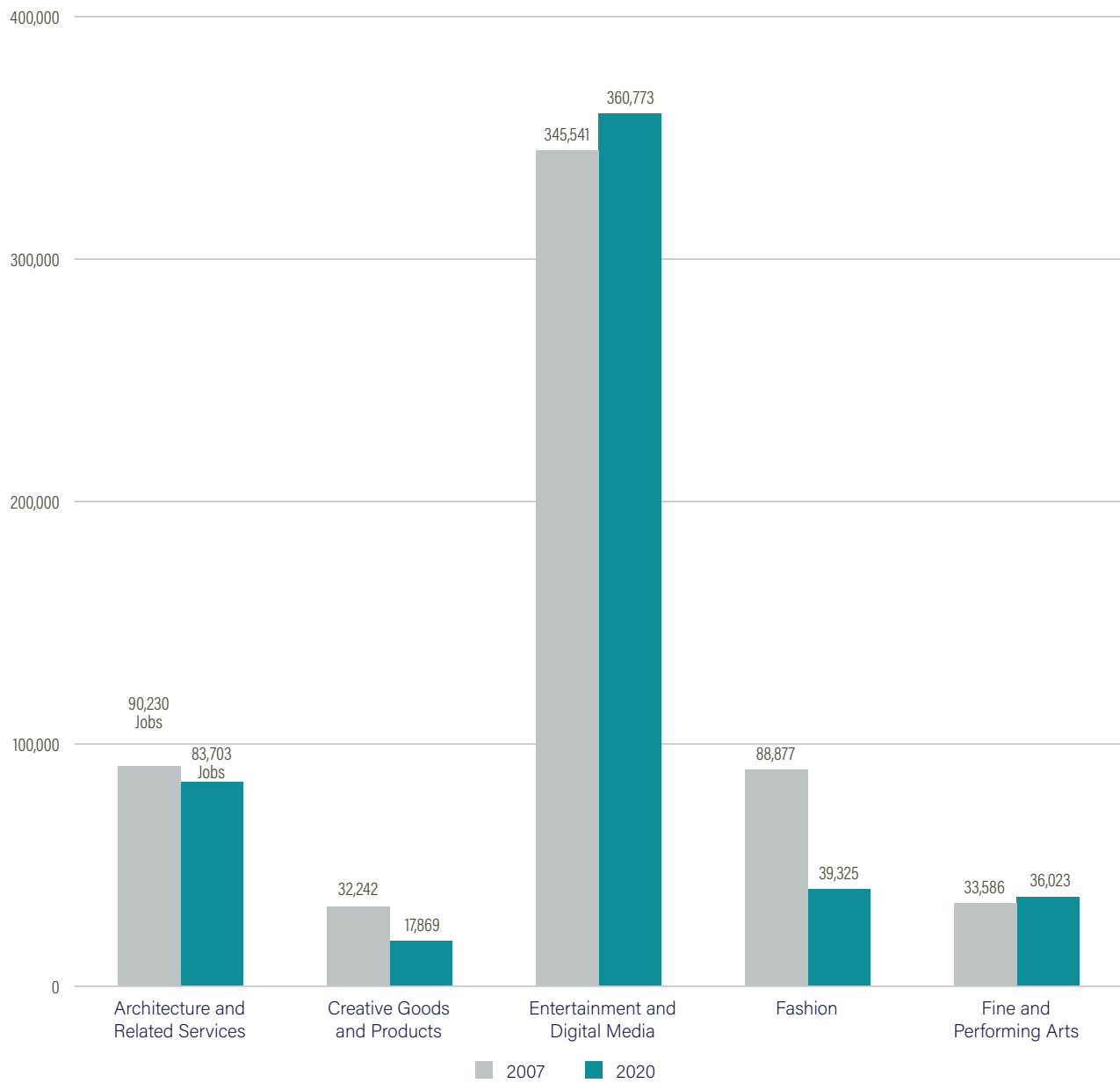
FIGURE 3.38: CREATIVE ECONOMY SHARE BY SECTOR IN SOUTHERN CALIFORNIA
2020



■ Architecture and Related Services ■ Entertainment and Digital Media ■ Fashion ■ Fine and Performing Arts ■ Creative Goods and Products

Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.39: CREATIVE ECONOMY EMPLOMENT BY SECTOR IN SOUTHERN CALIFORNIA
2007 to 2020

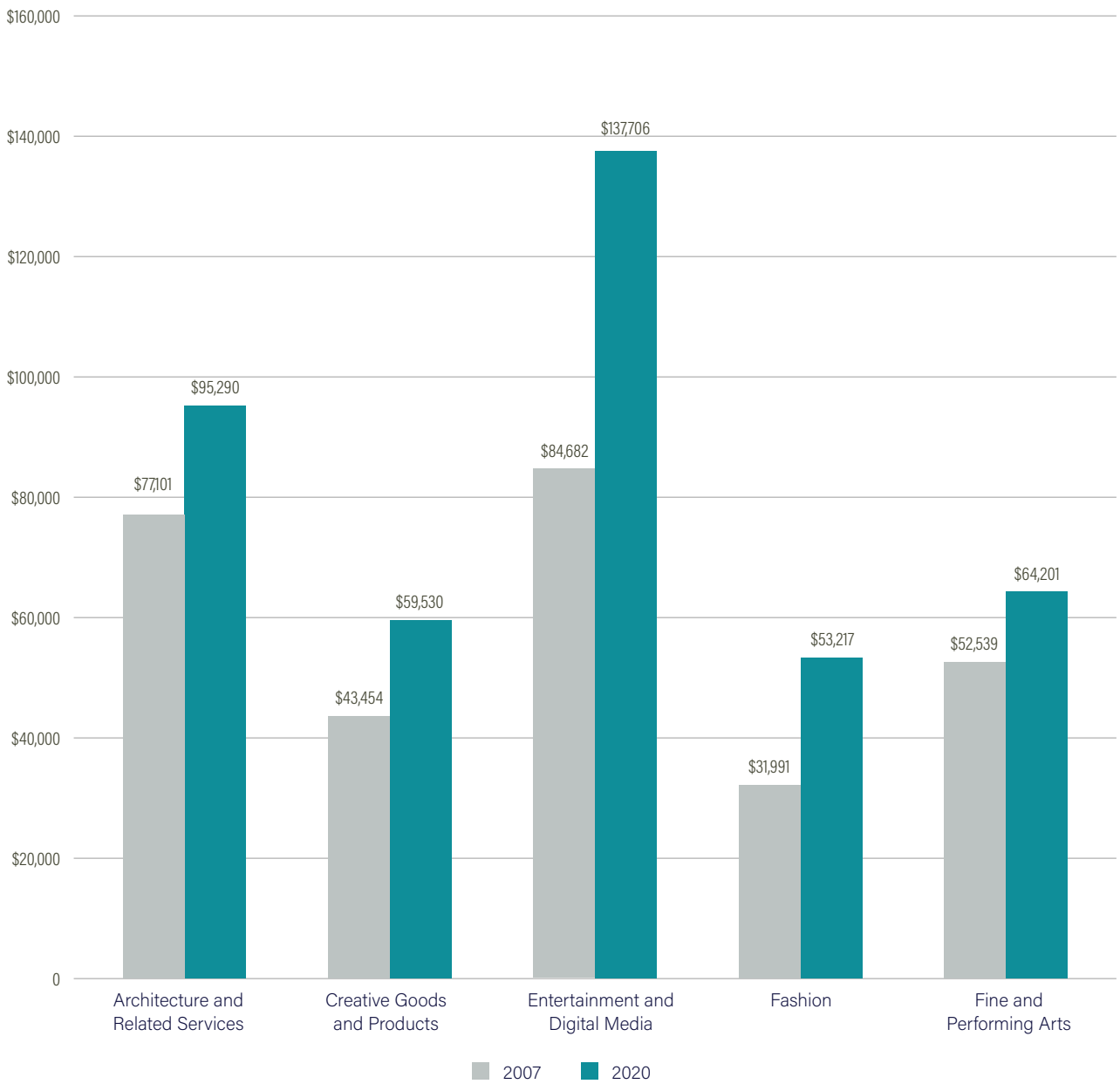


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



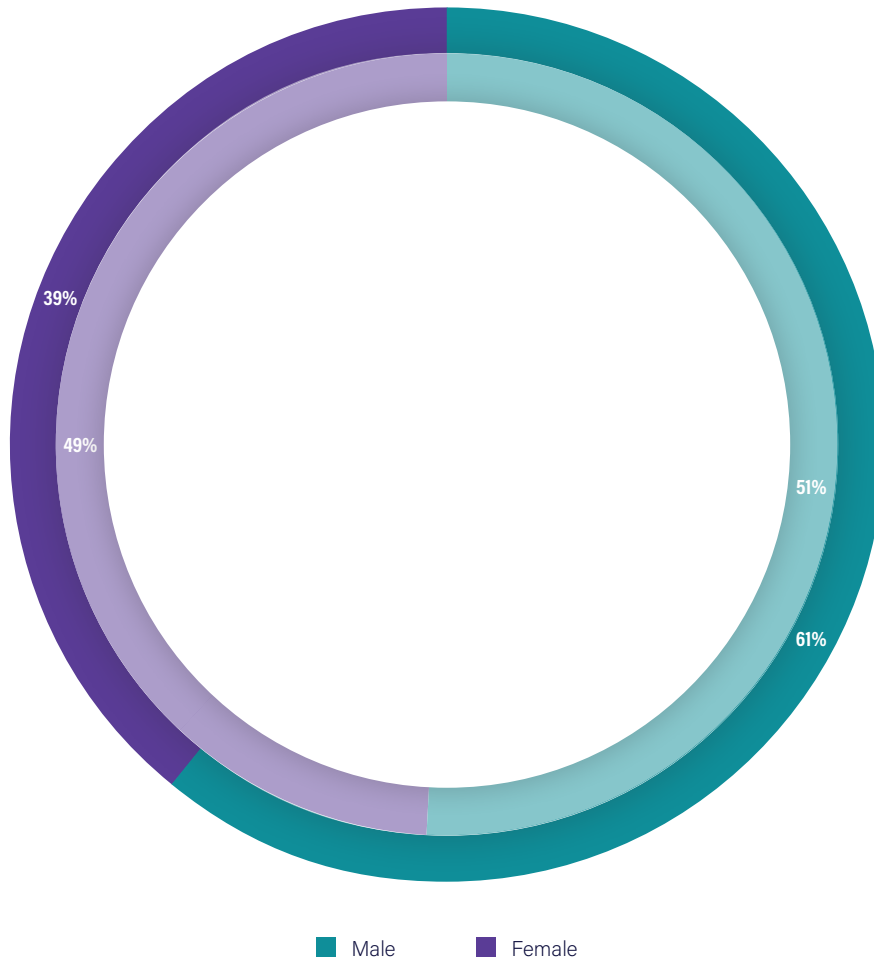
PART 3

FIGURE 3.40: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN SOUTHERN CALIFORNIA 2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

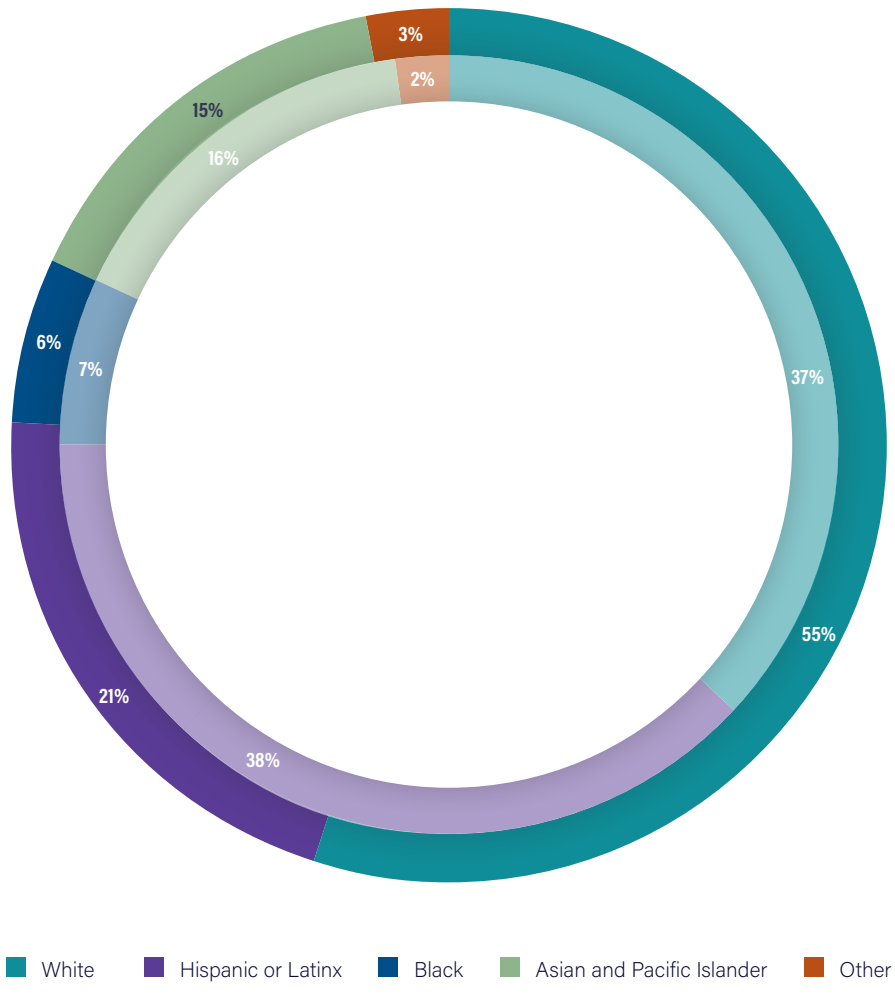
FIGURE 3.41: CREATIVE ECONOMY WORKFORCE BY GENDER IN SOUTHERN CALIFORNIA 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 3.42: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN SOUTHERN CALIFORNIA 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



3.7: THE INLAND EMPIRE



The creative economy in the Inland Empire never fully recovered from the Great Recession and stands in stark contrast to the 15% increase in overall employment since 2007. Prior to the pandemic, the creative economy workforce totaled approximately 38,000 in 2019, a 7.6% decrease from 2007 levels.

Of the five sectors, Entertainment and Digital Media and Architecture and Related Services account for the largest share of employment at 43% and 30%, respectively. That said, Entertainment and Digital Media saw almost no employment growth – less than 1% – between 2007 and 2019, while employment in the Architecture and Related Services contracted by almost 20%.

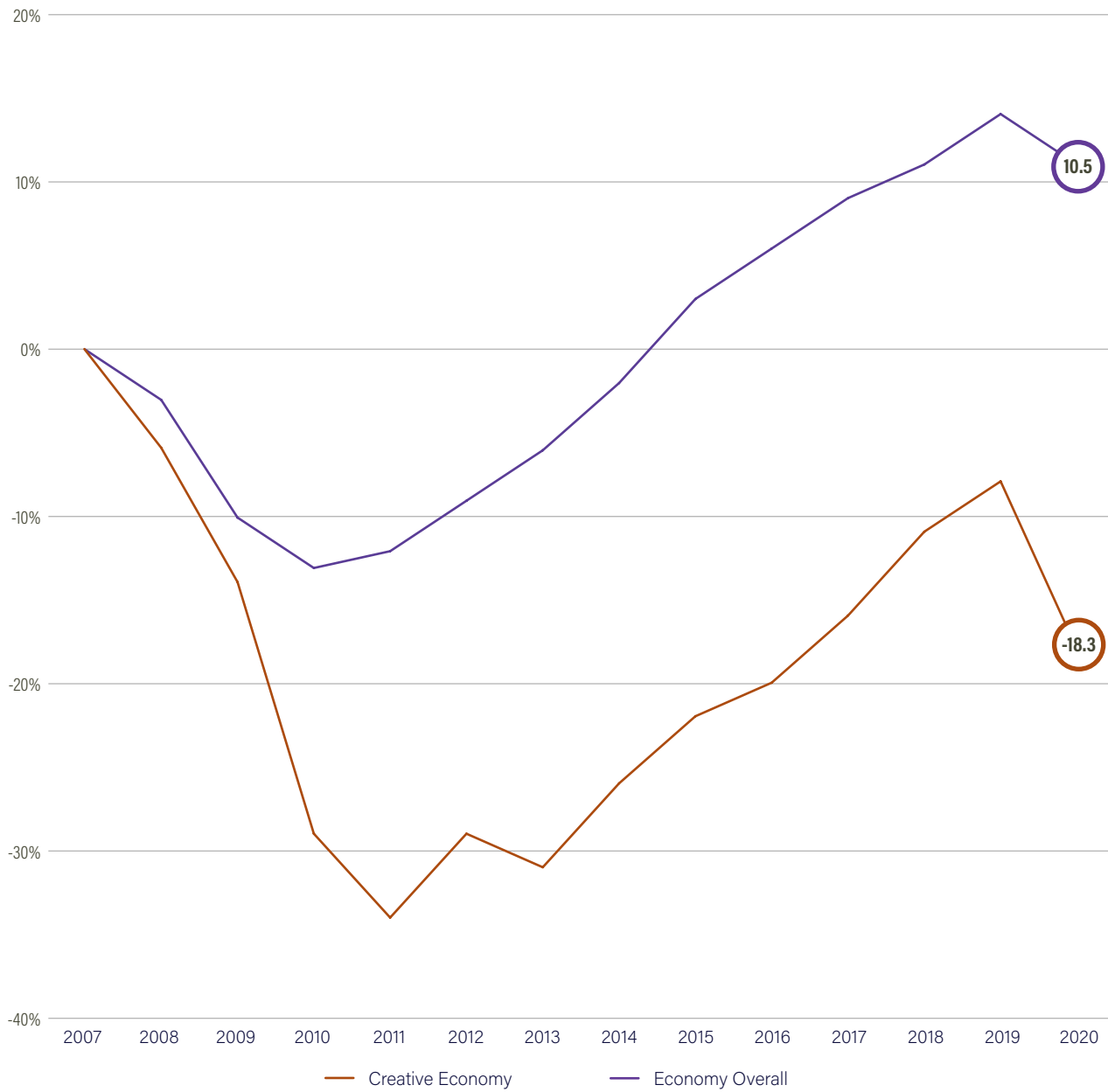
The pandemic caused an almost 8.6% decline in jobs from 2019 to 2020, which brought creative economy employment down by 15% from 2007 levels. The Fine and Performing Arts sector shouldered the biggest percentage losses, with employment shrinking by 4.3%. Like many other regions, the Architecture and Related Services sector saw employment actually grow – by 1.4% – over the course of the pandemic amidst continued demand for housing.

