

OTIS
COLLEGE
OF
ART
AND
DESIGN

THE CREATIVE ECONOMY

2020 Otis Report on the Creative Economy



Prepared by
Beacon Economics

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise (SBE) with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objective economic analysis. Leveraging unique proprietary models, vast databases, and sophisticated data processing, the company specializes in industry analysis, economic policy analysis, economic impact analysis, and real estate market analysis. Beacon Economics equips its clients with both the data and analysis required to understand the significance of on-the-ground realities and make informed business and policy decisions.

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Commissioned by Otis College of Art and Design

Established in 1918, Otis College of Art and Design offers undergraduate and graduate degrees in a wide variety of visual and applied arts, media, and design. Core programs in liberal arts, business practices, and community-driven projects support the College's mission to educate a diverse community of students to become highly skilled, well-informed, and responsible professionals—empowering them to shape the world.

More information is available at otis.edu.

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A MESSAGE FROM OTIS COLLEGE OF ART AND DESIGN



Randall Lavender

Interim President

Otis College of Art and Design

Welcome to the *2020 Otis Report on the Creative Economy*.

Since 2007, Otis College of Art and Design has commissioned the *Otis Report on the Creative Economy* to provide a critical and regular examination of the ways in which creative industries are key drivers for the larger economies of California, Los Angeles, and the other regions of the state. Growing and developing over these years, the *Report* is now recognized throughout the state—and around the world—as a key piece of evidence that creativity is an engine for a vast amount of economic activity, specifically, \$650.3 billion in annual output in California and \$203.2 billion in annual output in Los Angeles.

As you will soon learn in this year's *Report*, the creative economies of California continue to grow and develop in fascinating ways. Many of the industries, which were once seen as separate, are morphing and merging. Creative output has become contagious in very real ways. Though constrained by the data available, the *Otis Report* hints at and suggests a changing world in which creativity has become the common denominator.

This year's *Report* offers two special spotlights. One focuses on the gig economy, which examines the growth of nontraditional work arrangements. The other examines education in the arts, a critical training ground for tomorrow's leaders in these fields.

For over 100 years, Otis College of Art and Design has prepared students for leadership roles in the creative economy and provided critical support to artists and designers through our academic mission to educate a diverse community of students to become highly skilled, well-informed, and responsible professionals—empowering them to shape the world.

On behalf of the College, I would like to thank Beacon Economics for authoring the *2020 Otis Report on the Creative Economy* and all of the following sponsors for their generous support: City of Los Angeles Department of Cultural Affairs; Supervisor Mark Ridley-Thomas, Los Angeles County Board of Supervisors, Second District; Stuart Foundation; Endeavor Foundation; City National Bank; Gallagher; and Moss Adams; and to our media partners who help to disseminate the findings. These include AIGA LA; Arts for LA; Arts Orange County; California Arts Council; Californians for the Arts; Create CA; and California Alliance for Arts and Education.

We look forward to your thoughts on this year's *Report* and hope that it provides important insights and inspiration for your continued work and success.



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EXECUTIVE SUMMARY



The 2020 Otis 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.

CREATIVE INDUSTRIES ECONOMIC IMPACT

CALIFORNIA

In California, the creative industries support 2.68 million jobs, \$209.6 billion in labor income, and \$650.3 billion in annual output. Over 1.0 million workers are directly employed in the creative industries, with an additional 1.6 million jobs generated indirectly. The direct employment generated by the state's creative industries and the indirect employment they create through multiplier effects constitute 15.4% of California's total employment.

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LOS ANGELES COUNTY

Los Angeles County's creative industries generate 797,075 jobs, \$67.0 billion in labor income, and \$203.2 billion in annual output. Of the 797,075 total jobs, 402,465 are workers directly employed in the creative industries, and 394,610 are jobs indirectly generated by the industry. The direct employment generated by the County's creative industries and the indirect employment they create through multiplier effects constitute 16.3% of Los Angeles County's total employment. Los Angeles County has roughly 38% of all direct Creative Industry employment in California, and the County is home to about 1 in 3 of the jobs indirectly generated from the creative industries statewide.

CREATIVE INDUSTRY EMPLOYMENT AND WAGES

CALIFORNIA

With over 1.0 million full-time employees and over 400,000 contract workers in California, five core creative industries represent about 8% of the total statewide workforce. Entertainment and Digital Media is the largest Creative Economy sector statewide, with about 7 in 10 wage and salary workers and about 8 in 10 contractors in the creative industry.

Average wages in the California Creative Economy are well above the statewide average annual wage (across all industries) of \$68,500. But wages vary substantially across the creative industries. Workers in the Entertainment and Digital Media Industry earn the highest, \$132,000 on average. The lowest-paying sectors are Fine Arts and Performing Arts and the Fashion Industry, averaging \$60,000 and \$56,000 respectively.

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LOS ANGELES COUNTY

In 2018, Los Angeles County's employment in the creative industries represented 38% of the statewide share of the Creative Economy and accounted for 13% of the County's overall workforce. Workers in these industries also benefit from higher wages than average in L.A. County, earning \$103,000 on average compared with \$68,000. That said, there has been a shift in the composition of the creative workforce in recent years. From 2008 to 2017, the share of wage and salary employees in L.A. County—of the total statewide wage and salary employees in the creative industries—declined from 46% to 39%, and the share of contractors in L.A. County of the statewide total increased from 40% to 43%.