FIGURE 3.43: INLAND EMPIRE CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.44: RELATIVE CHANGE IN THE INLAND EMPIRE CREATIVE ECONOMY AND ECONOMY OVERALL 2007 to 2020

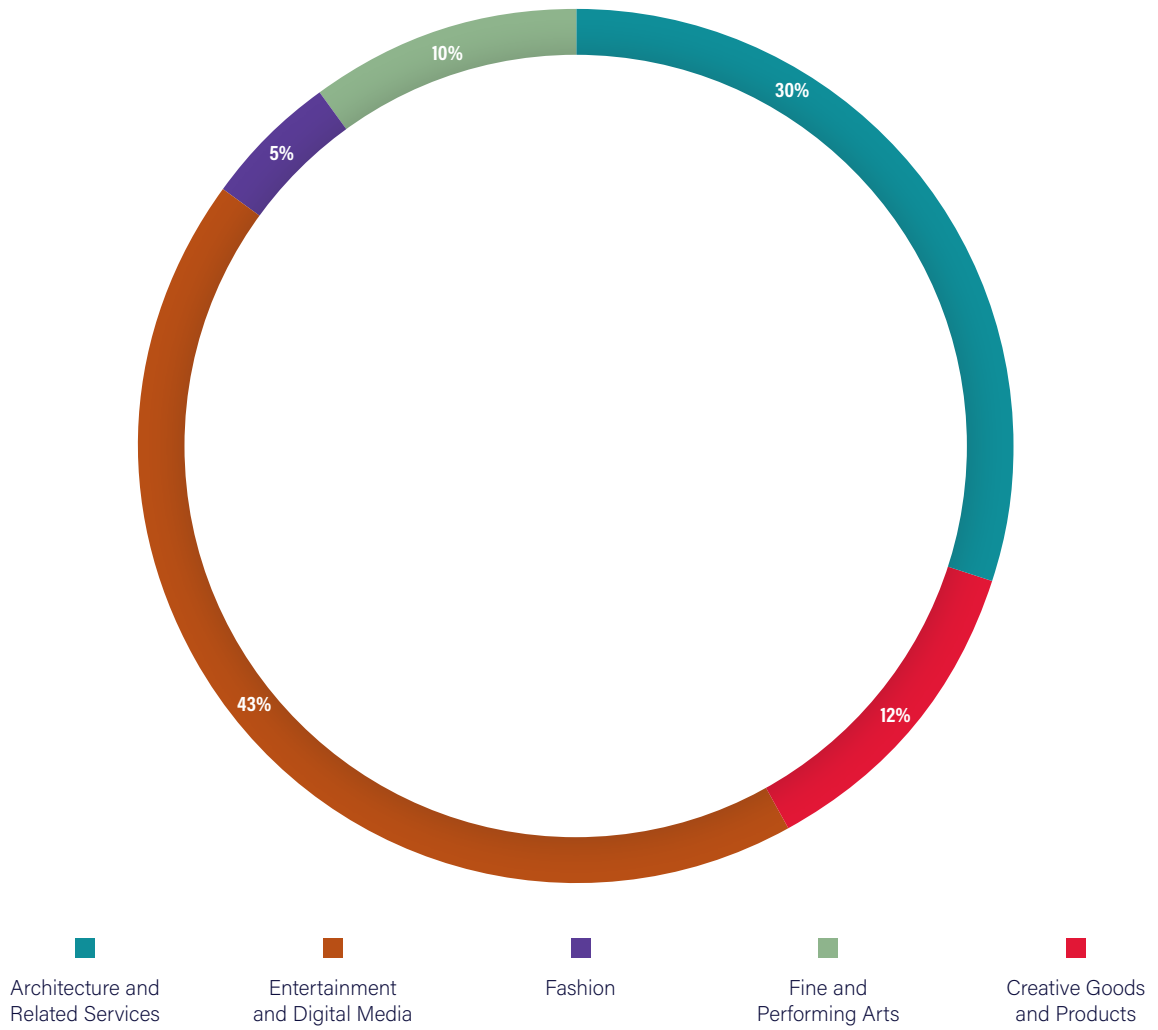


Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.45: CREATIVE ECONOMY SHARE BY SECTOR IN THE INLAND EMPIRE
2020

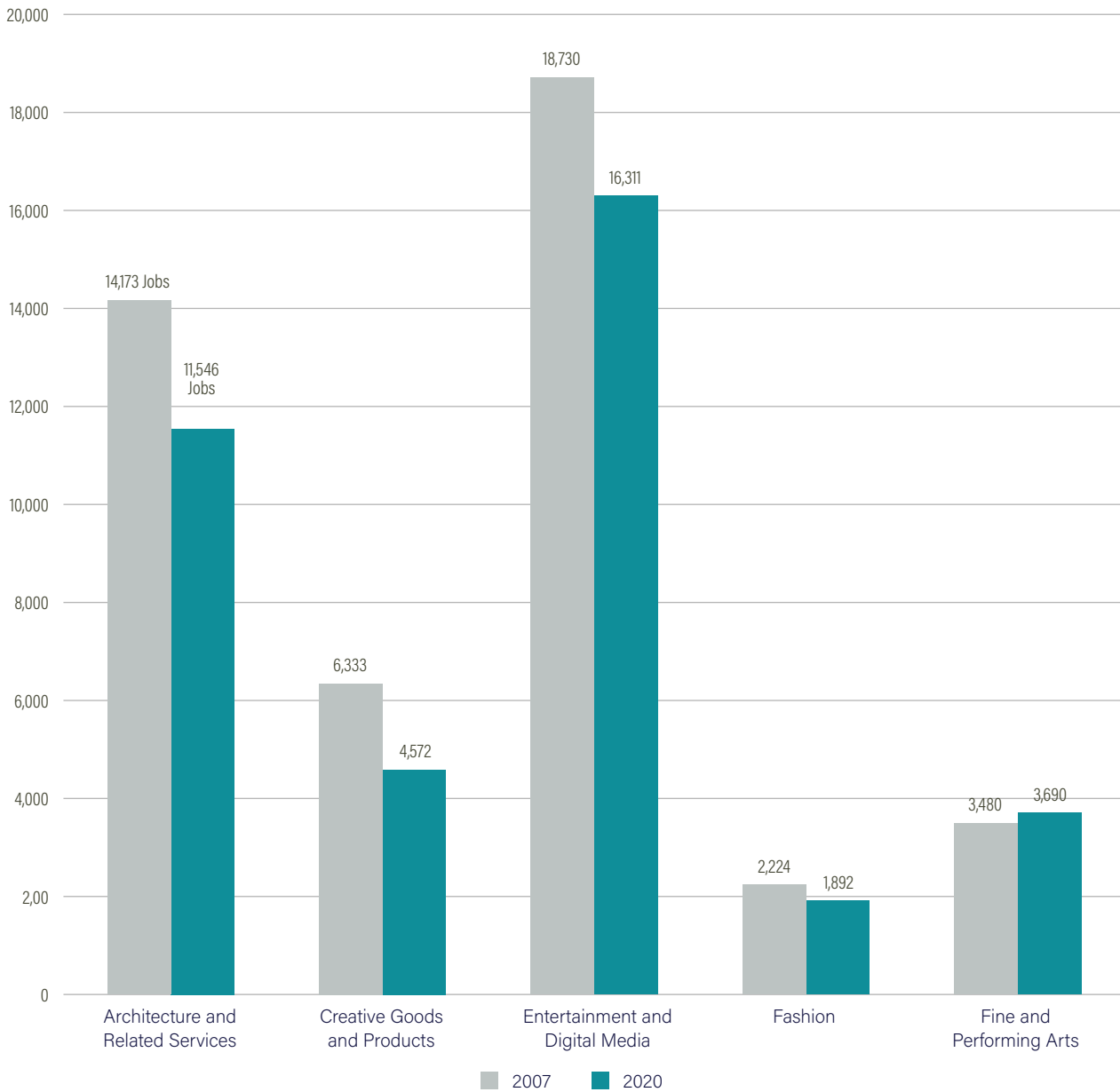


PART 3



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

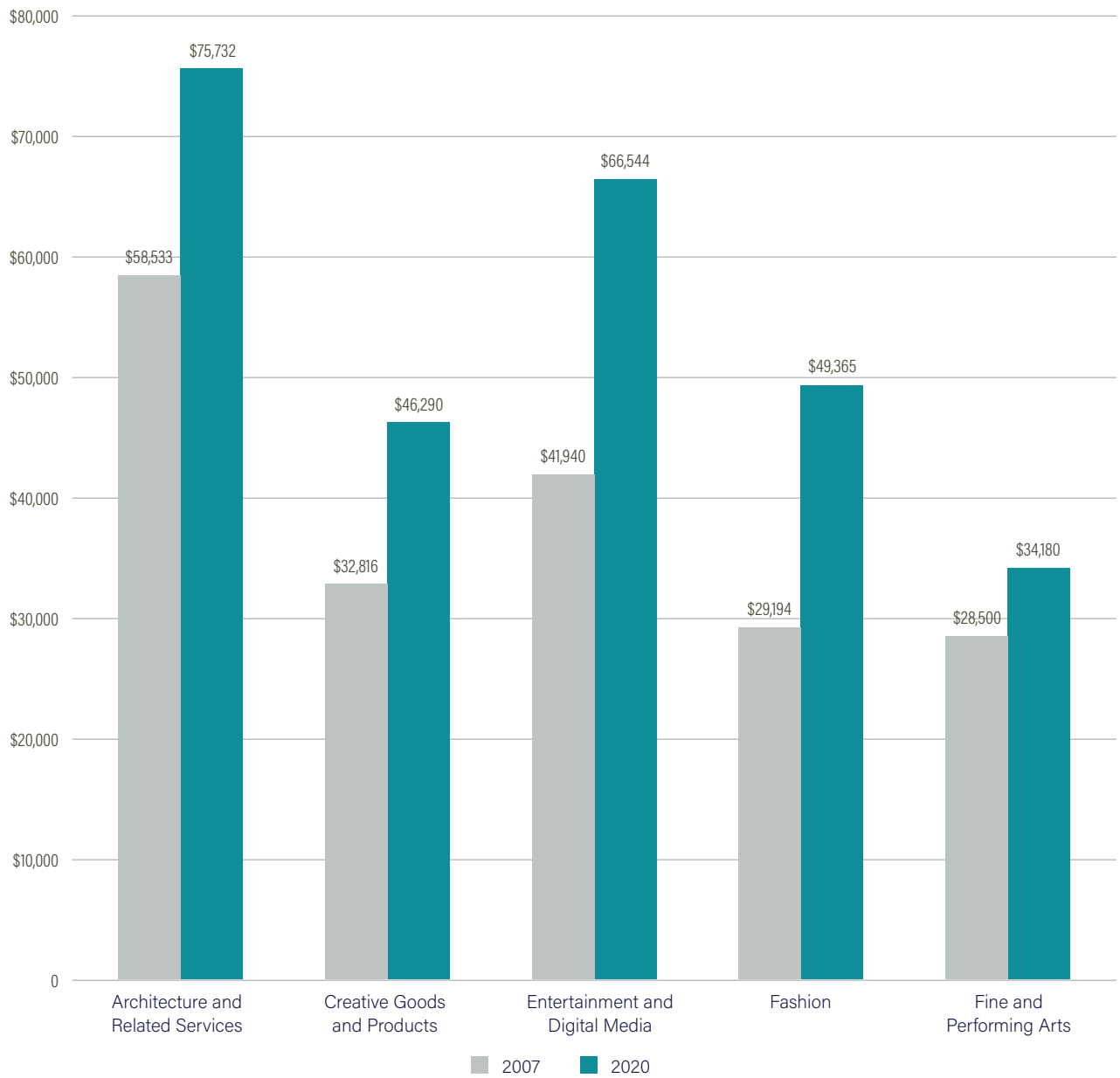
FIGURE 3.46: CREATIVE ECONOMY EMPLOYMENT BY SECTOR IN THE INLAND EMPIRE
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

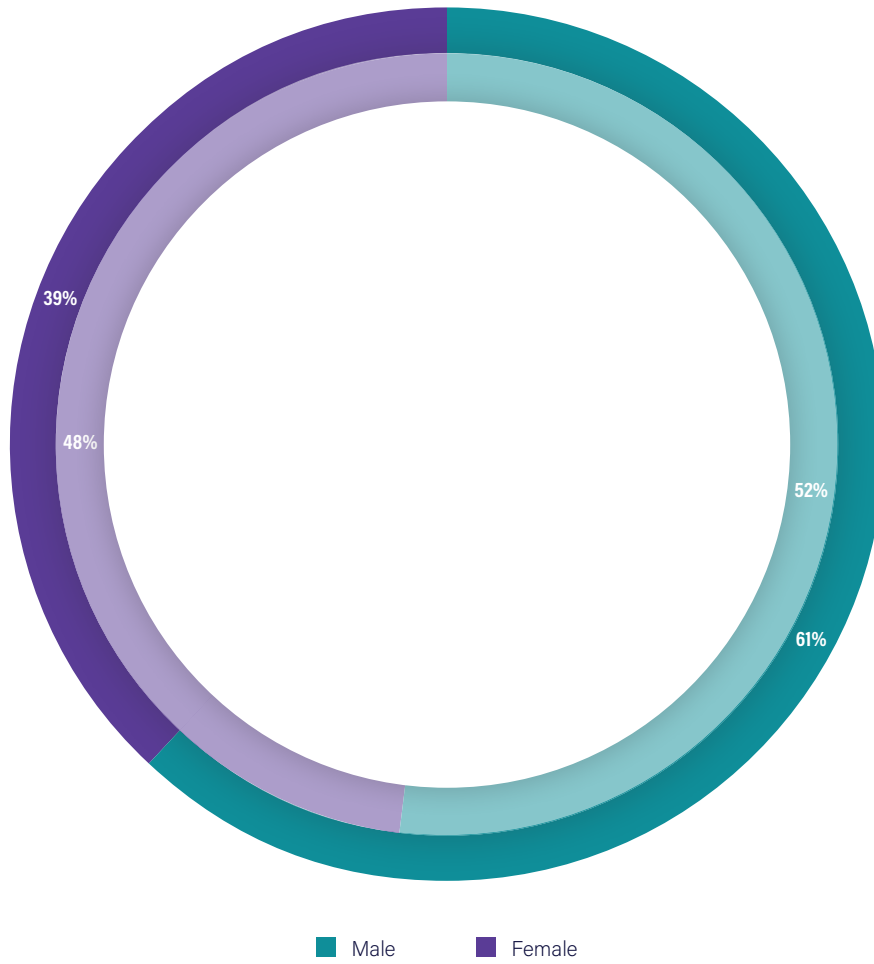


**FIGURE 3.47: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN THE INLAND EMPIRE
2007 to 2020**



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

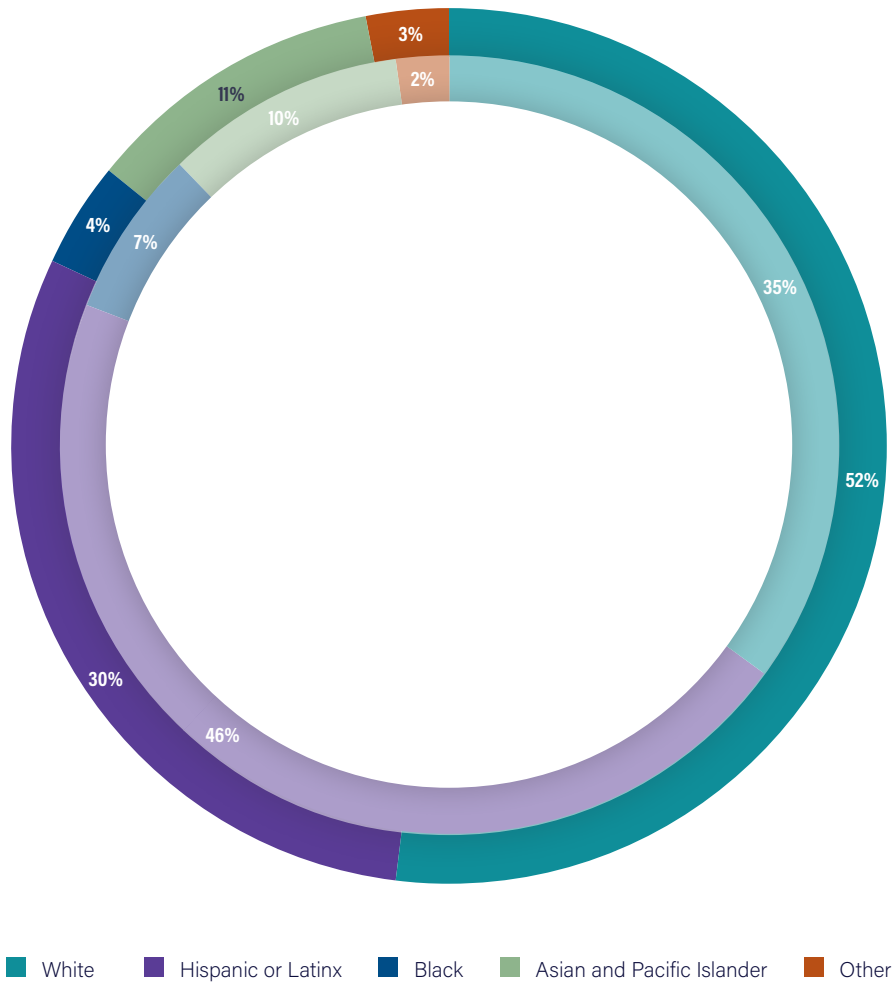
FIGURE 3.48: CREATIVE ECONOMY WORKFORCE BY GENDER IN THE INLAND EMPIRE
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



FIGURE 3.49: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN THE INLAND EMPIRE 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey



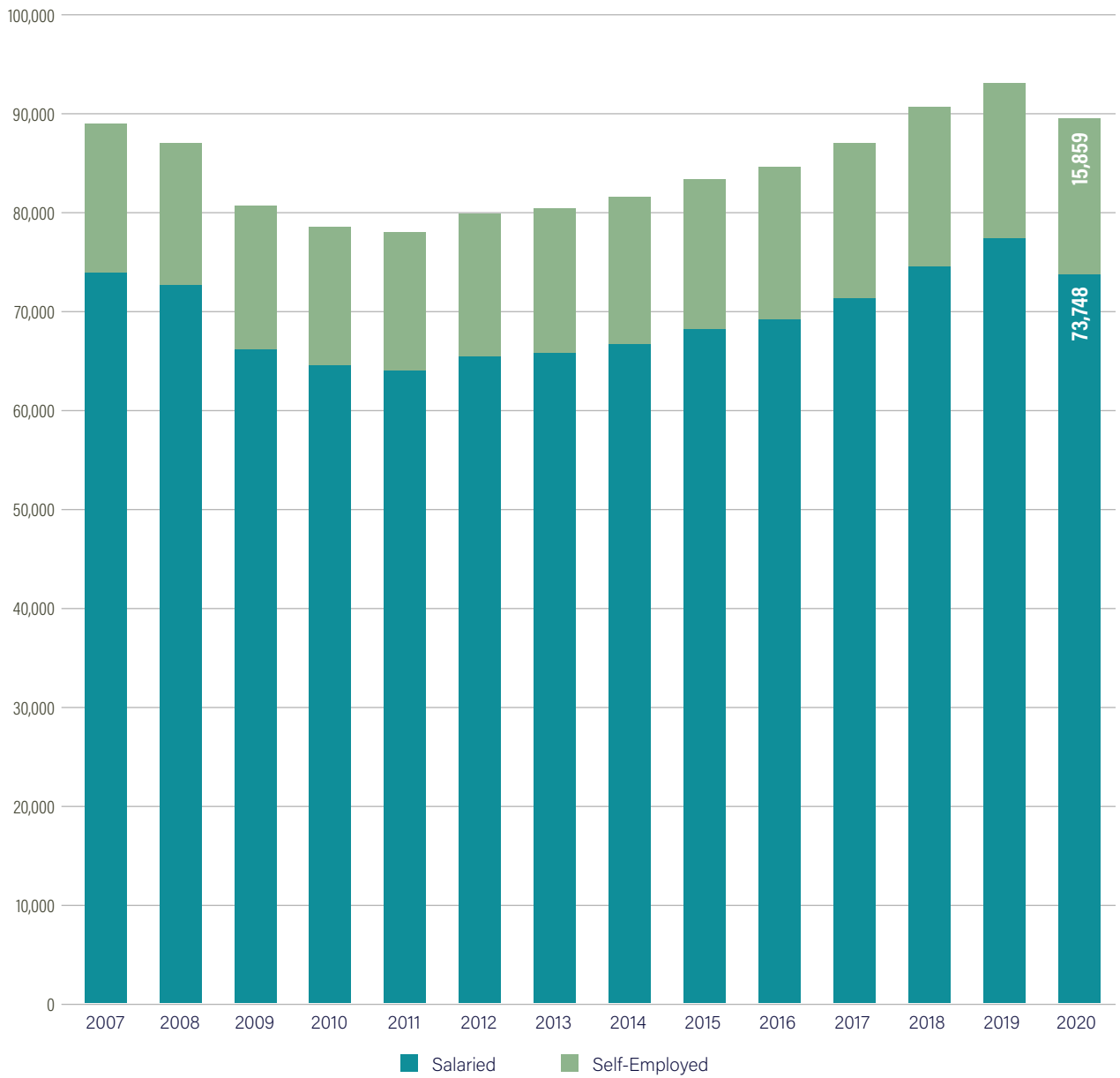
3.8: SAN DIEGO AND IMPERIAL COUNTIES

The roughly 89,600 people working in the creative sectors account for only 2.3% of all employment in San Diego and Imperial Counties. That said, creative economy employment grew by 4% from 2007 to 2019, the third fastest growth rate among the eight regions. Entertainment and Digital Media makes up 57% of the creative economy's employment base and grew by 11.1% over this period.

The creative economy was marginally affected by the pandemic, shedding almost 3.8% of jobs in 2020. Despite this setback, employment remains slightly above 2007 levels and is likely to bounce back as the pandemic recedes. However, not all sectors are likely to recover at the same speed. As was the case across California, the Fine and Performing Arts workforce contracted significantly; employment fell by 16.2% from 2019 to 2020 between the two counties. The average annual wage for the creative economy was \$98,947 in 2020, up 63% from 2007, and is significantly higher than the overall average annual wage of \$68,813.

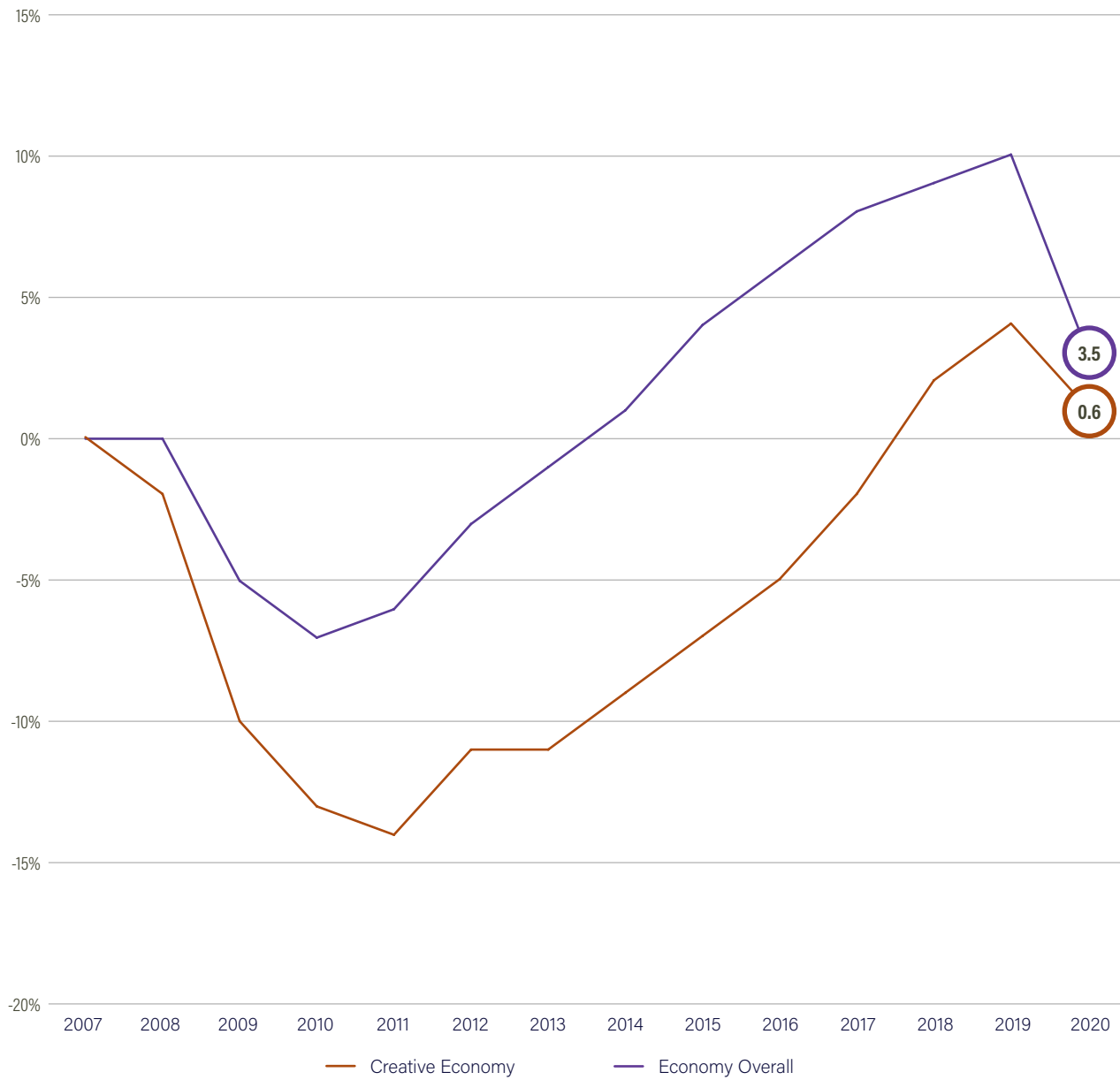


FIGURE 3.50: SAN DIEGO AND IMPERIAL COUNTIES CREATIVE ECONOMY EMPLOYMENT BY WORKER TYPE 2007 to 2020



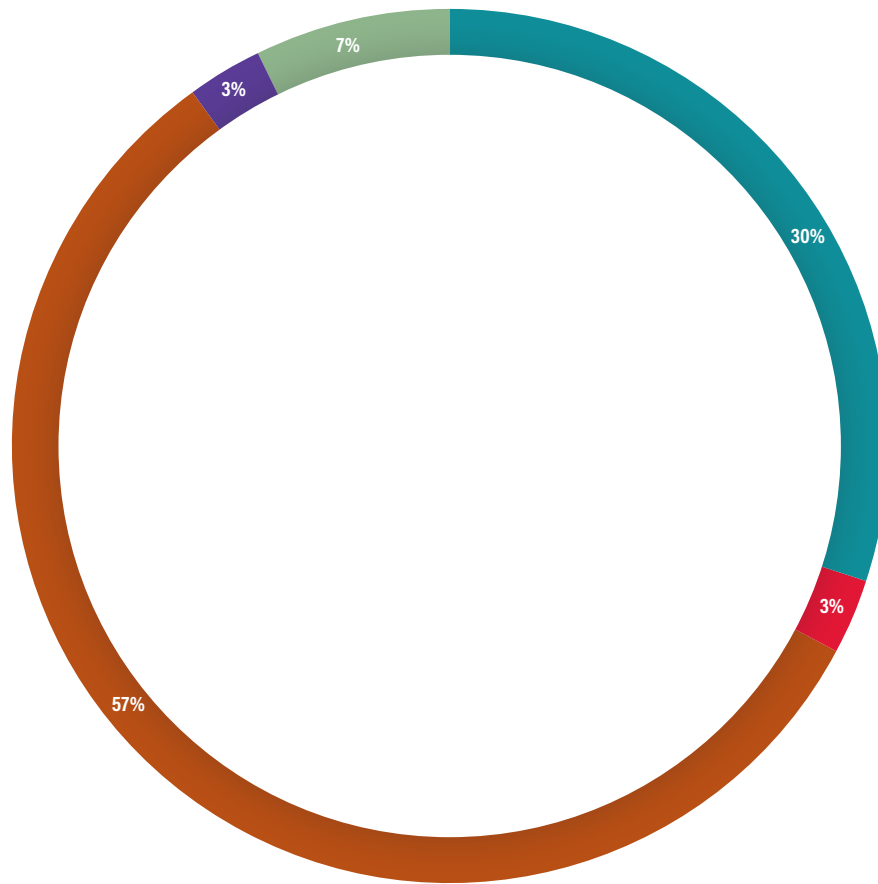
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.51: RELATIVE CHANGE IN SAN DIEGO AND IMPERIAL COUNTIES CREATIVE ECONOMY AND ECONOMY OVERALL
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

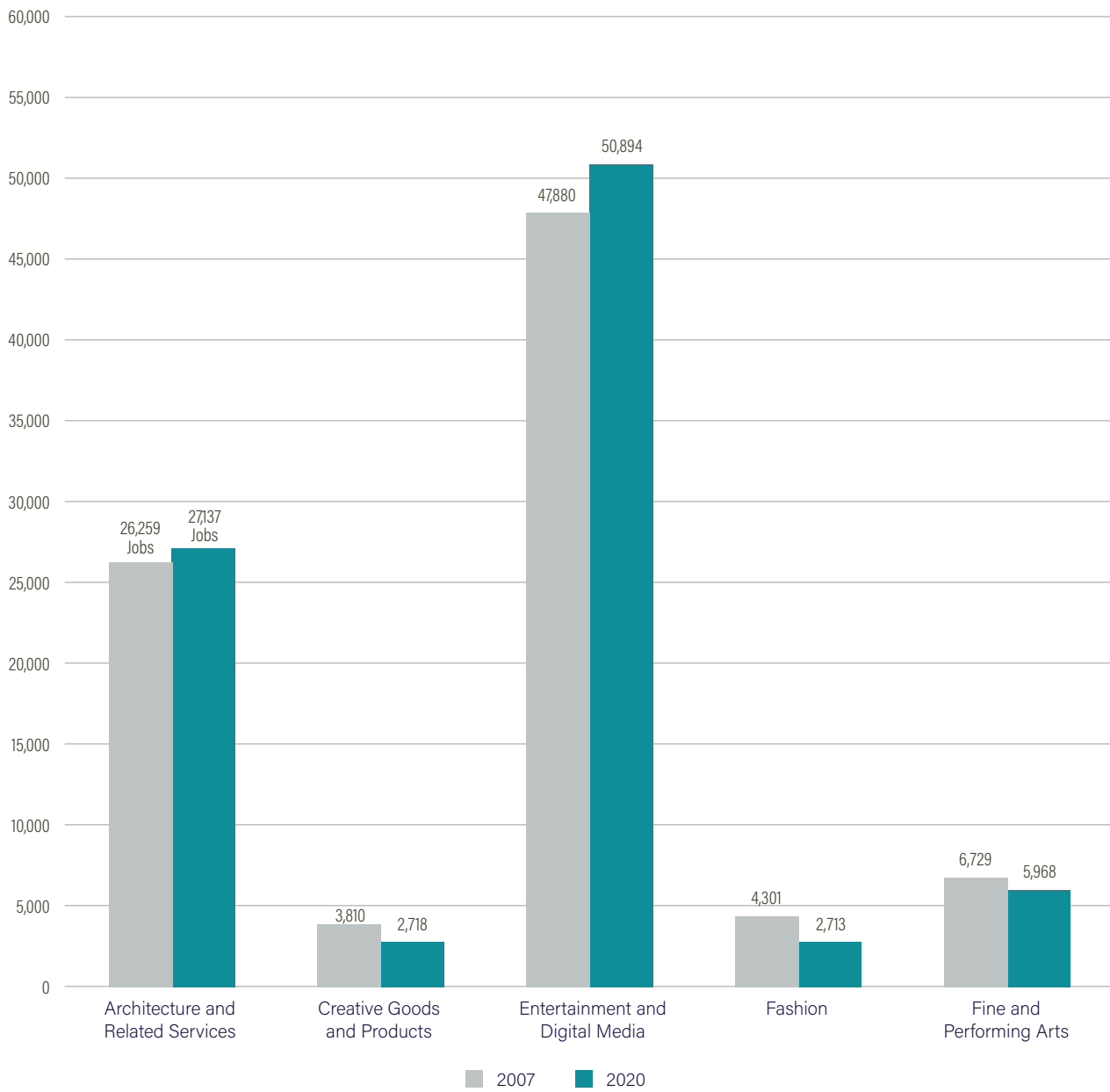
FIGURE 3.52: CREATIVE ECONOMY SHARE BY SECTOR IN SAN DIEGO AND IMPERIAL COUNTIES
2020



■ Architecture and Related Services ■ Entertainment and Digital Media ■ Fashion ■ Fine and Performing Arts ■ Creative Goods and Products

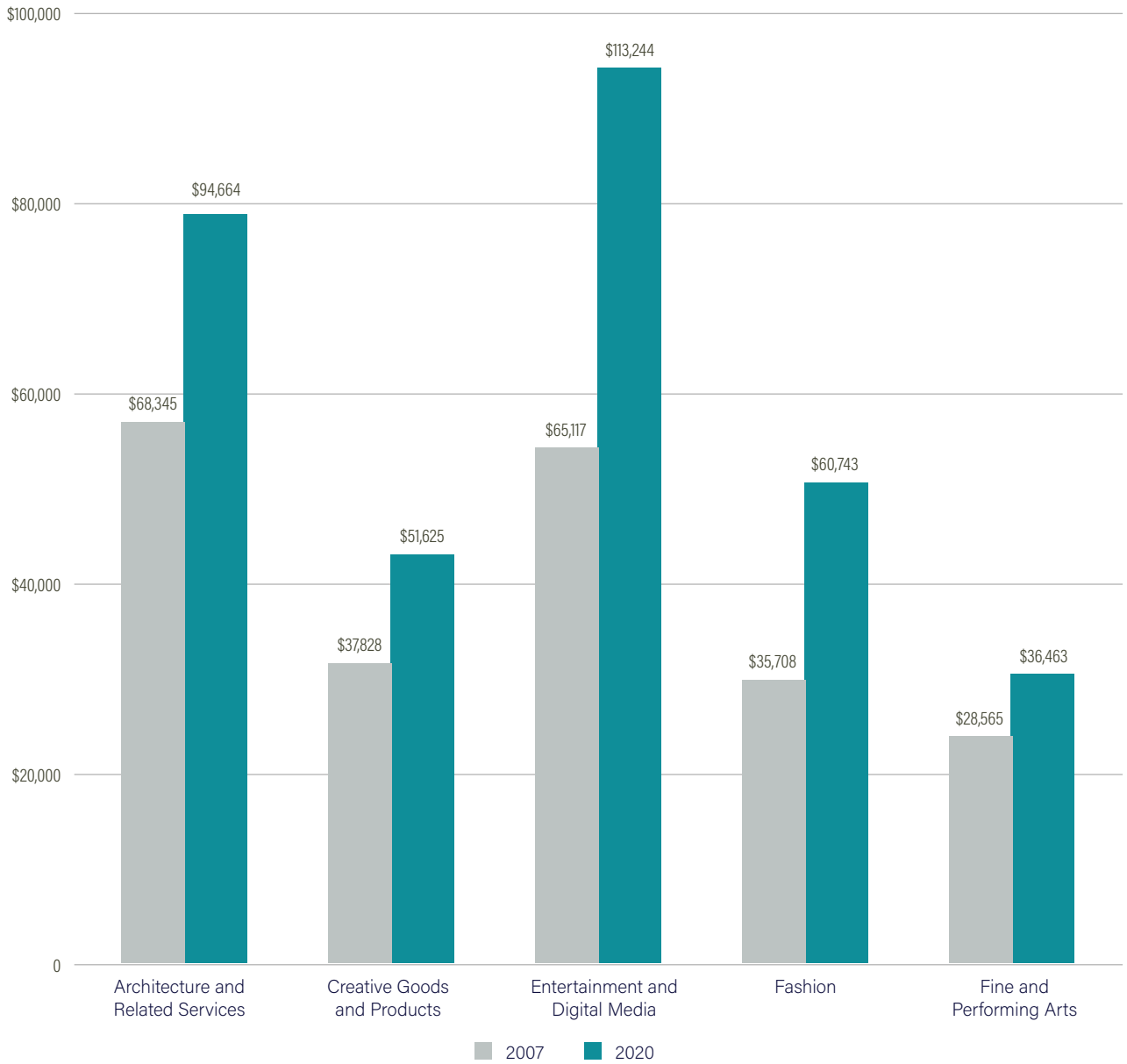
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.53: CREATIVE ECONOMY EMPLOMENT BY SECTOR IN SAN DIEGO AND IMPERIAL COUNTIES
2007 to 2020



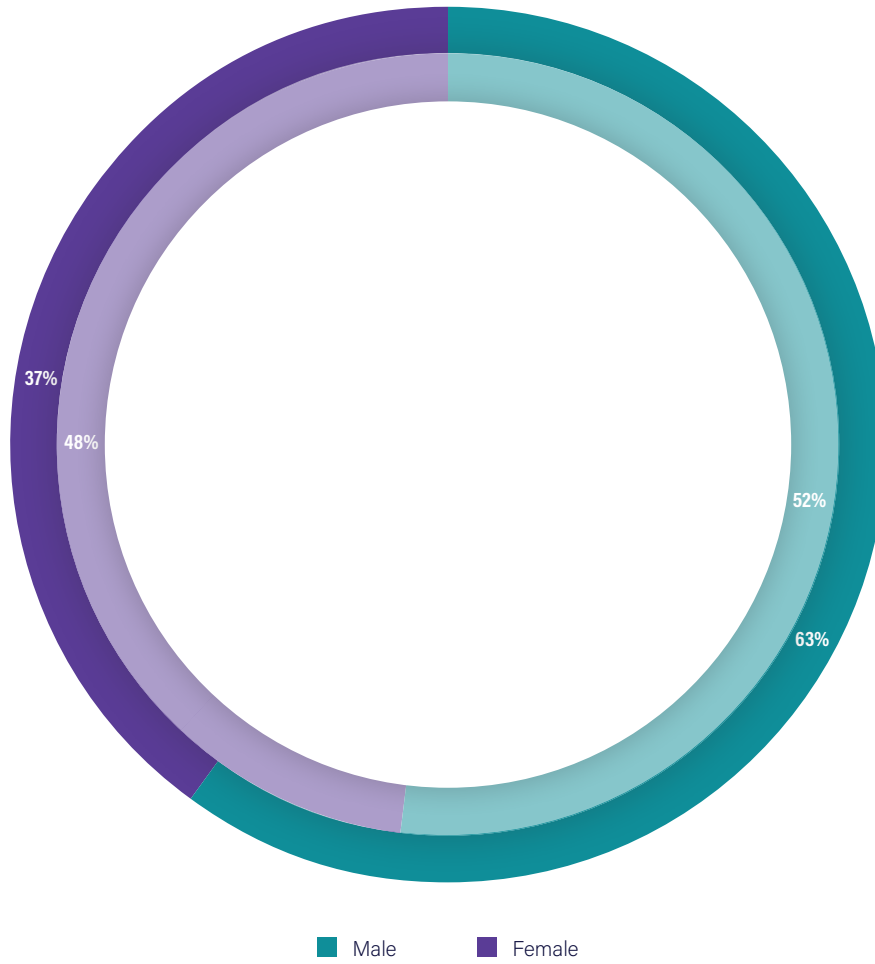
Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.54: CREATIVE ECONOMY AVERAGE ANNUAL WAGES BY SECTOR IN SAN DIEGO AND IMPERIAL COUNTIES
2007 to 2020



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey

FIGURE 3.55: CREATIVE ECONOMY WORKFORCE BY GENDER IN SAN DIEGO AND IMPERIAL COUNTIES
2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL

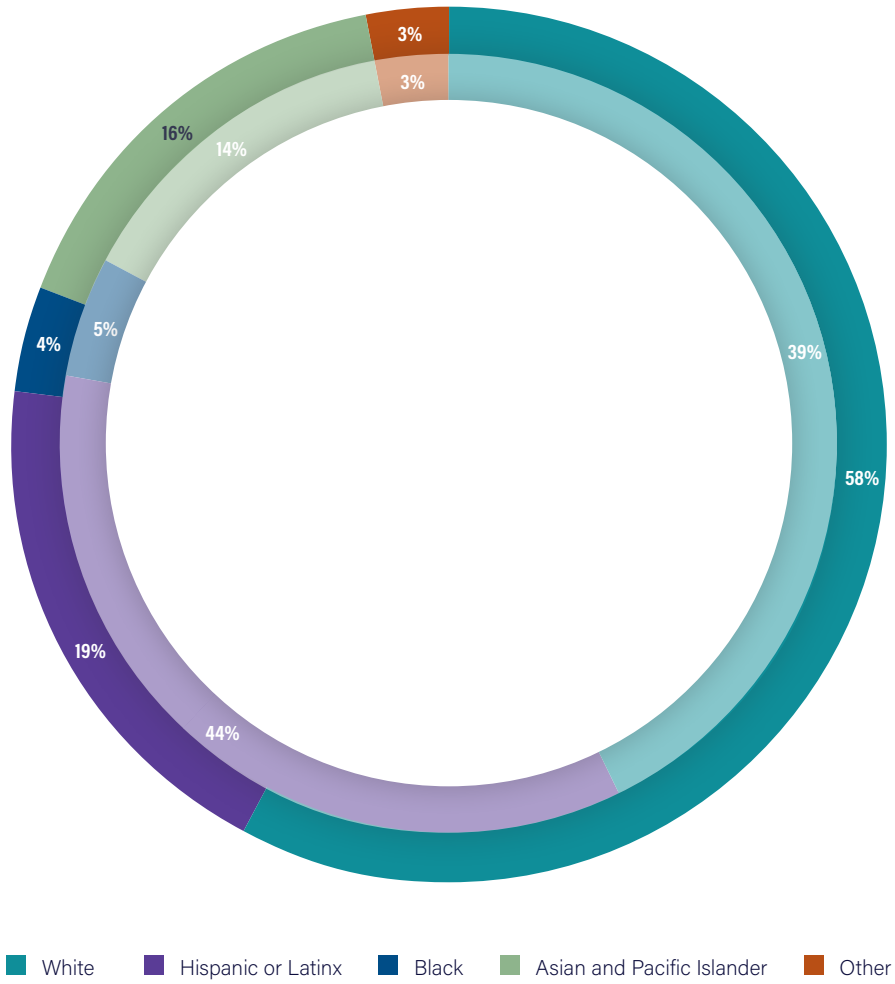


Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages; U.S. Census American Community Survey



PART 3

FIGURE 3.56: CREATIVE ECONOMY WORKFORCE BY RACE/ETHNICITY IN SAN DIEGO AND IMPERIAL COUNTIES
 2020 | OUTER CIRCLE - CREATIVE ECONOMY, INNER CIRCLE - ECONOMY OVERALL



Source: U.S. Bureau of Labor Statistics Quarterly Census on Employment and Wages; U.S. Census American Community Survey





PART 4:

Intervention and Planning Landscape

Although the Great Recession was of a different nature than the one that occurred two years ago, one of its key lessons is still relevant today: the road to recovery can be long and arduous if bold action is not taken. This is especially true for the creative economy. As the previous chapters show, the creative sectors are, on average, disproportionately affected by economic shocks in the short run compared to non-creative industries, and some sectors may never return to pre-shock employment levels without targeted interventions. The right course requires a combination of immediate assistance to mitigate losses as well as new approaches to build resilience into the creative economy infrastructure over the medium to long term.

The policy and programmatic responses to the 2020 economic downturn – from the national to neighborhood scale – are as novel as the events that caused it. Not only did Washington and Sacramento inject historic levels of investment into the arts, culture, and entertainment sectors most adversely affected by the pandemic, but there are a number of bills before Congress aiming to drive the creative economy to new heights (Chapter 4.1). Regionally, foundations have mobilized and collaborated to a greater degree than ever before to bolster the creative nonprofit ecosystem and the communities they serve (Chapter 4.2). And in at least one community, an arts-led economic development planning process is addressing the needs of local creatives and examining their role in neighborhood revitalization (Chapter 4.3).





4.1: FEDERAL AND STATE POLICY REVIEW

The creative economy policy and funding landscape in the United States is limited, especially in comparison to other advanced Western democracies (Figure 4.1). Federal government support has historically focused on research and development, physical capital and infrastructure, and higher education with less emphasis on economic development – much less, the creative economy – at the state or local level.⁶⁰

Complicating matters is that federal data sources and statistics often fall short when it comes to understanding key aspects of the creative economy. Data from various agencies cannot always be easily combined given access restrictions, classification differences, or sample frame inconsistencies, which can limit the ability of creative economy policy advocates to incorporate empirics into their efforts.⁶¹

In other words, being able to assess need and allocate resources appropriately has neither been straightforward nor a priority.