REGIONAL HIGHLIGHTS

- The Bay Area has about 37% of salaried employment and 23% of contract employment in creative industries. It is also the Creative Economy's fastest-growing region in the State, adding over 120,000 jobs in the past five years.
- San Diego and Imperial counties have 6% of wage and salary employment and 7% of contract employment in creative employment in California. Entertainment and Digital Media, the largest industry sector, is also the highest-paying industry sector in the region, averaging about \$107,000 per year in 2018.
- The Inland Empire has 3% and 5% of the State's creative salaried workers and contract workers respectively. Because of the heavy presence of manufacturing in this region, Creative Goods and Products is the largest industry sector by wage and salary employment, employing 41% of the creative workforce, followed by Entertainment and Digital Media (31%).

Regional Employment in the Creative Economy

CALIFORNIA REGION	EMPLOYMENT SHARE OF CALIFORNIA CREATIVE ECONOMY		CREATIVE ECONOMY EMPLOYMENT SHARE OF REGIONAL ECONOMY
	Wage and Salary Workers	Contract Workers	
Bay Area	36.8%	23.2%	9.7%
Capital Region	2.0%	3.9%	3.7%
Central Coast	2.0%	4.4%	4.5%
Central Valley	1.0%	2.6%	1.6%
Inland Empire	3.1%	5.4%	3.3%
San Diego and Imperial Counties	5.5%	7.4%	5.2%
Southern California	49.4%	51.8%	10.3%
Upstate California	0.2%	1.4%	2.0%

Note: Figures may not add to 100% due to rounding

CREATIVE INDUSTRY SECTOR HIGHLIGHTS

- Statewide employment in the Architecture and Related Services sector increased 31% (adding 11,000 jobs) from 2013 to 2018, outpacing the Creative Economy average of 17% and outperforming all other creative sectors. It also employs the largest share of contract workers in the California Creative Economy at 39%. The Architecture Services subsector alone added nearly 7,000 jobs, which at a 29% increase eclipsed the national growth rate of 21%. The difference was even more pronounced in the Landscape Design subsector—California added nearly 1,500 jobs (a 25% increase) over the same period and accounted for over half of all Landscape Design jobs added to the U.S. economy (which experienced a 9% increase in employment overall).
- Entertainment and Digital Media is the largest-employing creative sector in California, with 740,000 workers—an addition of 120,000 jobs over the past five years—and accounts for 71% of the Creative Economy workforce. The Sound Recording subsector in particular has experienced tremendous growth over the past 5 years, expanding its workforce by 22% and outpacing New York State’s 9% employment growth rate. This may be largely attributed to Los Angeles’s burgeoning Podcast ecosystem¹—which is home to notable firms such as Crooked Media, Earwolf, and Wondery—as well as the Bay Area’s advancements in digital media technologies.
- Although the Fine Arts and Performing Arts industry is one of the smallest sectors in L.A. County (with 17,500 salaried workers), it is the fastest-growing industry in the County’s Creative Economy. Moreover, wages in this sector are substantially higher on average in Los Angeles County (\$92,000) than statewide (\$60,000).

¹ Capello, N. (January 14, 2019). How Los Angeles Became the Center of the Podcasting Industry. Eventbrite. Retrieved from: <https://www.eventbrite.com/rally/los-angeles/la-podcasting-industry>

CREATIVE INDUSTRY OCCUPATIONAL HIGHLIGHTS

- 17% of the Creative Industry workforce is employed in Arts, Design, Entertainment, Sports and Media occupations, followed by 16% in Management, and 15.5% in Computer or Mathematical roles.
- The three highest-paying occupations (on average) in the Creative Economy are Legal Services (\$200,500), Management (\$131,700), and Computer- or Math-oriented professions (\$119,900).
- There are about four contractors for every 10 workers in traditional salaried positions in California's Creative Economy. Two of seven Arts, Design, Entertainment, Sports and Media professionals in the State rely solely on self-employment income.

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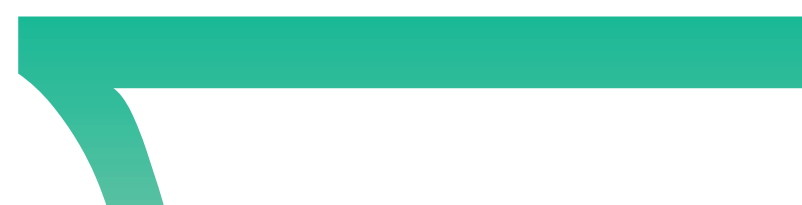
ARTS EDUCATION

- Despite a 32% increase in overall education funding from 2012 to 2017, California spends only \$12,140 per student, which is slightly below the national average of \$12,200 and far behind New York (\$23,000).
- California ranked 29th in per capita funding on arts education in 2017. New York (\$2.40 per capita), New Jersey (\$1.90) and Massachusetts (\$2.50) all ranked ahead of California, which spends \$0.96 per capita.
- Over the past five years, the number of art degrees in Los Angeles County and California has increased 17.8% and 20.1% respectively. Degrees in Visual and Performing Arts increased significantly relative to other arts degrees in both Los Angeles County and California, at 99.2% and 61.6% respectively.

THE NONPROFIT SECTOR

The 11,563 arts nonprofit establishments in California eclipse the number of similar organizations in many of the world's largest economies. These organizations work to nurture artistic talent, present work, archive and preserve materials and cultural practices, and unite individuals for collaborative creative engagement throughout the State. In 2018, they collectively maintained assets valued at \$18.67 billion and brought in \$5.03 billion in revenue. The value of assets of nonprofit arts, culture, and humanities groups in Los Angeles County was \$7.9 billion. Aside from the value of their assets, the arts, culture, and humanities nonprofits of L.A. County generated revenue of just under \$1.8 billion in 2018.