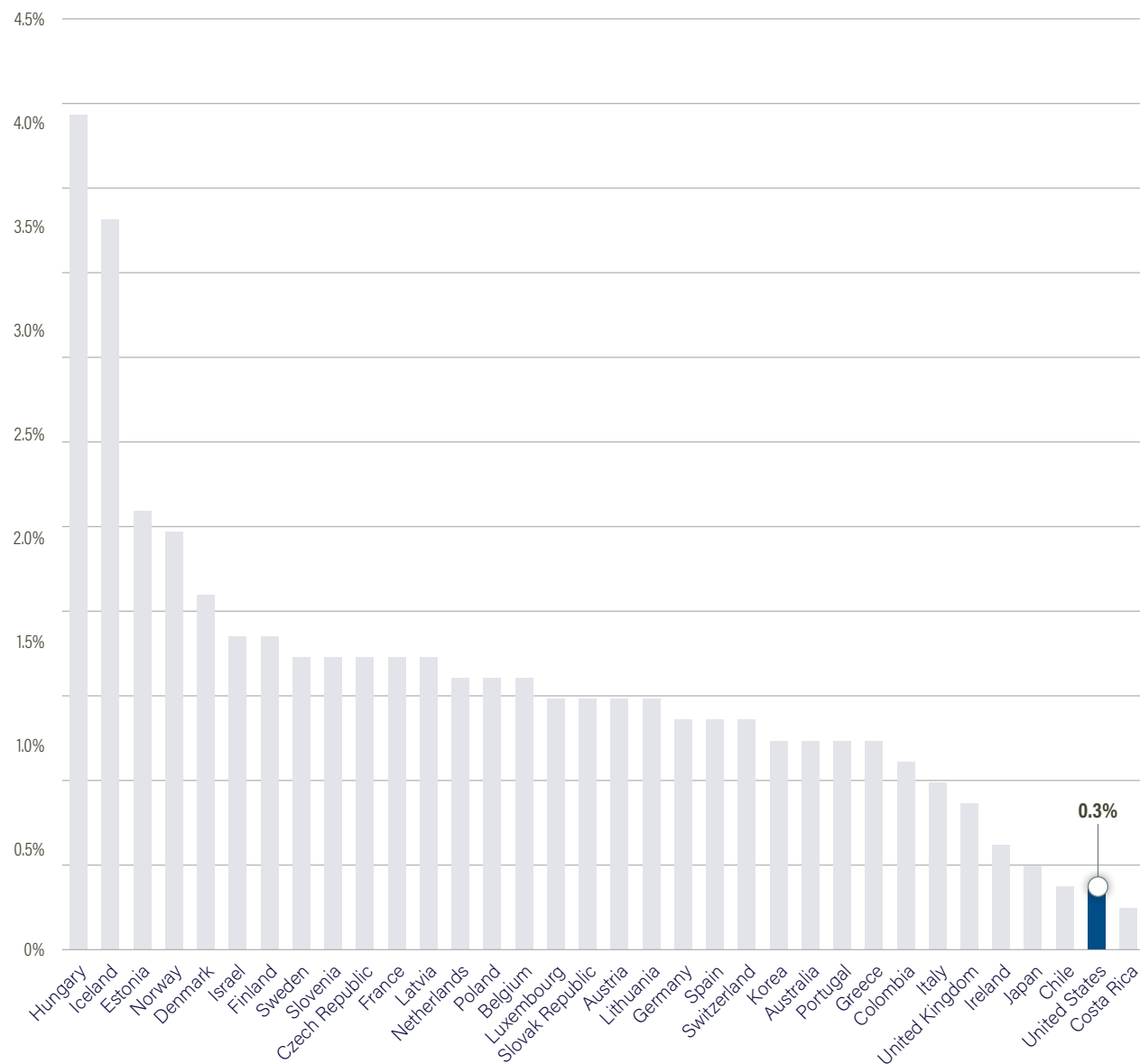
The economic downturn in the wake of the pandemic recalibrated the public sector's focus, and several pieces of legislation are recognizing the importance of creative sectors and creative workers. This chapter reviews the most notable movement on these fronts in both Washington and Sacramento.

⁶⁰ U.S. Congressional Budget Office. Federal Investment, 1962 to 2018. June 2019. https://www.cbo.gov/system/files/2019-06/55375-Federal_Investment.pdf

⁶¹ Groshen, Erica L. "The Future of Official Statistics," *Harvard Data Science Review* 3, no. 4 (October 28, 2021), <https://doi.org/10.1162/99608f92.591917c6>



FIGURE 4.1 GOVERNMENT EXPENDITURE ON THE CULTURAL SECTOR AS A PERCENTAGE OF GDP 2019



Note: The OECD defines the cultural sector funding as spending on culture, recreation, and religion. Data for Canada, Mexico, New Zealand, and Turkey are not available. Data for Australia, Chile, Colombia, Japan, and Korea refer to 2018 rather than 2019. Data for Costa Rica refers to 2017 rather than 2019. Data for Chile and Colombia are not included in the OECD average due to missing time-series.

Source: Organisation for Economic Co-operation and Development Regional Statistics (2020)



Federal Aid and Pending Legislation

The American Rescue Plan, enacted on March 11, 2021, provided more support for the creative economy than any related federal spending that had come before.

- **National Endowment for the Arts (NEA):** Of the \$135 million apportioned to the NEA by Congress, \$52 million was allocated to 62 state and regional arts organizations and \$20.2 million was allocated to 66 local art agencies to distribute via their respective grant-making programs. In January 2022, the NEA announced a new round of funding totaling over \$57 million that would provide direct support to 567 arts and culture organizations across the country.⁶²
- **National Endowment for the Humanities (NEH):** Congress provided \$135 million to the NEH, of which \$52.6 million went to the 56 humanities councils across the nation and U.S. territories, \$28.8 million to 13 select grant-making organizations, and \$59 million in direct emergency relief to 292 humanities institutions and organizations – including \$6.2 million awarded to 13 grantees in California.⁶³
- **Institute of Museum and Library Services (IMLS):** The IMLS received \$200 million from Congress – the largest one-time investment in the agency’s history – with \$15 million reserved for grants to museums, libraries, and Native communities. In 2021, the IMLS awarded 26 California museums \$3.9 million.⁶⁴
- **Small Business Administration (SBA):** In addition to administering the Paycheck Protection Program’s \$7.25 billion in new funding, the SBA received an additional \$1.25 billion for the Shuttered Venue Operators Grant (SVOG) program. The program currently administers over \$16 billion in grants to support talent promoters, small businesses, and nonprofits forced to cease operations due to shutdown mandates. Of the \$14.2 billion in grants dispersed through February 2022, \$2.2 billion have gone to 3,373 California-based organizations.⁶⁵

⁶² “Press Release: NEA Announces American Rescue Plan Grants to Arts Organizations,” January 27, 2022. National Endowment for the Arts. <https://www.arts.gov/about/news/2022/nea-announces-american-rescue-plan-grants-arts-organizations>.

⁶³ “Press Release: NEH Awards \$878 Million in ARP Relief Funding for Economic Recovery to Cultural and Educational Institutions,” October 4, 2021. National Endowment for the Humanities. <https://www.neh.gov/news/neh-awards-878-million-arp-relief-funding>

⁶⁴ Institute of Museum and Library Services Grants Database. Available at: <https://www.ims.gov/grants/awarded-grants>

⁶⁵ Shuttered Venue Operators Grant Public Report. U.S. Small Business Administration Office of Disaster Assistance. February 22, 2022. <https://www.sba.gov/sites/default/files/2022-02/SVOG%20Public%20Report%20-%20Midday%2022%20Feb%202022-508.pdf>

Beyond allocating emergency resources via the American Rescue Plan, Congress is considering six bills to fund longer-term creative economy initiatives.

- **Comprehensive Resources for Entrepreneurs in the Arts to Transform the Economy Act (CREATE Act):** This bill would expand financial assistance for, and establish measures to support, the creative economy and art entrepreneurs. Specifically, the bill requires the SBA to develop loan criteria, evaluation procedures, and technical assistance programs for small businesses that are owned by artists and support the creative economy.
- **Creative Economy Revitalization Act (CERA):** The bill is modeled after the Works Progress Administration (WPA) and Comprehensive Employment and Training Act (CETA), two successful job-creating programs. The bill amends the Workforce Innovation and Opportunity Act (WIOA) of 2017, a jobs plan with \$3.3 billion in resources for programs in 2022 through 2024. If the bill passes, the Department of Labor and NEA will collaborate and follow policies on how to allocate \$300 million in grants to arts organizations and artists.
- **Promoting Local Arts and Creative Economy Workforce Act (PLACE Act):** This bill aims to incubate and grow the U.S. creative economy through several channels, including, but not limited to: the establishment of an interagency council to encourage development of the creative economy; tax code amendments to provide deductions for artists' works and the performing artists tax credit; and job creation support through creative economy wage-subsidy and apprenticeship grants.

- **Arts Education for All Act (AEFA):** This bill proposes key provisions to support and encourage the expansion of arts education and programming by expanding Child Care Development Block Grant funding for arts programming; increasing opportunities for local education agency support for professional development for arts teachers and integration of the arts; and enhancing research activities at the Institution for Education Science through a focus on arts and arts education research.
- **21st Century Federal Writers Project Act (21CFWP):** This bill creates a grant program in the Department of Labor to provide eligible organizations with funds to assist individuals who are unemployed or underemployed to produce artistic works that explore the broad impacts and effects of the COVID-19 pandemic in the United States.
- **Performing Artist Tax Parity Act (PATPA):** The bill would provide tax relief to working artists by updating the Qualified Performing Artist (QPA) tax deduction – which allows certain performing artists to deduct the cost of expenses incurred in the course of their employment – to expand the number of lower- and middle-income artists who could benefit from the tax break.

State Legislation and Budget Allocations

Over the past year, the National Assembly of State Arts Agencies (NASAA) reported the amount of state legislation focusing on the creative economy has increased significantly.⁶⁶ California ranked fifth nationwide in the number of arts and culture-oriented bills enacted over the past year – behind New York – and as the eighth highest in per capita arts spending via legislative appropriations.

Legislation

- **S.B. 628:** This bill sets creative arts workforce development as a state priority and tasks the California Arts Council with administering a grant program to support “earn and learn” opportunities. The grant would be run in partnership with local and regional entities, support diverse creative projects through employment, and allocate funding specifically for individuals and communities that have faced barriers to employment and participation in creative work, including unemployed, underemployed, and displaced creative workers. Grant funding would be contingent on appropriation by the legislature.
- **S.B. 87:** This bill appropriates \$2.1 billion from the general fund to the California Office of Small Business Advocate (CalOSBA) to establish the California Small Business COVID-19 Relief Grant program, in which arts, entertainment, and recreation businesses are considered a funding priority. Of that amount, \$50 million is reserved for eligible nonprofit cultural institutions, to be allocated in a single round of funding. The legislation bases the award amounts – from \$5,000 to \$25,000 – on annual gross revenue and limits the program to businesses with less than \$2.5 million in gross revenue. Nonprofit cultural institutions do not have a limit to their revenue when applying.
- **S.B. 151:** This bill creates the California Nonprofit Performing Arts Grant program within CalOSBA and allocates \$50 million, which was appropriated in S.B. 129, in grants to nonprofit performing arts organizations. S.B. 151 also creates the California Venues Grant program within CalOSBA and would allocate \$150 million, which was appropriated in A.B. 128, to eligible independent live event venues. In addition, this bill allows for distributing the \$50 million appropriated in S.B. 87 to nonprofit cultural institutions over more than just a single round of funding.
- **A.B. 176:** This bill pares back the initial allocation in S.B. 151 to \$49.5 million and allows granting to nonprofit fiscal sponsors without regard to their annual gross revenue. A.B. 176 also affects the California Venues Program – grants from this program will not be considered in gross income tax calculations and also will be eligible for recapture by the state if grantees did not meet the conditions of the grant.
- **S.B. 129:** This bill amends the budget passed in California A.B. 128 to include \$60 million in funding for the California Creative Corps pilot program. This workforce development initiative will support both pandemic recovery and environmental, civic, and social engagement through employing artists to create media and communications campaigns. Funding will place an emphasis on culturally rooted strategies and acknowledge that Black, Indigenous, and people of color communities have been disproportionately impacted by the COVID-19 pandemic.



- **A.B. 128:** Inclusive with funding for the California Arts Council (CAC), this budget bill appropriates \$40 million to support CAC's Creative Youth Development programs. While the exact use of the funding is still in development, it will restart four youth development programs that were no longer offered by CAC and continue to support a fifth program, all aimed at filling the institutional gaps in opportunity that youth face. Funding for this program is available until June 2024.
- **S.B. 805 (Vetoed):** This bill would have required the CAC to create and administer the California Nonprofit Performing Arts Paymaster program. CAC would have contracted with multiple nonprofit paymasters to provide payroll services for nonprofit performing arts organizations, including those that are not formally a 501(c)(3). A Performing Arts Equitable Payroll Fund also would have been created, with appropriation contingent on the legislature, to provide grants for small nonprofit arts organizations to pay employees at least a minimum wage.
- **California Office of the Small Business Advocate:** \$150 million to be distributed via the California Venue Grants Program to provide support for live events venues, businesses, and related nonprofit organizations.
- **California Arts Council:** \$128 million to the California Arts Council, which was a net increase of \$112 million from the previous year, including \$40 million to fund three years of Creative Youth Development programming – such as Youth Arts Action Artists in Schools, and Arts Integration Training – and \$60 million spent over three years to implement the California Creative Corps pilot program.
- **California Natural Resources Agency:** \$95.3 million General Fund transfer to the Natural Resources and Parks Preservation Fund for the California Indian Heritage Center to construct a new museum celebrating the state's Native peoples.
- **Earmarks:** \$238 million dedicated to arts and culture initiatives in local communities, including \$4 million to Self Help Graphics and Art, \$6.5 million to Destination Crenshaw, \$8 million to the Debbie Allen Dance Academy, \$13.5 million to the City of Sacramento for community reinvestment, and \$3 million to the San Diego Symphony.⁶⁸

The 2021-2022 state budget garnered much attention for its “bold” and “historic” response to the pandemic.⁶⁷ Although one-time funding doesn't always lead to long-term commitments, the injection of funds in the last fiscal year was significant by any standard, totaling approximately \$616 million. Allocations included:

- **California Governor's Office of Business and Economic Development (GO-Biz):** \$50 million in grants – up to \$75,000 each – through the California Nonprofit Performing Arts Program to encourage workforce development, as part of the state's \$1.7 billion in financial relief for small businesses and nonprofits.

⁶⁶ The bill summaries in this chapter are drawn from the NASAA's “State Legislative Roundup 2021.” Available at: https://nasaa-arts.org/nasaa_advocacy/state-legislative-roundup-2021/.

⁶⁷ Lily Janiak July 22 et al., “California's Increased Funding for the Arts Called ‘Historic,’ ‘Bold’ and ‘Unprecedented,’” Datebook | San Francisco Arts & Entertainment Guide (blog), accessed March 9, 2022, <https://datebook.sfchronicle.com/theater/californias-increased-funding-for-the-arts-called-historic-bold-and-unprecedented>

⁶⁸ Funding breakdown provided by Californians for the Arts.



4.2: A NEW MANDATE, ROLE, AND MODEL FOR PHILANTHROPY

Arts, culture, and humanities nonprofit organizations play a vital role in sustaining the creative economy, but they are also exceedingly vulnerable to economic shocks. While larger museums, performing arts venues, and cultural institutions have the resources to stay afloat or pursue public funding during periods of economic instability, it is the smaller nonprofits – neighborhood theaters, arts service organizations, and art-based charities – that are most at risk. Even at the best of times, smaller arts nonprofits maintain few cash reserves, operate on a shoestring budget, and are perennially competing for financial support. And during downturns, these organizations often do not have the experience nor capacity to apply for federal or state grants.

Although not surprising that the pandemic should severely and disproportionately hamper these organizations, the scale of its impact is unlike anything seen before. By mid-July of 2020, arts nonprofits and other cultural organizations suffered over \$9 billion in losses nationwide.⁶⁹ Yet, despite the availability of funds through the SBA Paycheck Protection Program (PPP), only \$1.8 billion of the \$13.6 billion in first round loans dispersed across the creative economy were awarded to arts nonprofits, with \$771 million going to just 228 organizations.⁷⁰ For-profit firms and larger cultural institutions had the infrastructure in place to successfully apply for these loans, while the vast majority of eligible small arts nonprofits may not have realized that the SBA classified them as “small businesses” under PPP provisions.⁷²

⁶⁹ “A First Look at America’s Arts Industries Success in Accessing PPP Loans.” Americans for the Arts. July 23, 2020. <https://www.americansforthearts.org/news-room/americans-for-the-arts-news/a-first-look-at-americas-arts-industries-success-in-accessing-ppp-loans>

⁷⁰ Ibid.

⁷¹ Bishara, Hakin. 228 Arts Institutions Laid Off 28% of Workers After Receiving PPP Loans, Research Says. Hyperallergic. October 12, 2021. <https://hyperallergic.com/684020/228-arts-institutions-laid-off-28-of-workers-after-receiving-ppp-loans/>

⁷² Salamon, Lester M. and Chelsea L. Newhouse. The 2020 Nonprofit Employment Report. Johns Hopkins University Center for Civil Society Studies. June 2020. http://ccss.jhu.edu/wp-content/uploads/downloads/2020/06/2020-Nonprofit-Employment-Report_FINAL_6.2020.pdf

⁷³ Williams, Jeff. In the Time of Coronavirus: How Many Eligible Nonprofits Benefited from the Paycheck Protection Program. Dorothy A. Johnson Center for Philanthropy. <https://johnsoncenter.org/blog/in-the-time-of-coronavirus-how-many-eligible-nonprofits-benefited-from-the-paycheck-protection-program/>

⁷⁴ Williams, Jeff. In the Time of Coronavirus: How Many Eligible Nonprofits Benefited from the Paycheck Protection Program. Dorothy A. Johnson Center for Philanthropy. <https://johnsoncenter.org/blog/in-the-time-of-coronavirus-how-many-eligible-nonprofits-benefited-from-the-paycheck-protection-program/>

⁷⁵ 2018 is the most recent year that full nonprofit funding data are available.

In the aggregate, nonprofits received a greater share of high-dollar PPP loans during the first disbursement round compared to other types of organizations. Yet the uneven distribution of loans among arts nonprofits made it harder to retain workers to the same extent and recover at the same pace as nonprofits overall (Figure 4.2).⁷³ Three months into the pandemic, nonprofits nationwide on average recovered 24.4% of initial jobs losses, compared to only 21.8% of arts nonprofits. After an early fall surge of rehiring, recovery rates declined into the winter with a 71% contraction in employment occurring in December. As of December 2021, U.S. arts nonprofits only recovered 78.4% of initial job losses, compared to 98% for nonprofits overall.



NONPROFITS, PRIVATE FOUNDATIONS, AND COMMUNITY FOUNDATIONS

Many different types of organizations receive tax exemptions from the federal government. Section 501(c) of the U.S. Internal Revenue Code (26 U.S. Code) specifies 29 different classifications of nonprofits that are exempt from some federal taxes. These different categories include (501(c)(4) civic leagues and social welfare organizations, (501(c)(6) chamber of commerce and business leagues, and (501(c)(19) organizations of past and present members of the U.S. Armed Forces.

The most common type of nonprofit is defined by section 501(c)(3), which accounts for more than two out of every three nonprofits nationwide. This classification includes establishments engaged in charitable, educational, literary, animal welfare, child welfare, public safety, religious, or scientific pursuits. These organizations primarily administer programs to advance social well-being and occasionally make grants.

Private foundations are a distinct subset of 501(c)(3) organizations that are typically founded by and receive support from a small number of individuals or corporations. Community foundations are public charities that receive support from the general public to award grants to the geographic community where they are based.

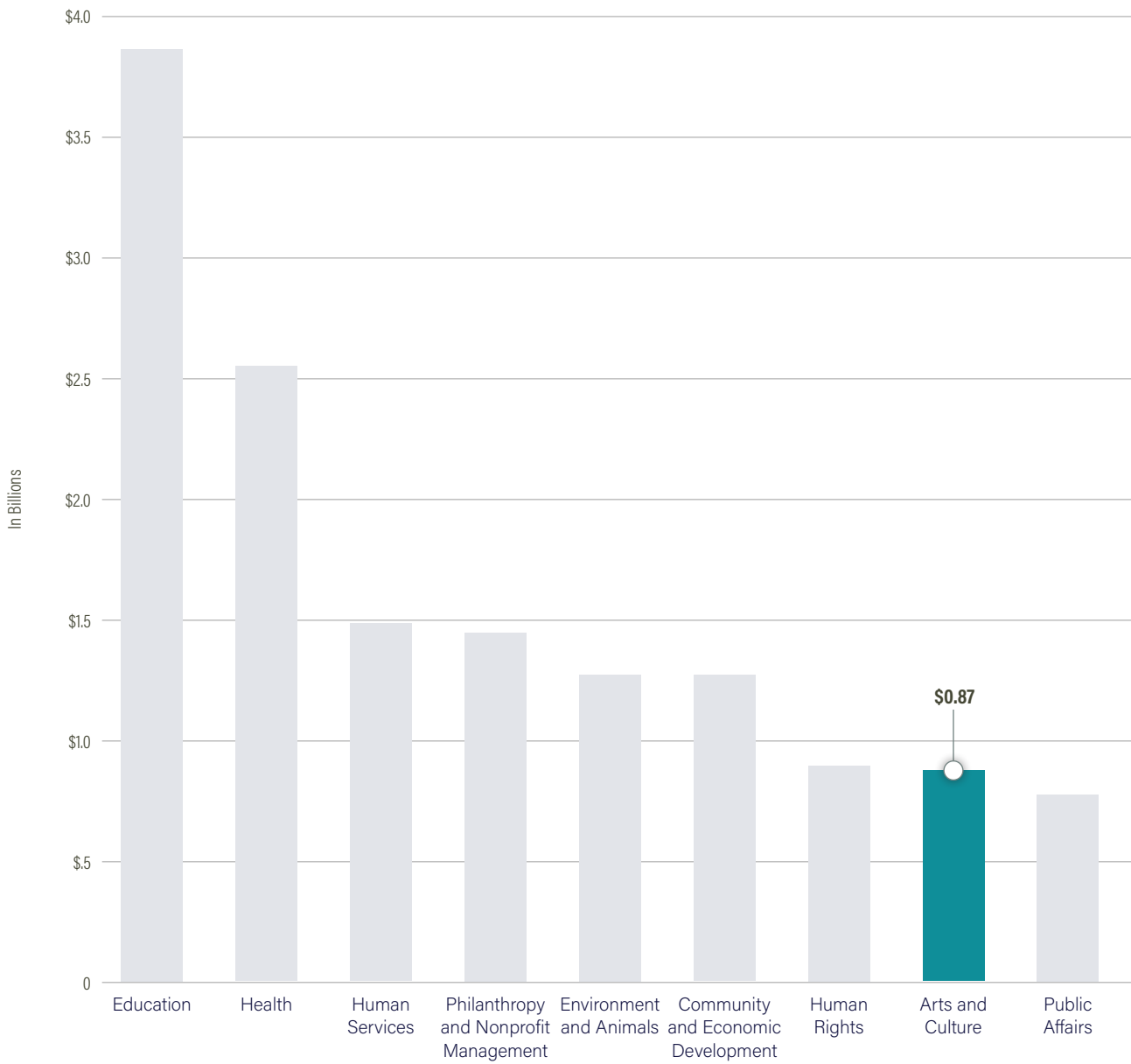
Prior to the pandemic, California was home to over 13,500 foundations with assets of \$356.9 billion, and over 8,000 of these foundations awarded \$13.3 billion in grants during 2018 alone.⁷⁴ Yet funding for arts nonprofits statewide has historically trailed support for organizations focused on education and health by sizeable margins. This ranked eighth among top priority issues for California foundations that same year (Figure 4.3). The situation in Los Angeles County is more promising, where local foundations provide over \$271 million in support of the arts (Figure 4.4), of which over 46% comes from 10 funders (Table 4.1)

FIGURE 4.2: PERCENT OF INITIAL U.S. NONPROFIT JOB LOSSES RECOVERED BY MONTH
June 2020 to December 2021



Source: Johns Hopkins University Center for Civil Society Studies

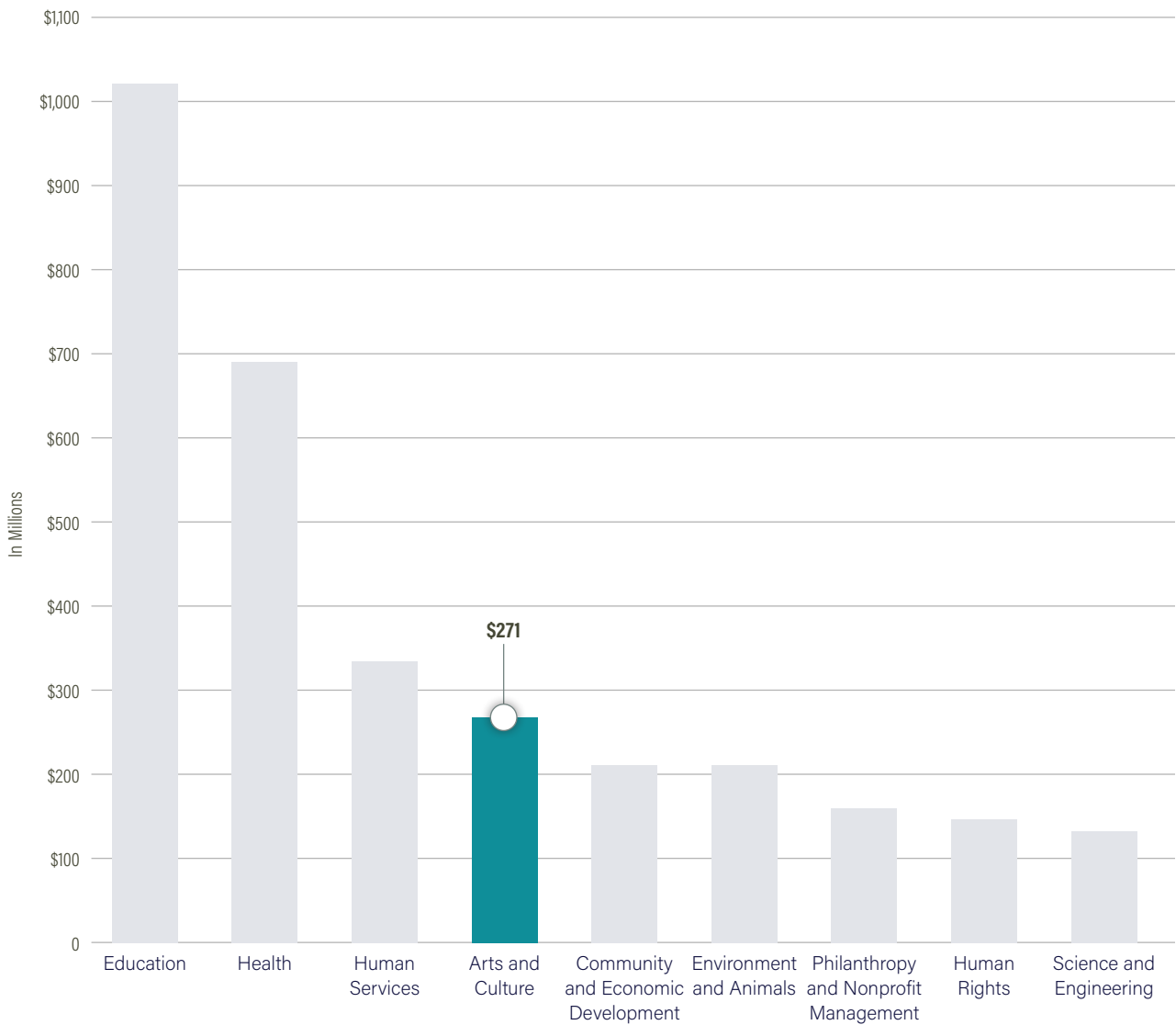
FIGURE 4.3: CALIFORNIA FOUNDATION GIVING PRIORITIES
2018



Source: Candid

FIGURE 4.4: LOS ANGELES COUNTY FUNDING PRIORITIES

2018



Source: Candid

TABLE 4.1: TOP FUNDERS OF ARTS AND CULTURE NONPROFITS

2018

California		Los Angeles	
Foundation	Support	Foundation	Support
Silicon Valley Community Foundation	\$146.4 Million	Eli & Edythe Broad Foundation	\$37.2 Million
Eli & Edythe Broad Foundation	\$37.2 Million	California Community Foundation	\$19.7 Million
Bank of Marin Foundation	\$30.0 Million	Academy Foundation	\$16.2 Million
San Francisco Foundation	\$28.4 Million	The Broad Foundation	\$13.8 Million
The William and Flora Hewlett Foundation	\$24.5 Million	J. Paul Getty Trust	\$8.5 Million
California Community Foundation	\$19.7 Million	Resnick Foundation	\$6.4 Million
Academy Foundation	\$16.2 Million	The Ahmanson Foundation	\$6.4 Million
The Broad Foundation	\$13.8 Million	Roy and Patricia Disney Family Foundation	\$6.1 Million
William K. Bowes, Jr. Foundation	\$13.3 Million	Lloyd Rigler Lawrence E. Deutsch Foundation	\$5.9 Million
Jewish Community Federation of San Francisco, the Peninsula, Marin and Sonoma Counties	\$12.6 Million	Music Center Foundation	\$5.7 Million

A Mandate

Given so many small arts nonprofits either missed the opportunity to receive emergency COVID-19 funding from the SBA or were edged out by more high-profile applicants, foundations stepped in to create an ad hoc safety net. Initially, these efforts were uncoordinated; pandemic-related relief funding for Los Angeles County arts nonprofits came from various sources across the country and even overseas. At the same time, a new approach was emerging, one that introduced a new level of collaboration among foundations and demonstrated how quickly funds could be raised and distributed in a targeted manner. On a national scale, for example, seven grant-making organizations established the \$25 million Artists Relief Fund that awarded \$5,000 grants to 4,682 individual artists between April 2020 and June 2021.⁷⁵

It was not long before Los Angeles County adopted and expanded this model. In April of 2020, the J. Paul Getty Trust launched the L.A. Arts Relief and Recovery Fund to support small and midsize local museums and visual arts organizations. The fund initially dispersed \$2 million in support to 80 organizations, but it soon became apparent the needs of the arts community in Southern California were far greater than initially

anticipated. The Trust refocused its efforts towards building a larger partnership of philanthropic partners to broaden the pool of resources.

The renamed “L.A. Arts Recovery Fund” – a \$36.1 million collaboration of 25 Los Angeles-based and national organizations from the public, private, and philanthropic sectors – marked an unprecedented joint investment in the arts sector across Los Angeles County.⁷⁶ The Fund’s guiding principles are oriented towards assisting and elevating organizations that have been historically underrepresented and underfunded, as well as having a strong commitment to diversity, equity, and inclusion that extends into the communities these organizations serve. Applications for Los Angeles organizations opened in February 2021 and in May, the Fund selected 90 grant recipients spanning visual arts, theater, music, dance, literary arts, and arts education who served communities throughout Los Angeles County (Table 4.2).⁷⁷



TABLE 4.2: L.A. ARTS RECOVERY FUND GRANT RECIPIENTS BY SPECIALIZATION

	Share of Applicant Pool
Arts Education	23%
Theater	18%
Visual Arts	17%
Music	14%
Multi-Disciplinary	9%
Media Arts	8%
Dance	6%
Literary Arts	3%
Preservation	2%

Source: California Community Foundation

TABLE 4.3: REPORTED COVID-19 IMPACTS ON OPERATIONS BY APPLICANTS

	Share of Applicant Pool
Loss of revenue	83%
Adapting to virtual programming	80%
Closures	46%
Staffing changes	43%
Challenges in transitioning programs	36%
Imminent loss of space	11%

Source: California Community Foundation

TABLE 4.4: PROPOSED PRIMARY USE OF FUNDING BY APPLICANTS

	Share of Applicant Pool
Payroll and Benefits	42%
Programming Costs	27%
Rent or Mortgage	8%
Technology and training to support remote engagement with audiences/communities	7%
Technology to support work from home	2%
Other	14%

Source: California Community Foundation

More than 70% of the Fund's grantees are founded, led by, or have boards with a member majority from diverse communities, and their selection broadly mirrors the characteristics and geographic distribution of the overall applicant pool. The selected organizations have received grants, ranging from \$5,000 to \$2 million, providing unrestricted operating support over a period of two to three years. With a fundraising goal of \$50 million, the Fund anticipates pending and new contributions to be allocated toward capacity building efforts to strengthen the local arts and culture ecosystem.

This focus is critical. About 83% of grant applicants cited losses in revenue as one of the primary reasons for seeking funding, and nearly half of these organizations had to close their doors at some point during the pandemic (Table 4.3). The fact that 80% of nonprofit applicants faced challenges adapting to a remote-work environment points to a broader need to not only build technological capacity, but also revisit other ways for organizations to bolster operational resilience.

However, payroll and programming costs remain key priorities (Table 4.4), reflecting a reality that existed even before the onset of COVID-19: the current way of "doing business" among small arts nonprofits is not sustainable, and there is an urgent need to create a more favorable operating environment – not just during times of crisis but for the betterment of the creative ecosystem overall.

⁷⁵ Data retrieved from: <https://www.artistrelief.org/>

⁷⁶ Major contributors to the fund include J. Paul Getty Trust, The Mellon Foundation, Ford Foundation, Jerry and Terri Kohl, The Ahmanson Foundation, Perenchio Foundation, The Ralph M. Parsons Foundation, California Community Foundation, The Music Man Foundation, Robert Lovelace and Alicia Miñana, Snap Foundation, Sony Pictures Entertainment & Sony Global Relief Fund, Ford Theatre Foundation and the LA County Department of Arts and Culture, and The Weingart Foundation. Additional funding was provided by Getty Patron Program & Getty Fund, The California Wellness Foundation, The James Irvine Foundation, Rita Wilson and Tom Hanks, Netflix, and Vladimir and Araxia Buckhantz Foundation.

⁷⁷ Even then, these organizations represented only 20% of the overall number of applicants, signaling the need among small arts nonprofits remains high.



4.3: CREATIVE PLACEKEEPING — AT THE LOCAL LEVEL

When discussing what recovery looks like across the creative ecosystem, much of the conversation centers on the short- and medium-term needs of creative industries, creative workers, and creative organizations. To be sure, thoughtful policy interventions and targeted philanthropic support will continue to be vital in helping California’s creative economy regain its footing in the months ahead. Less discussed, though, are creative communities and their role in shaping longer-term economic development at the local level through “creative placemaking.” This community planning process – grounded in arts, culture, and urban design with the aim of fostering social cohesion – has necessarily evolved into “creative placekeeping” over the past few years in acknowledgement of the fine line between neighborhood revitalization and gentrification.⁷⁸

Nowhere is this approach more needed than for historically disinvested and underserved communities of color where the disproportionate effects of the pandemic have only compounded existing challenges of economic segregation and displacement. In Los

Angeles, for example, the installation of a new Metro line along Crenshaw Boulevard, the largest intact Black business corridor west of the Mississippi River, and a \$1 billion private equity plan to remake the Baldwin Hills Crenshaw Plaza are intensifying fears that one of the city’s most iconic Black communities may be overrun by real estate speculation.⁷⁹

Coupled with a chronic housing shortage, new infrastructure and commercial real estate projects tend to push home prices up further, prompting long-term homeowners to sell and pricing out potential local buyers. In the past five years alone, home prices surged by 52% in Hyde Park and nearly 108% in Leimert Park and Baldwin Hills, far outpacing the 23% rise in resident average annual wages (Table 4.5). Such market dynamics have had a marked effect on residential composition. Between 2007 and 2020, Crenshaw’s Black population contracted by 15%, or almost 8,200 residents, as the white population nearly tripled to approximately 4,000 (Table 4.6).

⁷⁸ New York City’s Highline was initially celebrated as a model for creative placekeeping – conceived by local community members, fully funded by private donations, and designed for a neighborhood badly in need of green space where roughly a third of residents were people of color – but became a high-profile example of the unintended consequences of a successful adaptive reuse project.

⁷⁹ Roger Vincent. “Baldwin Hills Crenshaw Plaza Gets a New Owner with Plans to Modernize the Center.” Los Angeles Times. August 26, 2021. <https://www.latimes.com/business/story/2021-08-25/baldwin-hills-crenshaw-plaza-gets-a-new-owner-with-plans-to-modernize-the-center>.

TABLE 4.5: MEDIAN HOUSING COSTS AND AVERAGE ANNUAL WAGES IN DESTINATION CRENSHAW-ADJACENT COMMUNITIES

2021 | Median Housing Costs = November 2021

Leimert Park/ Baldwin Hills (90008)	5-Year Change	Annual Average Wages	5-Year Change	Hyde Park (90043)	5-Year Change	Annual Average Wages	5-Year Change
\$1,300,000	107.7%	\$69,806	23.0%	\$829,000	52.0%	\$58,104	23.2%

Source: Redfin, U.S. Bureau of Labor Statistics

TABLE 4.6: POPULATION BY RACE/ETHNICITY ALONG CRENSHAW CORRIDOR

2007 to 2020

	2007	2020	Change	% Change
Black	53,626	45,452	-8,174	-15%
Hispanic or Latinx	22,244	25,963	3,719	17%
White	1,358	3,917	2,559	188%
Asian/Pacific Islander	1,503	1,956	453	30%
Other	872	1474	602	69%

Source: U.S. Census American Community Survey

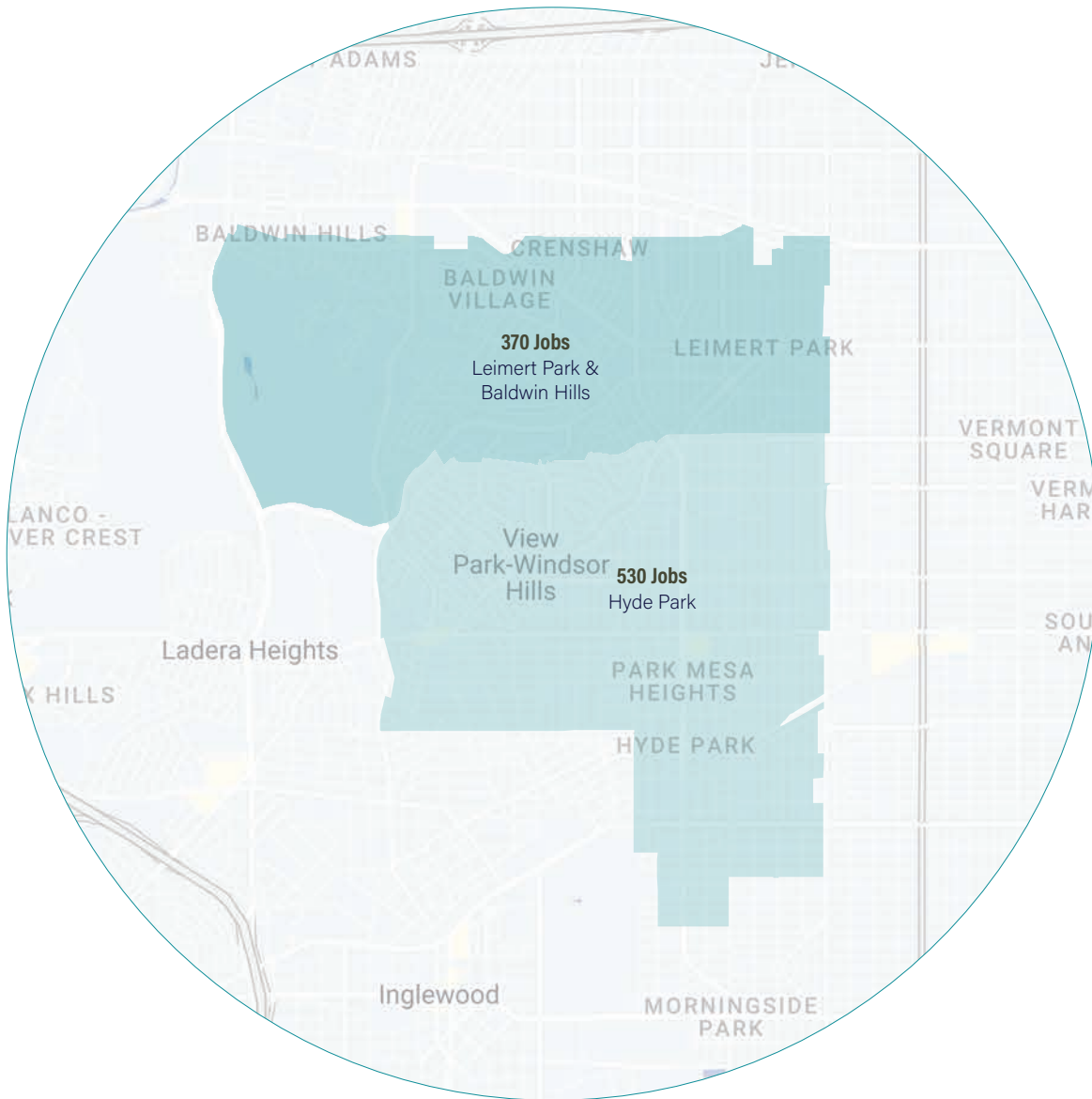
For communities in the Crenshaw District – which have rich histories and a critical mass of artists, writers, performers, and other cultural figures – successfully embedding creative placekeeping principles into the creative placemaking process not only helps keep current residents in place, but also strengthens the creative ecosystems in which they live. Home to approximately 900 creative payroll jobs as well as a higher number of creative workers who reside in the community but work elsewhere in the region, the Greater Crenshaw region has the talent and cultural resources to imprint its Black identity onto the urban fabric of the community (Figure 4.4).

This is the philosophy behind Destination Crenshaw, a public infrastructure project transforming a 1.3-mile stretch of Crenshaw Boulevard between 48th Street and 60th Street, along the new grade-level light rail line, into a thriving commercial corridor that celebrates the Black experience. Funded through a combination of public donations, private funding, and New Market Tax Credits, the project will boast over 100 works by Black artists, four acres of green space – including over 800 new trees, 6 parklets, and 30,000 feet of sustainable landscaping – and a community amphitheater. The

“unapologetically, authentic Black” project both anchors the community in a collective cultural heritage in the face of rapid change – complementing the timeline captured in the existing 787-foot Crenshaw Wall – and helps define a future built by and for current residents.⁸⁰

What separates Destination Crenshaw from most other creative placemaking projects is that it is not only an urban design installation but an organization in its own right, committed to community planning through a creative placekeeping lens. In addition to aspiring for 70% of the project to be implemented by local talent and providing technical assistance to local small business through its DC Thrive program, Destination Crenshaw provides a platform for dialogue, collaboration, and long-term community revitalization, economic empowerment, and self-determination of the Crenshaw community. Its recently formed Creative Economy Council, for instance, is exploring ways to support local creative organizations and workers, build sustainable talent pipelines and infrastructure, and establish Crenshaw as a key hub in the broader Los Angeles creative ecosystem.

FIGURE 4.5: CONCENTRATION OF CREATIVE JOBS IN GREATER CRENSHAW
2021



Source: U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages

Creating new locally owned businesses that hire local workers is key to realizing these goals. Although the prime working age population, or residents between the ages of 24 and 54, increased from 32,180 in 2015 to approximately 32,600 in 2020 – with a net increase of over 2,300 residents ages 25 to 34 (Figure 4.5) – residents are more likely to work in other parts of the city. In contrast, nearly 85% of the 22,200 local jobs are performed by workers living beyond Crenshaw’s borders (Table 4.7). Formalizing and nurturing a robust creative ecosystem empowers local creative talent to take a leadership role in developing opportunities within Crenshaw that can help leverage the community’s young workforce, reverse these patterns, and channel local energy towards initiatives that elevate the quality of life for all Crenshaw residents.⁸⁰

In designing Destination Crenshaw, the project, Destination Crenshaw, the organization, is using arts and culture to tell a story of community resilience, anticipation, and agency in the face of numerous systemic challenges. By setting targets, developing metrics, and tracking progress in the months and years to come, the Crenshaw community has the potential to build a model process for economic development that is more intentional and with a far longer time horizon than many contemporary creative placekeeping efforts to date.