INTRODUCTION

INTRODUCTION

The Creative Economy—defined by its creative industries, creative occupations, and creative people—remains robust in California, and change is evident across the State. As technology-driven fields evolve at an increasingly faster pace, the Bay Area is beginning to rival Southern California as the State's creative epicenter for Entertainment and Digital Media. Elsewhere in the State, and particularly in the Inland Empire, the gig economy has taken root as creatives seek contract work at increasing rates. Industries like fashion that were recently surging are declining as relatively smaller ones like the Fine Arts and Performing Arts sector are growing. Given these dynamics, the *2020 Otis Report on the Creative Economy* provides more expansive coverage of California and also explores the State's regions in more depth than in previous years.²

By the numbers, California's Creative Economy is as vibrant as ever. The direct employment of 1.0 million salaried employees has led to the creation of 1.7 million additional jobs and over \$650 billion in gross output. Workers in the Creative Economy earn substantially more than the average worker in California (\$68,478 per year) with the exception of those in the Fine Arts and Performing Arts industry. Moreover, the statewide nonprofit ecosystem includes over 11,500 arts establishments in California, which eclipses the number of similar organizations in many of the world's largest economies. They collectively maintain assets valued at \$18.67 billion and bring in over \$5.0 billion in revenue.

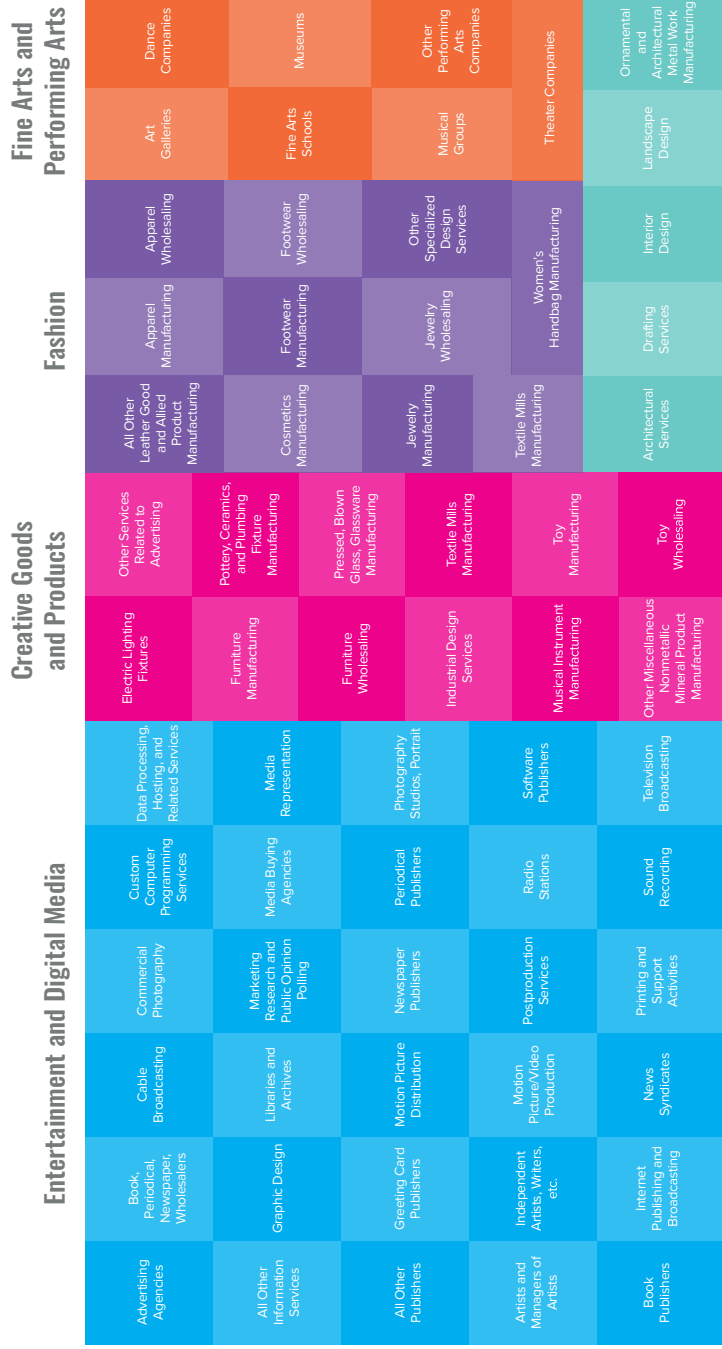
In addition, the *Otis Report* examines two key aspects of the Creative Economy that are critical to ensuring continued growth and prosperity of the ecosystem: one foundational (arts education) and one emergent (the gig economy). The importance of arts education is self-evident: it cultivates the labor pool that greatly contributes to the development of an overall economy. The outlook for postsecondary education is particularly bright. Over the past five years, there has been an increase in the number of art schools, art classes, and arts degrees. Yet this success is not mirrored in our K-12 schools. Historically, arts funding per pupil in California has consistently lagged behind the national average. Although California is catching up, arts funding per pupil remains drastically lower than in other states, such as New York, which received roughly 90% higher funding per student than California in 2017.

² Most topics from the 2019 *Otis Report* will be addressed in this year's edition, but there are some areas that may not be revisited. This is largely due to limited year-over-year variation in demographic data and workforce concentrations; accordingly, sections pertaining to race, ethnicity, and gender will not appear in this year's edition nor will there be an update on industry cluster mapping. Instead, this *Report* features a deeper occupational analysis compared to previous years and includes two features that provide insight into the emerging gig economy and the state of arts education in California.