TABLE 4.7: GREATER CRENSHAW COMMUTING PATTERNS 2021

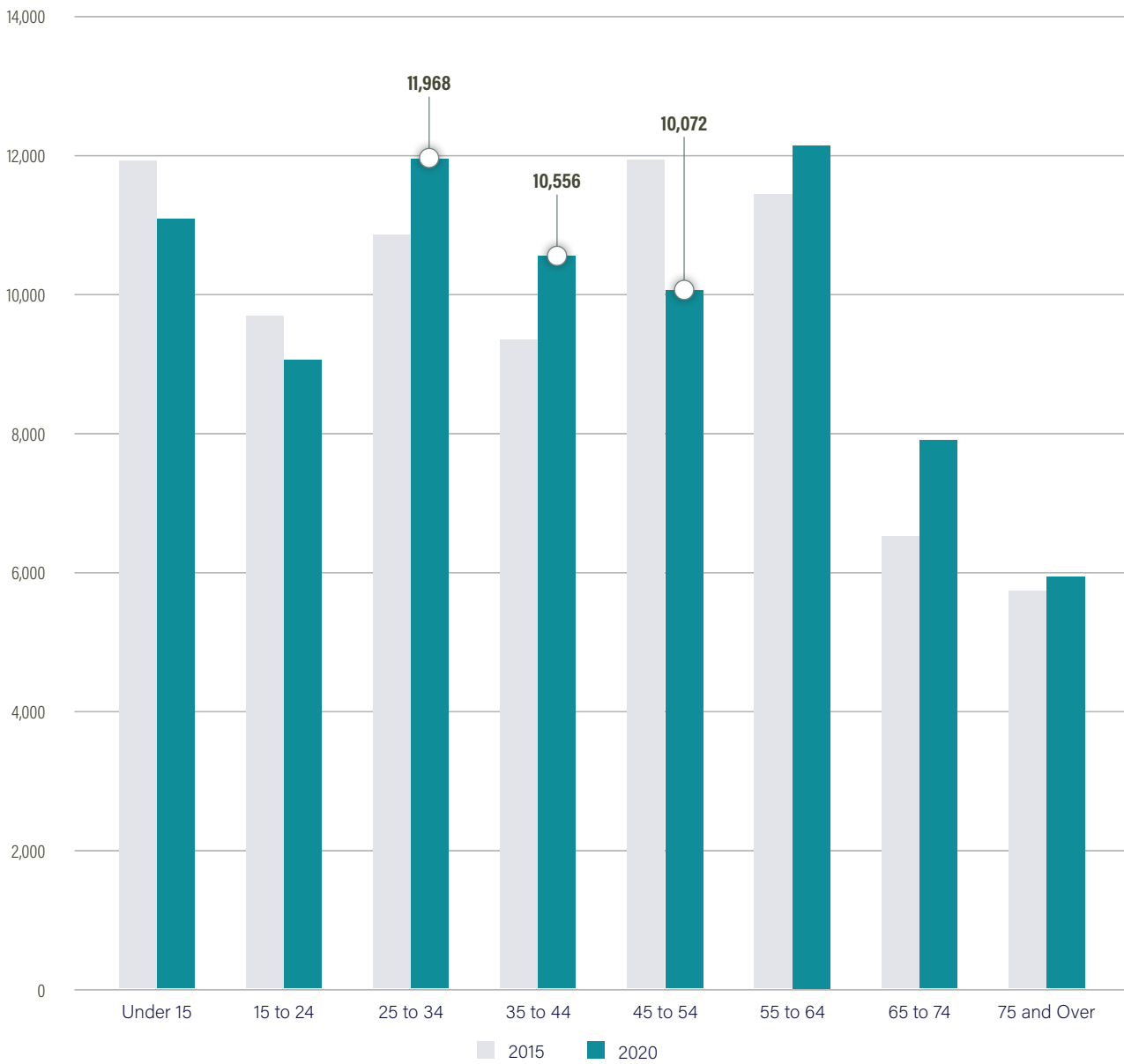
Inbound	Outbound	Difference
18,500	28,022	-9,522

Source: U.S. Census Bureau Longitudinal Employer-Household Dynamics, Bureau of Labor Statistics.



⁸⁰ For more information, see: <https://destinationcrenshaw.la/>

FIGURE 4.6: POPULATION BY AGE GROUP IN GREATER CRENSHAW
2015 to 2020



Source: U.S. Census Bureau American Community Survey





PART 5:

Discussion and Recommendations

“As the technologies used to deliver entertainment continue to rapidly mutate ... we may be in the early days of a fourth California gold rush. This one will require strong bonds between north and south, taking advantage of the north’s technical ingenuity and the south’s unbridled creativity.”

— San Jose Mercury News
December 18, 2005

The *Otis College Report on the Creative Economy* has analyzed the state of the creative economy through several challenging policy regimes. Launched in 2007, a full two years after the *San Jose Mercury News* presciently mused about the potential for a new California gold rush, the early years of the *Report* came of age during a period of austerity economics. Indeed, the economic fallout from the Global Financial Crisis didn’t conjure the notion of an impending gold rush in anyone’s mind.

As discussed in Part 1, it took an inordinately long time for the creative economy to recover from the Great Recession. Although the Obama Administration and Congress did manage to pass the American Recovery and Reinvestment Act in 2009, this stimulus package proved to be smaller than the task at hand required. At the time, “stimulus” was a taboo word around the globe. Domestically, state and local governments cut spending and often raised fees and taxes to meet balanced budget obligations – California being no exception.

Fast forward 15 years. As the 2022 *Report* looks to assess the state of the California creative economy as the COVID-19 pandemic enters a third year, bringing with it a change in economic activity not seen since the long recovery of the Great Recession, one overarching theme emerges:

California is engaged in a highly competitive global creative economy – in which the state’s legacy status as a creative economy hub will play less and less of a role without coordination, policy innovation, and investment. Jurisdictions around the globe are aggressively allocating assets to bolster their respective creative ecosystems and are deploying large portfolios of incentives to spark growth. It’s time for the state, in partnership with local jurisdictions, to prioritize the development of an innovative and outward-looking creative economy. Without such a priority, the global competitiveness of the state’s creative economy will come under increasing threat and will fail to achieve its economic potential over the next decade.

The crisis of the pandemic has not allowed many in the creative economy ecosystem time to look up or catch their breath. Federal and state spending in new and innovative forms – such as Pandemic Unemployment Assistance, Economic Impact Payments, and the Paycheck Protection Program – helped blunt many of the ripple effects that would have otherwise been felt throughout the economy. One of the challenges we face now is not to mistake the one-time attempt to return to the pre-pandemic status quo as a fix to the broader challenges the creative economy faces in California. Many of the macro-level trends in retail spending outlined in Part 1, for example, may give the feeling of comfort in the short term, but longer-term challenges remain and need attention.

The pre-pandemic policy model for the creative economy ecosystem in California has reached its limit, and it’s time to develop new models that can create more robust outcomes and position the state to lead the global creative economy over the next decade. Policymakers, advocates, and other creative economy stakeholders must address three key areas if we are to see real, meaningful change: (1) Ecosystem Building, (2) Market Support, and (3) Talent.

Ecosystem Building

Recommendation #1: Broaden the Arts, Culture, and Creative Economy Advocacy Arena

Action: Facilitate dialogue, learning, and collaboration within and among publicly supported and commercially creative organizations to aid in the establishment of cross-sectoral practices and standards of practice for the field.

Policy Considerations: In 2007, there was an important case to be made that arts, culture, and creativity were not peripheral to American life or to the American economy. Over the past 15 years, it has become almost conventional wisdom that California’s arts and cultural ecosystem is foundational to the economic success of the state.

Yet, some old silos remain. One of the most challenging is that we’ve allowed the Internal Revenue Code to shape our thinking. Section 501(c)(3) has served to organize the creative economy ecosystem and signal who’s a part of the coalition and who isn’t. Coalitions haven’t been as strong or as broad as they could be, and the voices invited to the table have been unnecessarily limited, largely due to the myth that nonprofit organizations and private firms in creative economy sectors are more different than they are similar.

To be sure, the health of the nonprofit ecosystem has an impact on the success of commercial creative businesses and other entities. Yet too often the myth, while rarely said out loud, has infused the work of the nonprofit space with a set of virtues that simply can’t be prioritized by firms in the commercial or “for-profit” sector. Even the language driving the dialogue has subtle, normative hints on virtue and vice – the selfless work of the nonprofit versus the profit motive of business.⁸¹

But for the vast majority of “for-profit” firms in the creative ecosystem, this artificial distinction does not hold true. Whether classified as a 501(c)(3) or a limited liability company (LLC), small organizations face strikingly similar economic, legal, and market challenges. The issues a nonprofit museum or a private gallery routinely contend with – commercial rents, availability of trained talent, labor costs and policy, technology disruption, public health mandates – are generally agnostic to the organization’s form. Business models vary – one may have a more robust infrastructure to tap into philanthropic dollars compared to the other – but when it comes to the big challenges, there is remarkable similarity.

In California, there is diversity in organizational form across the creative sectors:

- 58% of Performing Arts companies take the form of tax-exempt nonprofit organizations
- 12% of Arts, Entertainment, and Recreation establishments take the form of tax-exempt nonprofit organizations
- 63% of Educational Services establishments take the form of tax-exempt nonprofit organizations
- 16% of Performing Arts, Spectator Sports, and Related Industries take the form of tax-exempt nonprofit organizations

During the early days of the pandemic, the National Independent Venue Association (NIVA) and the coalition built to pass the Save our Stages Act became a perfect case study for collaborative models and highlights the formative weight the creative economy can leverage when organizations come together without concern for the Internal Revenue Code.

Recommendation #2: Assist Nonprofit Organizations in the Creative Economy with Incorporating Digital Technologies

Action: Facilitate the provision of information technology (IT) support to enable nonprofits to supplement their work with virtual delivery of services, as appropriate, and better leverage technology to support the organizational missions without imposing additional financial burdens.

Policy Considerations: The pandemic has left many nonprofit organizations in the creative economy facing unplanned changes in revenue. This is due in part to cancelled events and programs, membership refunds, and decreased donations, alongside increased operating costs and staffing disruptions. These impacts have forced many nonprofit organizations in the creative economy to re-evaluate their business models and explore new audiences or markets, new value propositions, new channels for distribution, and new ways of delivering. This reality was highlighted in Part 4 where survey results from applicants to the L.A. Arts Recovery Fund flagged changing business models and technology as being major challenges.



⁸¹ In fact, the term “nonprofit” itself is problematic. Nonprofit organizations should strive for profits to ensure long-term viability. The only meaningful difference is that these profits must be reinvested into the organization rather than distributed among the organization’s employees.

This isn't just technology for technology's sake – it's in part driven by audience, artist, and stakeholder expectations. By providing access to licenses for commonly used platforms, for example, organizations can look to make activities such as fundraising, ticketing and e-commerce, e-learning, content production and distribution, marketing, and communications, and tracking and reporting more sustainable.

Market Support

Recommendation #3: Support New and Evolving Establishments in the Creative Economy

Action: Encourage the development of entrepreneurship and small businesses by establishing creative entrepreneur accelerator programming, building additional resources for new and emerging businesses, and implementing streamlined local permitting and regulatory infrastructure.

Policy Considerations: The creative economy is comprised of legacy and newly emerging establishments. Compared to the Great Recession, federal and state policy solutions have been robust and often kept families and businesses intact to weather the ongoing challenges introduced by COVID-19. That said, there are organizations and businesses that simply haven't been able to withstand the radical upheaval in the economy, and the ongoing recovery must be understood as a marathon and not a sprint. In the first quarter of 2020, there was a significant uptick in business establishment churn as some firms succumbed to economic pressures and new ones emerged. Among the firms and organizations that survived the recession, many had to adapt to very different economic and market conditions – the old business model was not sustainable in its current form.

This churn has been apparent in the quarterly employment data released by the California Economic Development Department (EDD). Since the beginning of 2020, for those businesses with one or more W-2 employees in California:



- Fashion establishments are down by 7%
- Creative Goods and Products establishments are down by 2%
- Architecture and Related Services establishments are up by 3%
- Fine and Performing Arts establishments are up by 6% (7% in Los Angeles County)
- Entertainment and Digital Media establishments are up 5% (7% in Los Angeles County)

New business applications are being submitted at record rates across all major creative economy sectors relative to 2019 levels – new business applications in the Arts and Entertainment sector overall were up 39% between 2019 and 2021 – demonstrating just how much the pandemic has transformed the economy.⁸² A substantial number of these business applications will turn into new firms, and their survival and growth are essential to help power the economic recovery.

Recommendation #4: Explore Incentives That Evolve with Technology Disruption

Action: Position the state as a hub for visual effects (VFX), animation and gaming by updating Film and Television tax incentive provisions to anticipate and accommodate the changing nature of content production, and invest in physical infrastructure and industry talent.

Policy Considerations: Change is a constant in today's creative economy and nowhere is that more the case than with the technologies used to create visual effects. Located at the confluence of video gaming, animation,



film, and television production, VFX is a prime example of the convergence of media technology and content this *Report* has been highlighting over the past five years. Of more consequence is the fact that it is rapidly spreading into other traditionally siloed departments – camera, lighting, costumes, sets, makeup, hair, production design, and stunts.

The expansion of scope translates into additional opportunities and work than in the past, yet California's market share of visual effects work has steadily declined over the last decade. As FilmLA noted in 2018, "competing locations, like Canada, Australia, France and the U.K., have all made significant strides in establishing themselves as animated feature film hubs that now challenge California's historically unrivaled animation industry."⁸³

Recommendation #5: Reserve Space for Creative Activity, Clustering, and Incubation

Action: Expand the supply of affordable housing and commercial space available for the creative economy workforce to attract and retain talent, diversify the creative industries, and promote equitable entrepreneurship opportunities.

Policy Considerations: Many creative organizations lost access to their primary physical space – be it rehearsal, office, or performance – in the pandemic, and finding new space is a challenge. Affording rent on a performance or rehearsal space or living quarters was not easy in California even prior to the pandemic, and many organizations had to relinquish their space as various revenue streams halted.

⁸² Economic Innovation Group. "New Startups Break Record in 2021: Unpacking the Numbers," January 19, 2022. <https://eig.org/news/new-start-ups-break-record-in-2021-unpacking-the-numbers>.

⁸³ "FilmLA Issues Fifth Annual Feature Film Study," FilmLA, August 8, 2018, <https://www.filmla.com/filmla-issues-fifth-annual-feature-film-study/>.

⁸⁴ Rebuild, Renew, Reinvent: A Blueprint for NYC's Economic Recovery. City of New York. <http://www1.nyc.gov/office-of-the-mayor/news/119-22/mayor-adams-rebuild-renew-reinvent-blueprint-nyc-s-economic-recovery>.

Similarly, supply constraints on housing and creative commercial space continue to severely impact small and microbusinesses, nonprofit organizations, and independent entrepreneurs in the creative economy. Policy tools only on the demand side of the problem – grants for rent or overhead expenses, for example – don't resolve the long-term challenges of the costs associated with finding space. Supply constraints will continue to push commercial and residential rents higher, which will only increase the need for more demand-side dollars to keep our creative workers and organizations in California.

State and local governments must evaluate and recognize spatial constraints and regulatory structures that have failed to keep pace with the rapid evolution of the creative economy. Other peer creative jurisdictions, such as New York City or London's Culture and Community Spaces at Risk Program, are thinking along these lines, and California must as well to remain competitive.⁸⁴

Clustering creative activity is also important. Creative spaces – focused research and development space, artist studios and performance space, business and entrepreneurial accelerator space – and the interconnected activity provides valuable opportunities and incentives for cross-fertilization. State and local jurisdictions should prioritize partnering with organizations like the U.S. Economic Development Agency, whose Office of Innovation and Entrepreneurship (OIE) funds programs that can help the creative economy ecosystem establish space and programming to accelerate activity happening in communities around the state.

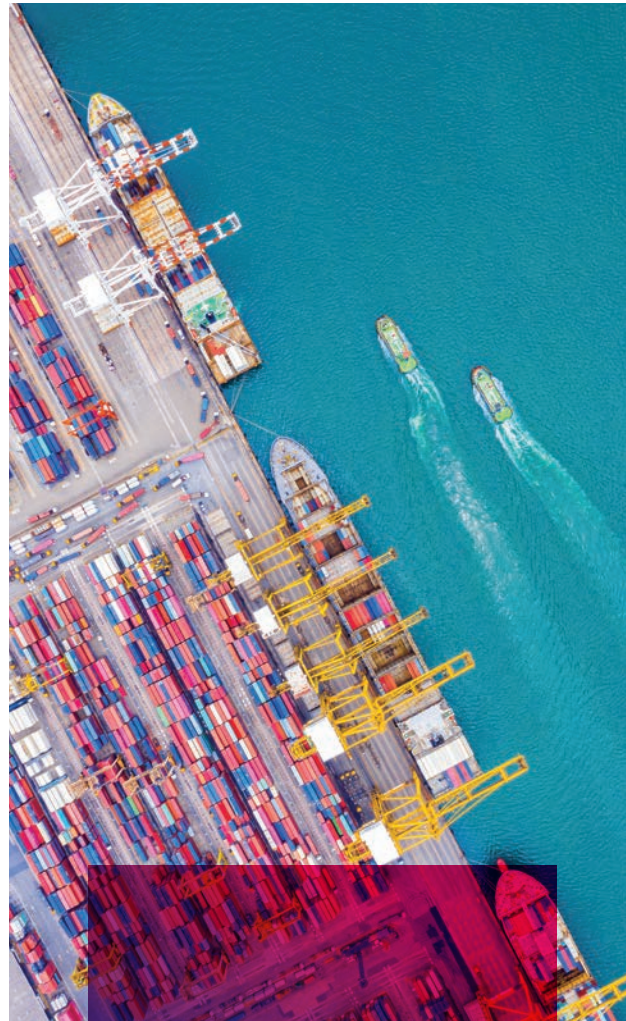
Recommendation #6: Support Export Policy and Assistance Targeting for Creative Sector Groups

Action: Provide more rigorous support for development and trade for the creative sectors by promoting bilateral exchanges with partners abroad and exploring ways to expand global export markets.

Policy Consideration: California is perceived as both a national and international hub for creative talent and

industries. Identifying ways of creating bidirectional exchanges between the international community and the state's creative economy, to help increase its competitiveness, not only provides exposure to the frontlines of the global economy, but also increasingly fosters an ongoing source of industry innovation.

For too many in the arts and creative sectors – especially small and microbusinesses – there isn't a clear understanding of what it would require to engage with consumers abroad. The state is well positioned to gain from an expansion in the export of creative goods and services but needs to prioritize support for creative economy firms. Assistance with trade missions, export trade shows, market research, compliance support, cross-border e-commerce, intellectual property protections, and export insurance would all greatly benefit large swaths of the creative economy ecosystem.





Recommendation #7: Make Sure Legislative Action First Does No Harm

Action: Improve economic data collection and intelligence available to policymakers to better reflect the diverse nature of creative work and better inform decision-making.

Policy Considerations: AB5's (Worker status: employees and independent contractors) intervention in the creative economy labor market continues to prove challenging to stakeholders across the

ecosystem. The challenges posed by the changes to labor practices briefly subsided during the worst of the pandemic but have begun to reemerge.

The understanding of "gig work" and self-employment is woefully underdeveloped. As such, there must be careful consideration of policy changes, especially as it relates to talent and the labor market. Recent research from the IRS found women have seen more growth in independent contractor income than men and that smaller firms and organizations have accounted for much of the growth in independent contractor labor. This research concludes that "the long-run growth in [independent contractor] labor in the U.S. cannot solely be attributed to individuals seeking supplemental income, or to the rise of a few online platform firms."⁸⁵ There needs to be more conversation among policymakers, organizations, and advocacy groups about how best to refine the law.

Moreover, anxiety among creative workers remains around the status of intellectual property that may be created as an employee. The state should make investments in education and legal support for artists and creative workers to help them understand how best to not lose the rights to their intellectual property. The legal default in employment situations is for the employer to direct the work and own the rights to the work product. Employees can negotiate the terms of ownership, yet they need resources to negotiate language and employment contracts that differ from default employment documents to retain creative ownership rights.





APPRENTICESHIPS IN THE CREATIVE OCCUPATIONS

Skills training programs often rely on higher education and nonprofit institutions to provide students and workers with the competencies needed to enter the workforce. These programs may or may not include traditional tuition fees, though the time allotted for the education and training is often done at the expense of the participant, in terms of the opportunity cost of time and necessary resources.

The skills and education acquired through training programs are said to theoretically map onto the abilities necessary for the successful completion of tasks for a given job. Whether this proves to be the case depends on how well the training provider is at aligning programmatic and curriculum offerings with market realities. When industries are changing rapidly, it becomes harder to keep the educational infrastructure nimble enough to ensure a seamless transition for workers. What is tacitly assumed in this model is that skill acquisition and mastery are activities that precede a job.

One of the best ways to close the gap between market demand and the educational apparatus is through the apprenticeship model, where a large portion of the skills training and educational content is acquired at the place of employment. The time and resources for training are shifted, in part, from the college

or nonprofit institution and worker to the employer. It is this important, but often unrecognized, shift that is holding back apprenticeship programming in California. While there are often funding mechanisms in place to support workforce training and higher education programs, there are few available to employers who invest in on-the-job training.

The programming, time, and staff resources needed to develop the skills of an apprentice at a workplace far exceed the traditional onboarding costs of an employee. An apprentice isn't simply spending additional time reviewing the employee handbook or culture guide but is instead engaging with an advanced internal training system that often doesn't exist at even the larger, more established firms. The individuals who are mentoring and training the apprentice almost uniformly have an existing scope of work in their position and must find time in the margins to both stay on top of their tasks and support the training of an apprentice. For small firms and microbusinesses in labor-intensive industries, the loss in productivity from staff tasked with managing the training process renders the apprentice model in California unfeasible without outside support.

⁸⁵ Lim, Katherine, et al, "Independent Contractors in the U.S.: New Trends from 15 Years of Administrative Tax Data," 2019. See also: Collins, Brett et al, "Is Gig Work Replacing Traditional Employment? Evidence from Two Decades of Tax Returns," 2019.

⁸⁶ Career Clusters contain occupations in the same field of work that require similar skills. Career Clusters help focus education plans towards obtaining the necessary knowledge, competencies, and training for success in a particular career pathway.

⁸⁷ <https://www.onetonline.org/help/bright/27-4011.00>

Talent

Recommendation #8: Get Serious About the Creative Workforce of the Future

Action: Assist in strategy development to better leverage existing infrastructure, including workforce development programming and the community college system, and build a comprehensive apprenticeship model to support creative career pathways that enable the movement between publicly funded organizations and commercial creative industries.

Policy Considerations: Conservative national forecasts estimate over 60% of the 47 occupations found in the Arts, Audio/Video Technology and Communications career cluster tracked by the Bureau of Labor Statistics and O*Net OnLine are either (1) new and/or emerging, (2) forecast to grow faster than average over the next decade, or (3) forecast to have 100,000 or more job openings over the next decade nationwide.^{86 87}

The state should provide resources to and expand creative economy programs within the Department of Industrial Relations Division of Apprenticeship Standards and the Department of Education's Arts



EMPOWERING COMMUNITY COLLEGES TO SUPPORT CHANGES IN CONTENT PRODUCTION

There needs to be a new push to incentivize sectors to engage with community colleges and create stronger relationships that offer job placements and curriculum advice. What we are seeing now, especially in the case of virtual production, gaming, and VFX, is the rapidly evolving nature of the sector. Technological advancements are transforming production and post-production workflows, and new skills and methods are rapidly being integrated into content creation. New skills are required to meet the demand for these emerging roles, which include virtual production supervisors, virtual production art directors, virtual production designers, motion-capture operators, LED technicians, and gaming engine programmers.

The future of the creative economy sectors depends on maintaining a strong talent pipeline, but many stakeholders find that current higher education system is not performing as well or as quickly as needed. Students looking for certificates and degrees in emerging sectors often find themselves unprepared for a role in the creative economy upon graduation, and degrees at for-profit institutions are considered hugely variable in quality. There needs to be an ongoing annual investment in tracking and reporting on skills requirements and changes in the creative economy. The state can lead on this front by allocating funds to community colleges, which are often more nimble than four-year institutions in being responsive to industry needs are able to adapting training programs accordingly.



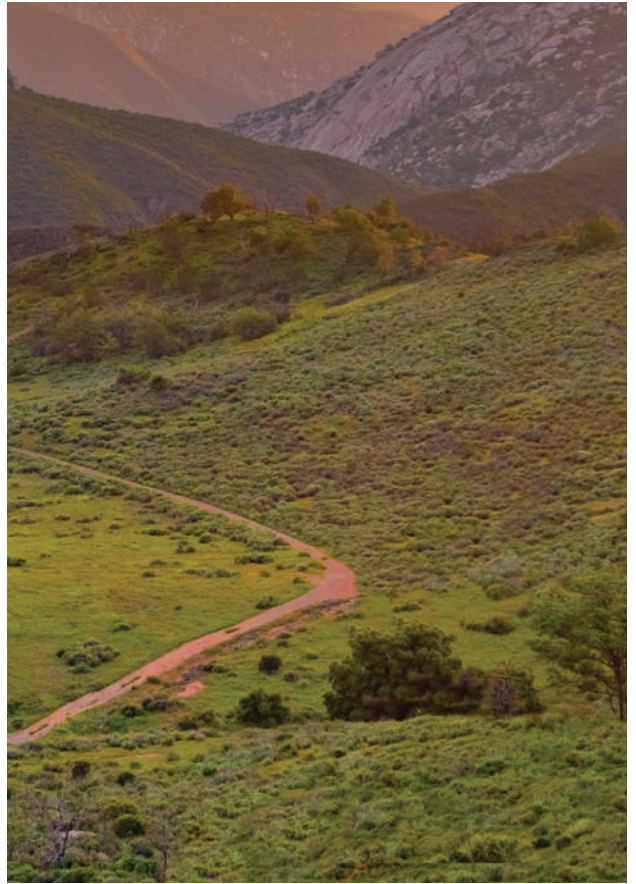
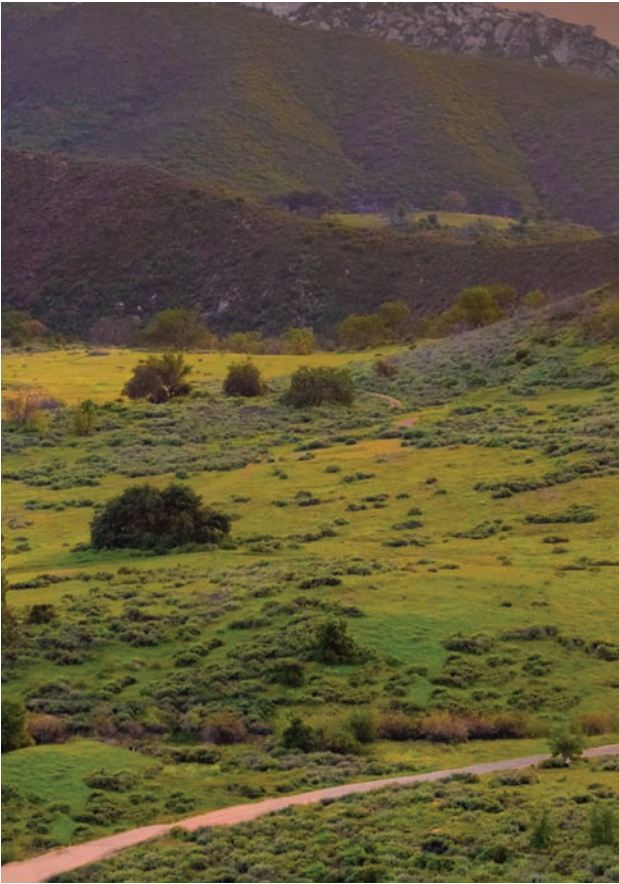
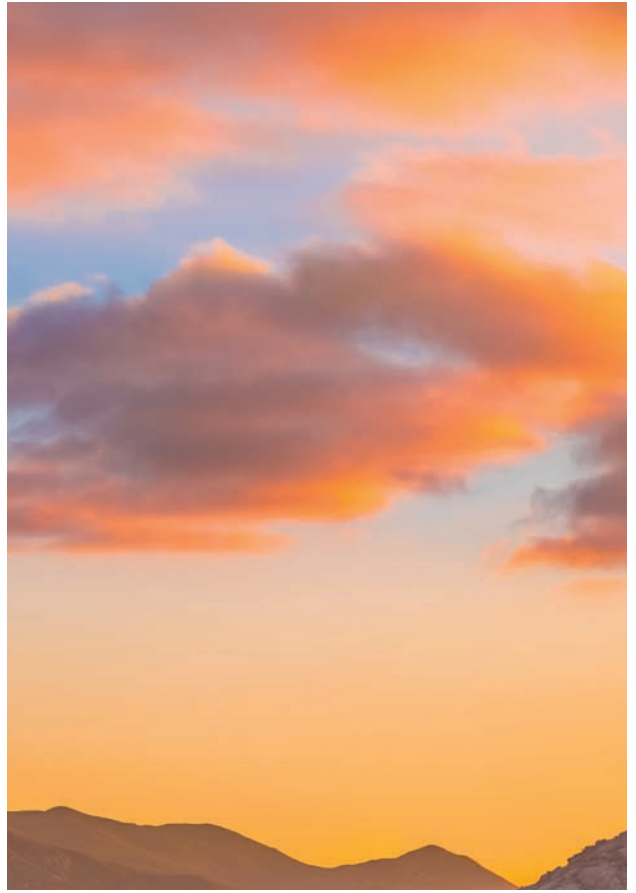
Media and Entertainment Career Technical Education (CTE) programs, such as the Emerging Careers and Workforce Training Initiative. Policymakers should also consider a Golden State Apprenticeship Tax Credit Program to help support apprenticeship development in private sector businesses through tax credits. The startup costs associated with establishing a registered apprenticeship program – including training, course design, and administrative expenses – puts it out of reach for small and medium-sized organizations.

As the silos separating the nonprofit and commercial arts sectors must fall, so must the silos between economic and workforce development and the creative economy. California's policy infrastructure remains woefully out-of-date and under-resourced when it comes to the rapidly changing sectors of the creative economy. As one stakeholder noted, "There's something subtly patronizing in believing major investments and policy solutions for the challenges facing the creative economy are to be found in dusting off WPA-esque [Works Progress Administration] solutions. We are a major part of the economy and should be treated as such."

Conclusion

The California gold rush noted by the San Jose *Mercury News* in 2005 has arrived in California. However, the long recovery from the Great Recession and the COVID-19 pandemic were both shocks that pivoted policymakers and businesses to a survival mentality instead of a strategic growth one. Collectively, California's creative economy must leverage its reputation for innovation and creative excellence to position itself for success in a rapidly changing and increasingly competitive global arena.







APPENDIX:

Methodology

The 2022 Otis College Report on the Creative Economy database utilizes the North American Industry Classification System (NAICS). The NAICS is used by the United States, Canada, and Mexico and is revised every five years to keep the classification system current with evolving economic activities.

Over the 15 years of the *report*, it has been essential to update and reorganize the classification systems for analyzing and writing about the creative economy in California to better capture changes happening in the specific industry sectors. The *Report's* database of industry classification structure appears at the end of this section.

Data Sources

The industry analysis and economic modeling used in this *Report* is derived from a state and local database constructed by gathering and compiling information from various sources. Over the last decade, business structures, employment relationships, job characteristics, and worker outcomes (such as wages) have continued to change and no single data source can inform all research and policy questions regarding the creative economy.

The aggregation and utilization of various data sources allows for the mitigation of error and outliers in the modeling and estimation workflow. Where it is appropriate, commercial or administrative data helps complement government surveys. Additionally, because the analysis examines several components of the creative economy ecosystem – relevant state and federal data sources cannot always be easily combined given access restrictions, classification inconsistencies, or sample frame inconsistencies – and requires the leveraging of multiple data sources to triangulate measurement.

The sources of data used to develop the database include:

- U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (QCEW); 2007-2020 annual data;
- U.S. Bureau of Labor Statistics Nonprofit Establishment Employment and Wage Estimates; 2017 annual data;
- U.S. Census Bureau American Community Survey (ACS); 2019 annual data;
- U.S. Bureau of Economic Analysis Gross Domestic Product (GDP); 2020 GDP by state (GSP), county, and metro area;
- U.S. Census Bureau Nonemployer statistics (NES); 2019 annual data;
- U.S. Census Bureau Current Employment statistics (CES);
- Emsi Burning Glass, 2021.4 Datarun;
- IMPLAN (Impact analysis for Planning); 2020 annual data;
- U.S. Census Bureau County Business Patterns (CBP); 2019 annual data; and
- Additional proprietary sources.

Revisions of Data Series Estimates

Economic data are generally always under revision and it's important to remember that nearly all non-decennial census counts are estimates based on economic surveys – as no organization is asking every person in the country if they are employed. Economic data are revised and become more accurate over time and because of the revision process, data can have significant changes over time. Additionally, during periods of economic turbulence, revisions to indicators like gross regional product (GRP) can be sizable.⁸⁸

Similarly, because data series change (such as benchmarks for industry spending patterns, import and exports, local industry and workforce characteristics evolve over time), it is not advisable to treat economic impact estimates from IMPLAN modeling as a time series.

IMPLAN And Input-Output Modeling

The Industry Economic Accounts produced by the U.S. Bureau of Economic Analysis (BEA) are a key foundational data source for all input-output models. The BEA tables provide a summary of how industries produce and consume commodities at the national level. The economic impact analysis in this *Report* utilizes IMPLAN economic impact software. IMPLAN is an input-output modeling system used to build economic models at various levels of geography. IMPLAN is widely used and recognized by government organizations, nonprofits, economic development organizations, workforce planners, education institutions, and consultants across the U.S. and Canada.

All economic impact model data and outputs in the *2022 Otis College Creative Economy Report* are reported in 2020 values.

The creative economy (and creative sectors) economic impact models are designed to capture industry relationships, consumer spending, and ripple effects that result from direct economic activity generated by the five creative sectors in California and Los Angeles County. The economic impacts are reported as: direct impacts, indirect impacts, induced impacts, and gross tax receipts paid.

⁸⁸ "The Fog of Numbers," Federal Reserve Bank of San Francisco. <https://www.frbsf.org/economic-research/publications/economic-letter/2020/july/fog-of-numbers-gdp-revisions/>.

Revisions of Industry Categories

The Office of Management and Budget (OMB) updates the NAICS Classification System and over the 15 years of this *Report* the classification system has been revised in 2007, 2012, and 2017. The classification system was revised again for 2022 but was released after the *Report's* analysis had been completed. Seven industries in the 2017 NAICS structure will updated for 2022.

In large part, the series of revisions are designed to address the decreasing usefulness of employing the mode of delivery (for example, online access versus in-store and printed material) as an industry delineation criterion in the Wholesale Trade, Retail Trade, and Information sectors. Because the internet has developed from a specialized activity to a generic method of delivery for goods and services the updates deemphasize the delivery method as an industry function used in NAICS classification.

Sector 1: Entertainment and Digital Media

Subsector 1.1: Print Publishing

- 511110 Newspaper Publishers
- 511120 Periodical Publishers
- 511130 Book Publishers
- 511191 Greeting Card Publishers
- 511199 All Other Publishers

Subsector 1.2: Digital Media

- 511210 Software Publishers
- 518210 Data Processing, Hosting, and Related Services
- 519130 Internet Publishing and Broadcasting and Web Search Portals
- 519110 News Syndicates
- 519120 Libraries and Archives
- 519190 All Other Information Services
- 541511 Custom Computer Programming Services
- 541512 Computer Systems Design Services
- 541921 Photography Studios, Portrait
- 541922 Commercial Photography

Subsector 1.3: Motion Picture and Video

- 512110 Motion Picture and Video Production
- 512120 Motion Picture and Video Distribution
- 512131 Motion Picture Theaters (except Drive-Ins)
- 512132 Drive-In Motion Picture Theaters
- 512191 Teleproduction and Other Postproduction Services
- 512199 Other Motion Picture and Video Industries

Subsector 1.4: Sound Recording

- 512230 Music Publishers
- 512240 Sound Recording Studios
- 512250 Record Production and Distribution
- 512290 Other Sound Recording Industries

Subsector 1.5: Independent Artists, Writers, and Performers

- 711510 Independent Artists, Writers, and Performers

Subsector 1.6: Cable and Broadcasting

- 515111 Radio Networks
- 515112 Radio Stations
- 515120 Television Broadcasting
- 515210 Cable and Other Subscription Programming

Subsector 1.7: Marketing, Advertising and Public Relations

- 541810 Advertising Agencies
- 541820 Public Relations Agencies
- 541830 Media Buying Agencies
- 541840 Media Representatives
- 541890 Other Services Related to Advertising
- 541910 Marketing Research and Public Opinion Polling
- 711410 Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures

Sector 2: Fine and Performing Arts

Subsector 2.1: Fine Arts Schools

- 611610 Fine Arts Schools

Subsector 2.2: Performing Arts Companies

- 711110 Theater Companies and Dinner Theaters
- 711120 Dance Companies
- 711130 Musical Groups and Artists
- 711190 Other Performing Arts Companies

Subsector 2.3: Performing Arts and Live Event Promotion

- 711310 Promoters of Performing Arts, Sports, and Similar Events with Facilities
- 711320 Promoters of Performing Arts, Sports, and Similar Events without Facilities

Subsector 2.4: Museums, Galleries and Historical Sites

- 453920 Art Dealers
- 712110 Museums
- 712120 Historical Sites

Sector 3: Architecture and Related Services

Subsector 3.1: Architectural Services

- 541310 Architectural Services

Subsector 3.2: Landscape Architectural Services

- 541320 Landscape Architectural Services

Subsector 3.3: Related Architectural Services

- 541330 Engineering Services
- 541340 Drafting Services
- 332323 Ornamental and Architectural Metal Work Manufacturing

Subsector 3.4: Specialized Design Services

- 541410 Interior Design Services
- 541420 Industrial Design Services
- 541430 Graphic Design Services
- 541490 Other Specialized Design Services

Sector 4: Creative Goods and Products

Subsector 4.1: Print Production

- 323113 Commercial Screen Printing
- 323117 Books Printing
- 323120 Support Activities for Printing

Subsector 4.2: Glassware, Metalware, and Ceramic Goods

- 327110 Pottery, Ceramics, and Plumbing Fixture Manufacturing
- 327212 Other Pressed and Blown Glass and Glassware Manufacturing
- 332215 Metal Kitchen Cookware, Utensil, Cutlery, and Flatware (except Precious) Manufacturing

Subsector 4.3: Furniture

- 337121 Upholstered Household Furniture Manufacturing
- 337122 Nonupholstered Wood Household Furniture Manufacturing
- 337124 Metal Household Furniture Manufacturing
- 337125 Household Furniture (except Wood and Metal) Manufacturing
- 337211 Wood Office Furniture Manufacturing
- 337212 Custom Architectural Woodwork and Millwork Manufacturing
- 337214 Office Furniture (except Wood) Manufacturing
- 811420 Reupholstery and Furniture Repair

Subsector 4.4: Dolls, Toys, and Games

- 339930 Doll, Toy, and Game Manufacturing

Subsector 4.5: Musical Instruments

- 339992 Musical Instrument Manufacturing

Sector 5: Fashion

Subsector 5.1: Textiles and Fabrics

- 313210 Broadwoven Fabric Mills
- 313220 Narrow Fabric Mills and Schiffli Machine Embroidery
- 313310 Textile and Fabric Finishing Mills
- 314910 Textile Bag and Canvas Mills

Subsector 5.2: Apparel

- 315110 Hosiery and Sock Mills
- 315190 Other Apparel Knitting Mills
- 315210 Cut and Sew Apparel Contractors
- 315220 Men's and Boys' Cut and Sew Apparel Manufacturing
- 315240 Women's, Girls', and Infants' Cut and Sew Apparel Manufacturing
- 315280 Other Cut and Sew Apparel Manufacturing
- 315990 Apparel Accessories and Other Apparel Manufacturing