For creatives in the labor force, the gig economy—defined here as comprising independent, individual workers who pursue projects (or gigs) on a contract basis—is becoming a more viable career track (though it is not always clear whether this is by choice or necessity). The recent passage of Assembly Bill 5, which addresses independent contractor status and rights, has brought issues involving the gig economy into focus. Indeed, employment is becoming ever more fluid, increasing various nontraditional work arrangements. In California's creative industries, there are about four contractors for every 10 workers in traditional wage and salary positions (whereas the average is one contractor for every 10 wage or salaried workers in the overall economy). Because the gig economy will probably grow within the creative space, understanding the landscape will be critical to ensuring sustainable career paths for creative workers.

This Report includes pages of data that demonstrate a largely positive picture of the California creative economic landscape, but it is important to note ongoing issues like arts education funding and emerging phenomena like the gig economy. As the nature of the Creative Economy shifts, it will be increasingly important for all stakeholders, including policymakers, workers, and grant makers, to meet the challenges and seize the 13 opportunities before them.

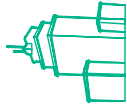
CREATIVE ECONOMY TREEMAP



Architecture and Related Services

INDUSTRY GROUPS

The 2020 *Otis Report on the Creative Economy* organizes the industry analysis component around five major industry groups; (1) Architecture and Related Services; (2) Creative Goods and Products; (3) Fine Arts and Performing Arts; (4) Entertainment and Digital Media; and (5) Fashion.



Architecture and Related Services

SUBSECTORS

- Architectural Services
- Drafting Services
- Interior Design
- Landscape Design
- Metal Work Manufacturing
- Ornamental and Architectural



Creative Goods and Products

SUBSECTORS

- Electric Lighting Fixtures
- Furniture Manufacturing
- Furniture Wholesaling
- Industrial Design Services
- Musical Instrument Manufacturing
- Other Miscellaneous Nonmetallic Mineral
- Product Manufacturing
- Pottery, Ceramics and Plumbing Fixture
- Manufacturing
- Pressed, Blown Glass, Glassware
- Manufacturing
- Textiles Mills Manufacturing
- Toy Manufacturing
- Toy Wholesaling



Fine Arts and Performing Arts

SUBSECTORS

- Art Galleries
- Dance Companies
- Fine Arts Schools
- Museums
- Musical Groups
- Other Performing Arts Companies
- Theater Companies



Entertainment and Digital Media

SUBSECTORS

Advertising Agencies
 All Other Information Services
 All Other Publishers
 Artists and Managers of Artists
 Book Publishers
 Book, Periodical, Newspaper Wholesalers
 Cable Broadcasting
 Commercial Photography
 Custom Computer Programming Services
 Data Processing, Hosting, and Related Services
 Graphic Design
 Greeting Card Publishers
 Independent Artists, Writers, etc.
 Internet Publishing and Broadcasting
 Libraries and Archives
 Marketing Research and Public Opinion Polling
 Media Buying Agencies
 Media Representatives
 Motion Picture Distribution
 Motion Picture/Video Production
 News Syndicates
 Newspaper Publishers



Fashion

SUBSECTORS

Apparel Manufacturing
 Apparel Wholesaling
 Cosmetics Manufacturing
 Footwear Manufacturing
 Footwear Wholesaling
 Jewelry Manufacturing
 Jewelry Wholesaling
 Other Leather Good and Allied Product Manufacturing
 Other Specialized Design Services
 Textile Mills Manufacturing
 Women's Handbag Manufacturing

Periodical Publishers
 Photography Studios, Portrait
 Postproduction Services
 Printing and Support Activities
 Radio Stations
 Software Publishers
 Sound Recording
 Television Broadcasting

TERMINOLOGY

Label	Description
Creative Economy	The creative economy is the basket economy inclusive of all kinds of creative activities, both within creative industries and creative occupations. It encompasses people with creative occupations working in the creative industries, as well as workers with creative occupations working in any other industry, and people in a non-creative job working in a creative industry.
Creative Industry(ies); Creative Sector; Creative Economy Industries	The creative industries as defined in this <i>Report</i> are comprised of five primary sectors: (1) Architecture and Related Services; (2) Creative Goods and Products; (3) Entertainment & Digital Media; (4) Fashion; (5) Fine Arts and Performing Arts.
Subsector(s)	The five (5) industry sectors are composed of sixty-five (65) subsectors.
Nonemployer Buisness; Contractor; Self-Employed	A Nonemployer business is defined as one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes. Most Nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income. Nonemployer statistics originate from Internal Revenue Service tax return information.

2

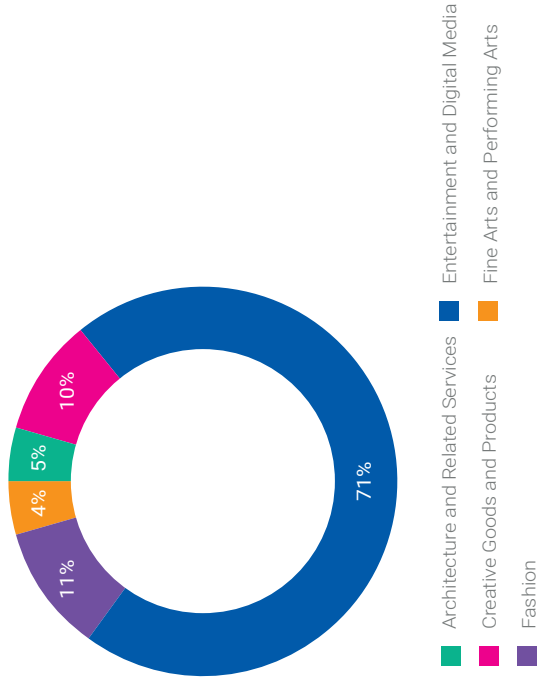
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CALIFORNIA



With over 1 million salaried employees (or “wage and salary workers”) and over 400,000 contract workers in California, the creative industries make up about 8% of the total statewide workforce. The Entertainment and Digital Media industry has remained dominant in the California Creative Economy, employing 743,000 wage and salary workers in 2018 who account for 71% of the statewide Creative Economy workforce. The Fashion sector accounted for 11% of California’s jobs in the Creative Economy in 2018, followed by Creative Goods and Products (10%), Architecture and Related Services (5%), and Fine Arts and Performing Arts (4%).

Employment Share by Creative Sector in California (2018)
Figure 2.1

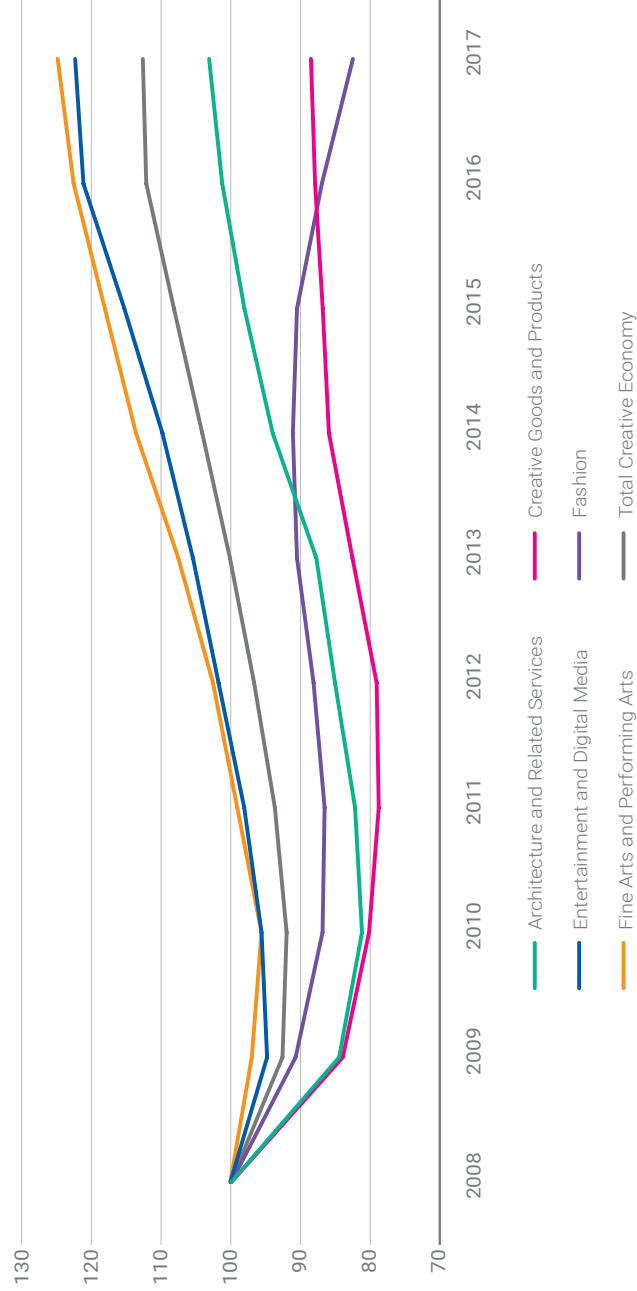


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

From 2008 to 2017, employment in the California Creative Economy grew 12.7% and added 161,000 workers. But employment growth was not uniform across sectors. The Fine Arts and Performing Arts industry increased 25% from 2008 to 2017, adding 12,000 workers. Additionally, the Entertainment and Digital Media sector (22%, or 190,000 workers) and the Architecture and Related Services sector (3%, or 2,400 workers) grew over the period. But the Fashion sector and the Creative Goods and Products sector both sustained declines in total employment from 2008 to 2017, falling 18% (28,000 workers) and 12% (15,000 workers) respectively.

Indexed Employment Change in California by Creative Sector (2008 to 2017)