Subsector 5.3: Leather Goods

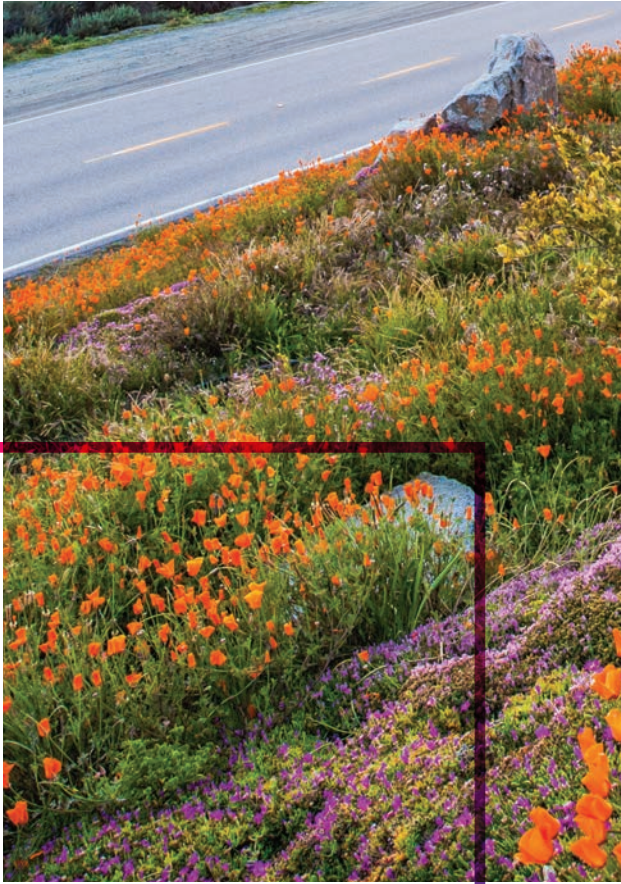
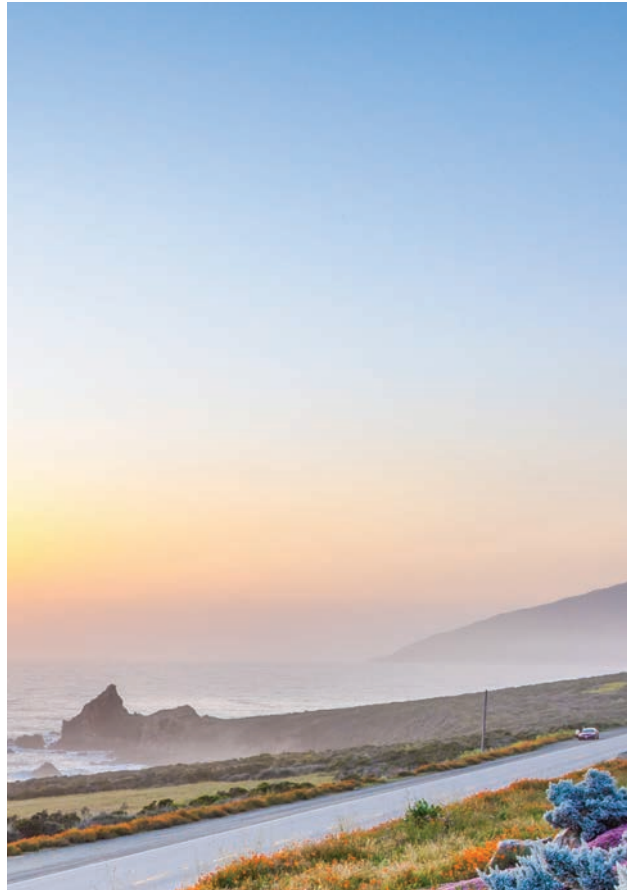
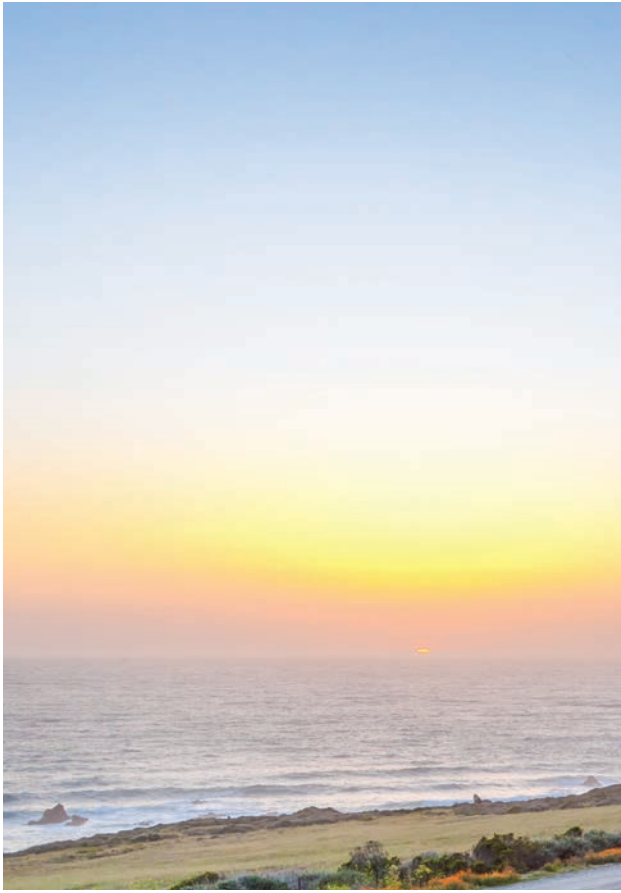
- 316110 Leather and Hide Tanning and Finishing
- 316210 Footwear Manufacturing
- 316992 Women's Handbag and Purse Manufacturing
- 316998 All Other Leather Good and Allied Product Manufacturing
- 811430 Footwear and Leather Goods Repair

Subsector 5.4: Jewelry and Personal Goods

- 339910 Jewelry and Silverware Manufacturing

Subsector 5.5 Cosmetics

- 325620 Toilet Preparation Manufacturing





APPENDIX:

Economic Impact Analysis Summaries

Entertainment And Digital Media

California

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the *Entertainment and Digital Media* sector had on the California economy amounted to \$599.4 billion in 2020, equivalent to about one-fifth (19.9%) of the total CA economy.

- **Direct GDP Contribution:** The direct impact of the Entertainment and Digital Media sector comprises the value-added output generated by the sector; those employed directly by firms in the seven subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$311.7 billion in GDP and \$182.5 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Entertainment and Digital Media sector in California, an additional \$92 of value added is created in other sectors of the California economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 1.92.

- **Indirect Contribution:** The indirect impact of the Entertainment and Digital Media sector reflects the employment and GDP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services)

and, in turn, within the supply chains of those suppliers. In 2020, the GDP contribution of these suppliers was \$143.0 billion, including \$94.4 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Entertainment and Digital Media sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Entertainment and Digital Media sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Entertainment and Digital Media sector operations to be a \$144.7 billion contribution to California GDP in 2020. This includes \$80.8 billion in employee compensation.

In total, the Entertainment and Digital Media sector supports employment of over 3.1 million workers in California and generates \$599.4 billion in economic activity. The economic activity that the Entertainment and Digital Media generated was worth over \$107.2 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$33,980 in additional tax revenue.

ECONOMIC IMPACT OF THE ENTERTAINMENT AND DIGITAL MEDIA INDUSTRY IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	981,332 Jobs	988,282 Jobs	1.2 Million Jobs	3.2 Million Jobs
Labor Income	\$182.5 Billion	\$94.4 Billion	\$80.8 Billion	\$357.8 Billion
Gross Value Add	\$311.7 Billion	\$143.0 Billion	\$144.7 Billion	\$599.4 Billion
Tax Revenue	-	-	-	\$107.2 Billion

Entertainment And Digital Media

Los Angeles

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Entertainment and Digital Media sector had on the Los Angeles economy amounted to \$137.6 billion in 2020, equivalent to about one-fifth (20.9%) of the total Los Angeles County economy.

- **Direct Contribution:** The direct impact of the *Entertainment and Digital Media* sector comprises the value-added output generated by the sector; those employed directly by firms in the seven subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$77.5 billion in GRP and \$42.3 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the *Entertainment and Digital Media* sector in Los Angeles County, an additional \$220 of value added is created in other sectors of the Los Angeles economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 3.2.

- **Indirect Contribution:** The indirect impact of the Entertainment and Digital Media sector reflects the employment and GRP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and, in turn, within the supply chains of those suppliers.

In 2020, the GRP contribution of these suppliers was \$34.1 billion, including \$21.6 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Entertainment and Digital Media sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Entertainment and Digital Media sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Entertainment and Digital Media sector operations to be a \$26.0 billion contribution to Los Angeles County GRP in 2020. This includes \$14.5 billion in employee compensation.

In total, the Entertainment and Digital Media sector supports employment of over 772,494 workers in Los Angeles County and generates \$137.6 billion in economic activity. The economic activity that the Entertainment and Digital Media generated in Los Angeles County was worth over \$23.4 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity in Los Angeles County results in \$30,300 in additional tax revenue.

ECONOMIC IMPACT OF THE ENTERTAINMENT AND DIGITAL MEDIA INDUSTRY IN LOS ANGELES 2020

	Direct	Indirect	Induced	Total
Employment	306,260 Jobs	240,490 Jobs	225,743 Jobs	772,494 Jobs
Labor Income	\$42.3 Billion	\$21.6 Billion	\$14.5 Billion	\$78.3 Billion
Gross Value Add	\$77.5 Billion	\$34.1 Billion	\$26.0 Billion	\$137.6 Billion
Tax Revenue	-	-	-	\$23.4 Billion

Fine and Performing Arts

California

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Fine and Performing Arts sector had on the California economy amounted to \$8.0 billion in 2020, equivalent to about three-tenths of a percent (0.27%) of the total CA economy.

- **Direct Contribution:** The direct impact of the Performing and Fine Arts sector comprises the value-added output generated by the sector; those employed directly by firms in the four subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$3.7 billion in GDP and \$3.8 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Performing and Fine Arts sector in California, an additional \$115 of value added is created in other sectors of the California economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 2.15.

- **Indirect Contribution:** The indirect impact of the Performing and Fine Arts sector reflects the employment and GDP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and,

in turn, within the supply chains of those suppliers. In 2020, the GDP contribution of these suppliers was \$1.7 billion, including \$1.1 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Performing and Fine Arts sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Performing and Fine Arts sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Performing and Fine Arts sector operations to be a \$2.5 billion contribution to California GDP in 2020. This includes \$1.4 billion in employee compensation.

In total, the Performing and Fine Arts sector supports employment of over 121,000 workers in California and generates \$8.0 billion in economic activity. The economic activity that the Performing and Fine Arts generated was worth over \$1.8 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry’s activity results in \$15,960 in additional tax revenue.

ECONOMIC IMPACT OF THE FINE AND PERFORMING ARTS INDUSTRY IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	76,400 Jobs	15,663 Jobs	20,664 Jobs	112,738 Jobs
Labor Income	\$3.8 Billion	\$1.1 Billion	\$1.4 Billion	\$6.3 Billion
Gross Value Add	\$3.7 Billion	\$1.7 Billion	\$2.5 Billion	\$8.0 Billion
Tax Revenue	-	-	-	\$1.8 Billion

Fine and Performing Arts

Los Angeles County

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the *Performing and Fine Arts* sector had on the Los Angeles economy amounted to \$3.3 billion in 2020, equivalent to about one half of one percent (0.5%) of the total Los Angeles County economy.

- **Direct Contribution:** The direct impact of the *Performing and Fine Arts* sector comprises the value-added output generated by the sector; those employed directly by firms in the four subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$1.7 billion in GRP and \$1.8 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the *Performing and Fine Arts* sector in Los Angeles County, an additional \$100 of value added is created in other sectors of the Los Angeles economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 2.0.

- **Indirect Contribution:** The indirect impact of the *Performing and Fine Arts* sector reflects the employment and GRP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and, in turn, within the supply chains of those suppliers.

In 2020, the GRP contribution of these suppliers was \$610.5 million, including \$403.0 million in employee compensation.

- **Induced Contribution:** The induced impact of the *Performing and Fine Arts* sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the *Performing and Fine Arts* sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the *Performing and Fine Arts* sector operations to be a \$911.8 million contribution to Los Angeles County GRP in 2020. This includes \$508.4 million in employee compensation.

In total, the *Performing and Fine Arts* sector supports employment of over 43,777 workers in Los Angeles County and generates \$3.3 billion in economic activity. The economic activity that the *Performing and Fine Arts* generated in Los Angeles County was worth over \$739.7 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity in Los Angeles County results in \$16,900 in additional tax revenue.

ECONOMIC IMPACT OF THE FINE AND PERFORMING ARTS INDUSTRY IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	29,860 Jobs	5,976 Jobs	7,941 Jobs	43,777 Jobs
Labor Income	\$1.8 Billion	\$403.0 Million	\$508.4 Million	\$2.8 Billion
Gross Value Add	\$1.7 Billion	\$610.5 Million	\$911.8 Million	\$3.3 Billion
Tax Revenue	-	-	-	\$739.7 Million

Architecture and Related Services

California

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Architecture and Related Services sector had on the California economy amounted to \$55.2 billion in 2020, equivalent to about two percent (1.8%) of the total CA economy.

- **Direct Contribution:** The direct impact of the Architecture and Related Services sector comprises the value-added output generated by the sector; those employed directly by firms in the four subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$29.8 billion in GDP and \$23.7 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Architecture and Related Services sector in California, an additional \$85 of value added is created in other sectors of the California economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 1.85.

- **Indirect Contribution:** The indirect impact of the Architecture and Related Services sector reflects the employment and GDP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and,

in turn, within the supply chains of those suppliers. In 2020, the GDP contribution of these suppliers was \$9.6 billion, including \$6.8 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Architecture and Related Services sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Architecture and Related Services sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Architecture and Related Services sector operations to be a \$15.8 billion contribution to California GDP in 2020. This includes \$8.8 billion in employee compensation.

In total, the Architecture and Related Services sector supports employment of over 435,000 workers in California and generates \$55.2 billion in economic activity. The economic activity that the Architecture and Related Services generated was worth over \$9.7 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$22,133 in additional tax revenue.

ECONOMIC IMPACT OF THE ARCHITECTURE AND RELATED SERVICES INDUSTRY IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	225,867 Jobs	83,323 Jobs	129,060 Jobs	438,250 Jobs
Labor Income	\$23.7 Billion	\$6.8 Billion	\$8.8 Billion	\$39.4 Billion
Gross Value Add	\$29.8 Billion	\$9.6 Billion	\$15.8 Billion	\$55.2 Billion
Tax Revenue	-	-	-	\$9.7 Billion

Architecture and Related Services

Los Angeles County

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Architecture and Related Services sector had on the Los Angeles economy amounted to \$12.3 billion in 2020, equivalent to about two percent (1.8%) of the total Los Angeles economy.

- **Direct Contribution:** The direct impact of the Architecture and Related Services sector comprises the value-added output generated by the sector, those employed directly by firms in the four subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$7.6 billion in GRP and \$5.4 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Architecture and Related Services sector in Los Angeles County, an additional \$60 of value added is created in other sectors of the Los Angeles economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 1.6.

- **Indirect Contribution:** The indirect impact of the Architecture and Related Services sector reflects the employment and GRP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and,

in turn, within the supply chains of those suppliers. In 2020, the GRP contribution of these suppliers was \$1.9 billion, including \$1.4 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Architecture and Related Services sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Architecture and Related Services sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Architecture and Related Services sector operations to be a \$2.8 billion contribution to Los Angeles GRP in 2020. This includes \$1.5 billion in employee compensation.

In total, the Architecture and Related Services sector supports employment of over 95,000 workers in Los Angeles County and generates \$12.3 billion in economic activity. The economic activity that the Architecture and Related Services generated in Los Angeles County was worth over \$1.9 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$19,922 in additional tax revenue.

ECONOMIC IMPACT OF THE ARCHITECTURE AND RELATED SERVICES INDUSTRY IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	53,000 Jobs	18,246 Jobs	24,122 Jobs	95,369 Jobs
Labor Income	\$5.4 Billion	\$1.4 Billion	\$1.5 Billion	\$8.4 Billion
Gross Value Add	\$7.6 Billion	\$1.9 Billion	\$2.8 Billion	\$12.3 Billion
Tax Revenue	-	-	-	\$1.9 Billion

Creative Goods and Products

California

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Creative Goods and Products sector had on the California economy amounted to \$7.6 billion in 2020, equivalent to about one quarter of one percent (0.25%) of the total CA economy (note: CA nominal GDP was \$3.0 trillion in 2020).

- **Direct Contribution:** The direct impact of the Creative Goods and Products sector comprises the value-added output generated by the sector, those employed directly by firms in the five subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$3.6 billion in GDP and \$2.5 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Creative Goods and Products sector in California, an additional \$110 of value added is created in other sectors of the California economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 2.1.

- **Indirect Contribution:** The indirect impact of the Creative Goods and Products sector reflects the employment and GDP contribution made by the suppliers of those establishments in the sector (e.g.

security providers, IT support, and legal services) and, in turn, within the supply chains of those suppliers. In 2020, the GDP contribution of these suppliers was \$2.0 billion, including \$1.3 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Creative Goods and Products sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Creative Goods and Products sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Fashion sector operations to be a \$2.0 billion contribution to California GDP in 2020. This includes \$1.1 billion in employee compensation.

In total, the Creative Goods and Products sector supports employment of over 66,000 workers in California and generates \$7.6 billion in economic activity. The economic activity that the Creative Goods and Products generated was worth over \$1.3 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$19,492 in additional tax revenue.

ECONOMIC IMPACT OF THE CREATIVE GOODS AND PRODUCTS INDUSTRY IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	35,044 Jobs	15,239 Jobs	16,411 Jobs	66,694 Jobs
Labor Income	\$2.5 Billion	\$1.3 Billion	\$1.1 Billion	\$5.0 Billion
Gross Value Add	\$3.6 Billion	\$2.0 Billion	\$2.0 Billion	\$7.6 Billion
Tax Revenue	-	-	-	\$1.3 Billion

Creative Goods and Products

Los Angeles County

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact that the Creative Goods and Products sector had on the Los Angeles economy amounted to \$76 billion in 2020, equivalent to about 1.4% of the total Los Angeles economy.

- **Direct Contribution:** The direct impact of the Creative Goods and Products sector comprises the value-added output generated by the sector, those employed directly by firms in the five subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$3.6 billion in GRP and \$2.5 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Creative Goods and Products sector in Los Angeles County, an additional \$120 of value added is created in other sectors of the Los Angeles economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 2.1.

- **Indirect Contribution:** The indirect impact of the Creative Goods and Products sector reflects the employment and GRP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and,

in turn, within the supply chains of those suppliers. In 2020, the GRP contribution of these suppliers was \$2.0 billion, including \$1.3 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Creative Goods and Products sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Creative Goods and Products sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Creative Goods and Products sector operations to be a \$2.0 billion contribution to Los Angeles GRP in 2020. This includes \$1.1 billion in employee compensation.

In total, the Creative Goods and Products sector supports employment of over 66,694 workers in Los Angeles County and generates \$76 billion in economic activity. The economic activity that the Creative Goods and Products generated in Los Angeles County was worth over \$1.3 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$19,492 in additional tax revenue.

ECONOMIC IMPACT OF THE CREATIVE GOODS AND PRODUCTS INDUSTRY IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	12,342 Jobs	4,411 Jobs	4,932 Jobs	21,685 Jobs
Labor Income	\$1.0 Billion	\$373.6 Billion	\$315.8 Billion	\$1.7 Billion
Gross Value Add	\$1.5 Billion	\$571.8 Billion	\$566.6 Billion	\$2.6 Billion
Tax Revenue	-	-	-	\$428.4 Million

Fashion

California

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Fashion sector had on the California economy amounted to \$17.4 billion in 2020, equivalent to about one half of one percent (0.5%) of the total CA economy.

- **Direct Contribution:** The direct impact of the Fashion sector comprises the value-added output generated by the sector, those employed directly by firms in the five subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$10.0 billion in GDP and \$3.6 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Fashion sector in California, an additional \$73 of value added is created in other sectors of the California economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 1.73.

- **Indirect Contribution:** The indirect impact of the Fashion sector reflects the employment and GDP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and, in turn, within the

supply chains of those suppliers. In 2020, the GDP contribution of these suppliers was \$4.1 billion, including \$2.7 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Fashion sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Fashion sector operations to be a \$3.2 billion contribution to California GDP in 2020. This includes \$1.8 billion in employee compensation.

In total, the Fashion sector supports employment of over 108,000 workers in California and generates \$17.4 billion in economic activity. The economic activity that the Fashion generated was worth over \$2.7 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry's activity results in \$24,942 in additional tax revenue.

ECONOMIC IMPACT OF THE FASHION INDUSTRY IN CALIFORNIA 2020

	Direct	Indirect	Induced	Total
Employment	52,124 Jobs	29,614 Jobs	26,512 Jobs	108,250 Jobs
Labor Income	\$3.6 Billion	\$2.7 Billion	\$1.8 Billion	\$8.0 Billion
Gross Value Add	\$10.0 Billion	\$4.1 Billion	\$3.2 Billion	\$17.4 Billion
Tax Revenue	-	-	-	\$2.7 Billion

Fashion

Los Angeles County

Combining all the channels of impact – direct, indirect (supply chain), and induced (wage spending) – the total impact the Fashion sector had on the Los Angeles economy amounted to \$8.4 billion in 2020, equivalent to a little over one percent (1.3%) of the total Los Angeles County economy (note: Los Angeles GRP was \$659.3 billion in 2020).

- **Direct Contribution:** The direct impact of the Fashion sector comprises the value-added output generated by the sector, those employed directly by firms in the five subsectors, the wages these firms pay, their operation expenditures, and the taxes paid. In 2020, this direct impact accounted for \$5.4 billion in GRP and \$2.1 billion in employee income (wages).

A comparison of the total economic impact with the direct sector impact reveals how, for every \$100 of value-added output created by the Fashion sector in Los Angeles County, an additional \$50 of value added is created in other sectors of the Los Angeles economy because of supply chain and employee expenditure impacts. This means that the sector has a value-add multiplier impact of 1.5.

- **Indirect Contribution:** The indirect impact of the Fashion sector reflects the employment and GRP contribution made by the suppliers of those establishments in the sector (e.g. security providers, IT support, and legal services) and, in turn, within the

supply chains of those suppliers. In 2020, the GRP contribution of these suppliers was \$1.7 billion, including \$1.1 billion in employee compensation.

- **Induced Contribution:** The induced impact of the Fashion sector estimates the economic activity supported by the consumer spending of wages by those employed directly by the Fashion sector or those in their supply chains. As a result of this spending, the induced economic impact attributable to the Fashion sector operations to be a \$1.3 billion contribution to Los Angeles County GRP in 2020. This includes \$738.3 million in employee compensation.

In total, the Fashion sector supports employment of over 58,295 workers in Los Angeles County and generates \$3.3 billion in economic activity. The economic activity that the Fashion sector generated in Los Angeles County was worth over \$1.2 billion in taxes for all levels of government (federal, state, and local). In total, each job supported by the industry’s activity in Los Angeles County results in \$20,584 in additional tax revenue.

ECONOMIC IMPACT OF THE FASHION INDUSTRY IN LOS ANGELES COUNTY 2020

	Direct	Indirect	Induced	Total
Employment	33,246 Jobs	13,521 Jobs	11,528 Jobs	58,295 Jobs
Labor Income	\$2.1 Billion	\$1.1 Billion	\$738.3 Million	\$4.0 Billion
Gross Value Add	\$5.4 Billion	\$1.7 Billion	\$1.3 Billion	\$8.4 Billion
Tax Revenue	-	-	-	\$1.2 Billion