Figure 2.2

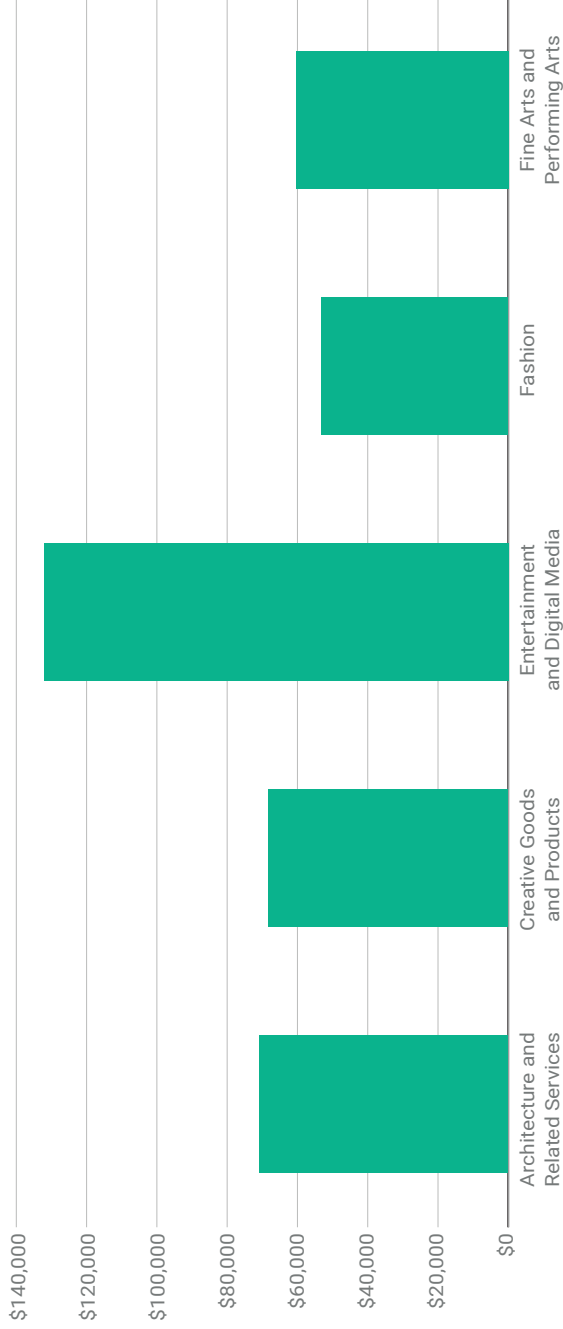


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Average wages in the California Creative Economy are well above the average income in the State. But wages vary substantially across the creative industries. Workers in Entertainment and Digital Media earn the highest wages, \$132,000 on average per year. The lowest-paying industries are Fine Arts and Performing Arts and the Fashion sector, which pay \$60,000 and \$56,000 respectively. In addition to being the largest employing sector and highest-paying sector in the California Creative Economy, the Entertainment and Digital Media Industry also had the largest wage growth from 2013 to 2018, increasing 30%. The lowest-paying creative industry in California (Fashion) also rose 30%.

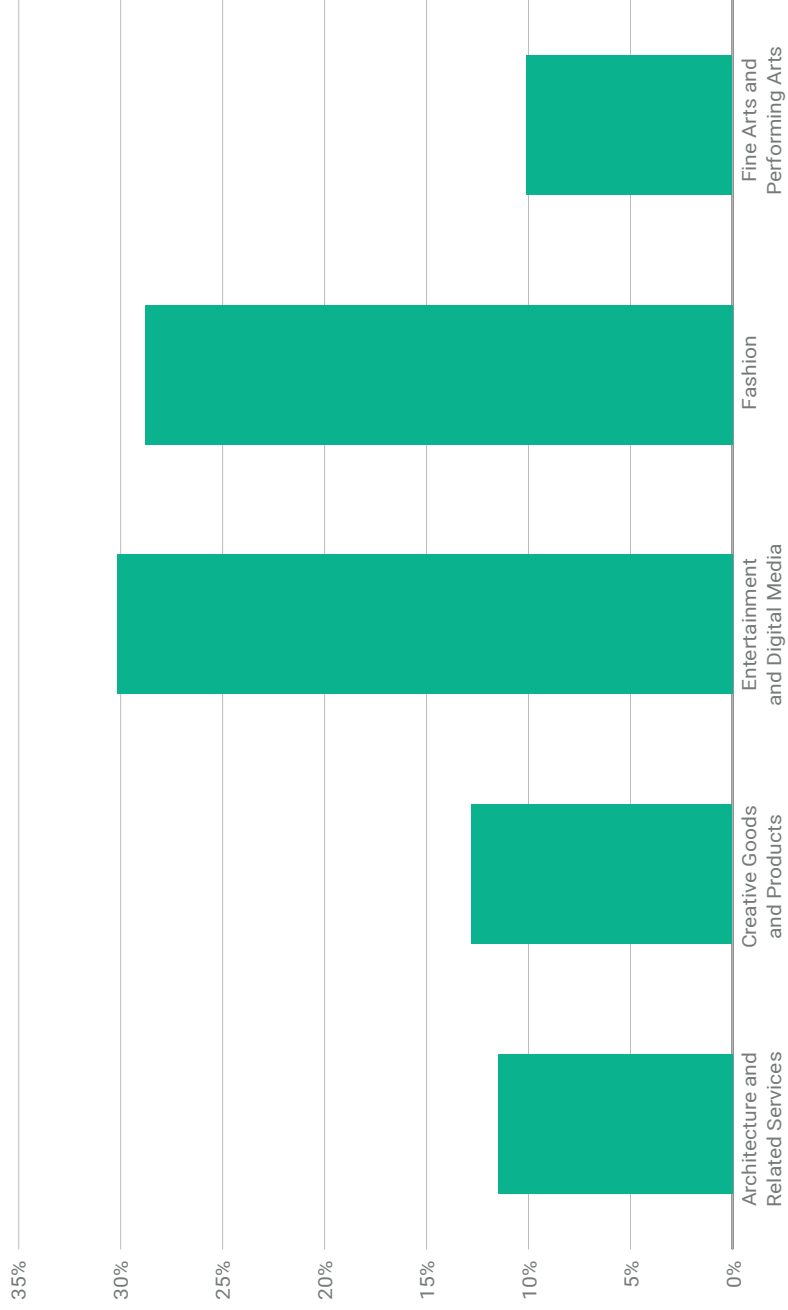
Annual Average Wage by Creative Sector in California (2018)

Figure 2.3

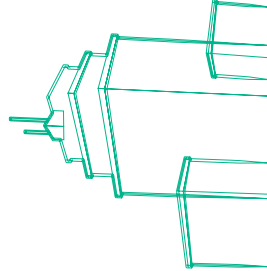


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Wage Growth by Creative Sector in California (2013 to 2018)
Figure 2.4

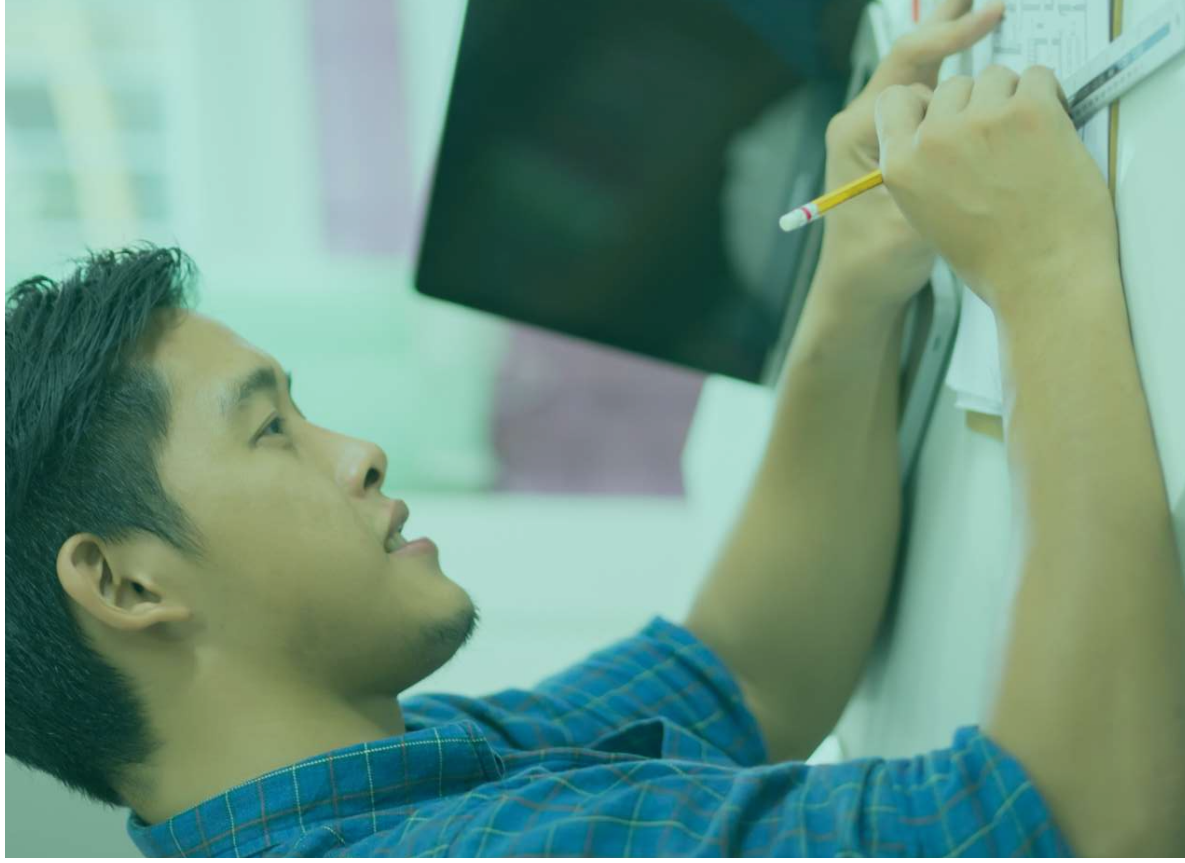


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics



CREATIVE SECTOR 1 ARCHITECTURE AND RELATED SERVICES

The Creative Economy | Otis College of Art and Design

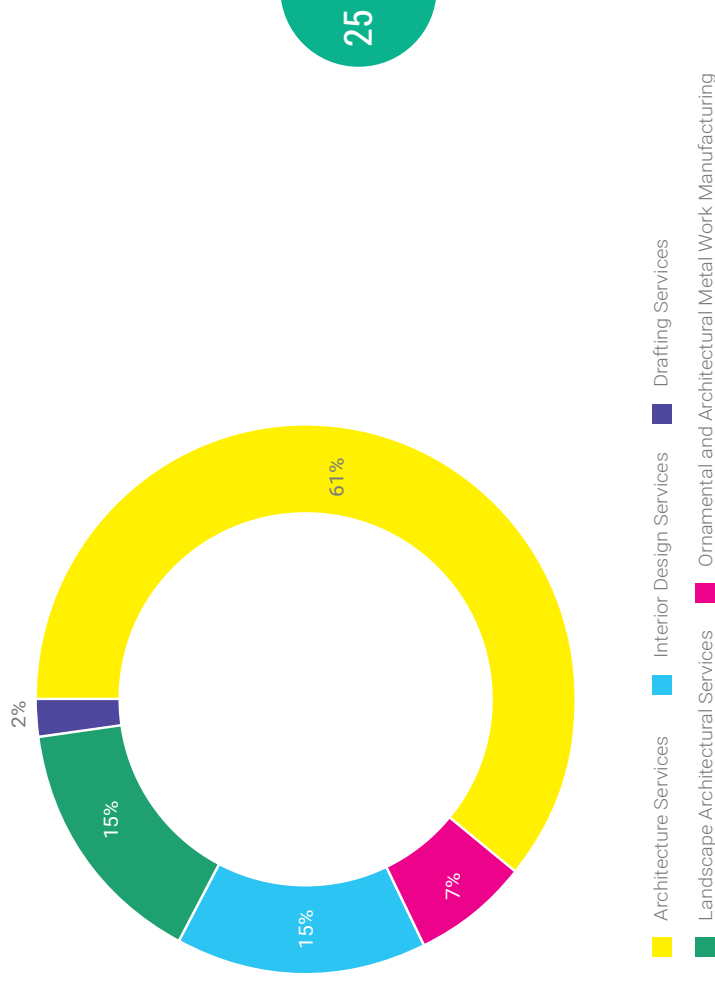


EMPLOYMENT

Architecture and Related Services is one of the smallest creative industries in California, employing 48,000 wage and salary workers in 2018, or 5% of total employment in the State's creative industries. Employment in this sector increased 31% from 2013 to 2018, outpacing the Creative Economy average of 17% and outperforming every other creative sector. This resulted in an addition of 11,000 wage and salary workers in the sector statewide.

The Architecture and Related Services Industry is divided into five subsectors: (1) Architectural Services; (2) Drafting Services; (3) Interior Design Services; (4) Landscape Architectural Services; and (5) Ornamental and Architectural Metal Work Manufacturing. At 30,000 wage and salary employees, the Architectural Services subsector has the most employment in this industry statewide at 61%.

Architecture and Related Services Employment Share by Subsector in California (2018)
Figure 2.5

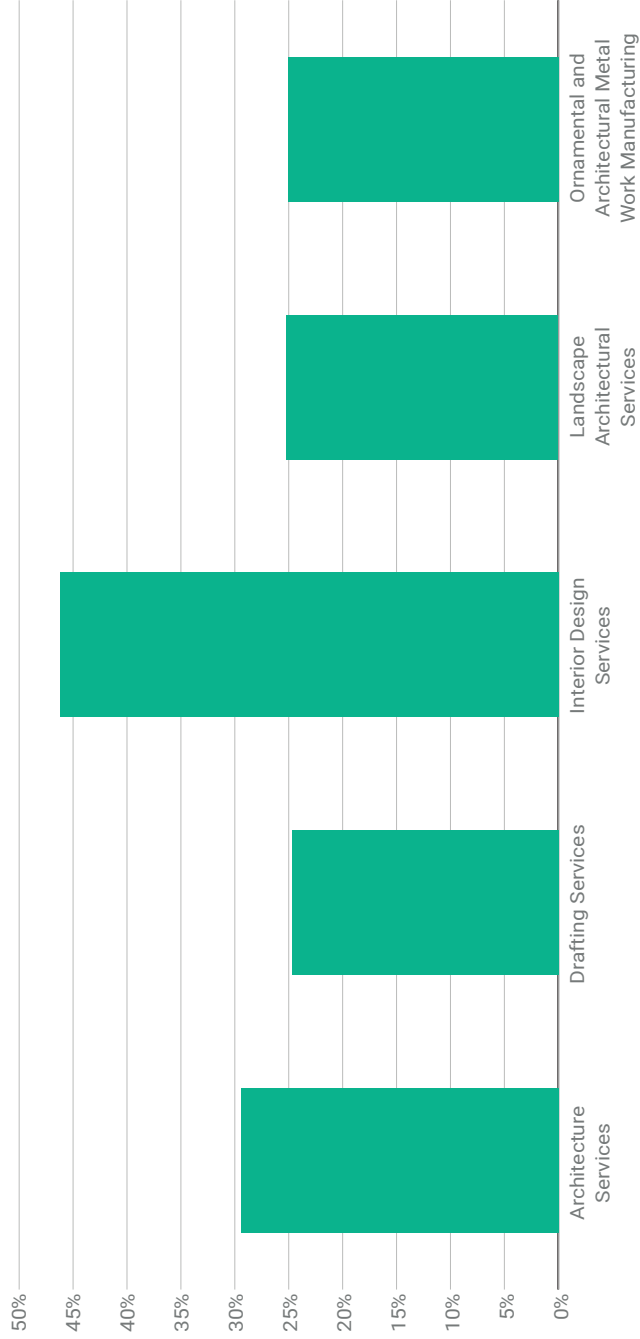


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Most employment gains in the Architecture and Related Services industry came from the Architectural Services subsector, which added 6,700 wage and salary jobs from 2013 to 2018, an increase of 29%. But Interior Design Services had the largest employment growth in percentage terms, increasing 46% from 2013 to 2018 (2,400 jobs). Drafting Services, the smallest-employing subsector, had the slowest employment growth overall, increasing 25%, or by 150 jobs.

Employment Growth by Architecture and Related Services Subsector in California (2013 to 2018)

Figure 2.6



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

ESTABLISHMENTS

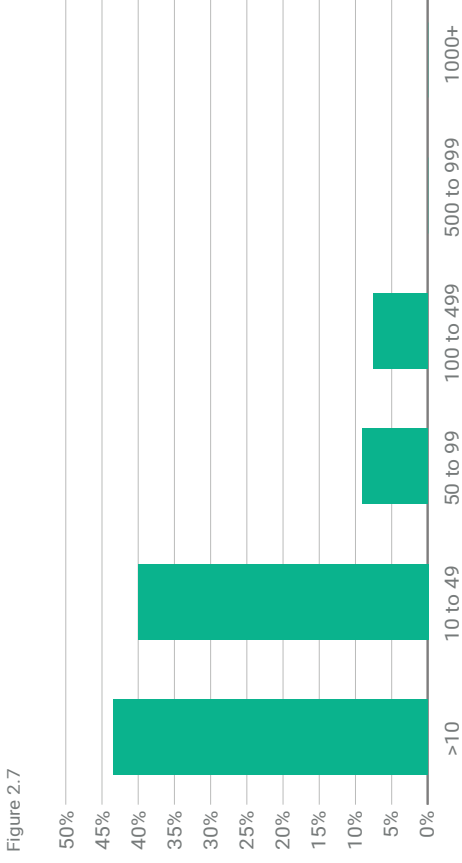
In 2017, nearly 6,700 establishments constituted the California Architecture and Related Services industry. The vast majority were small; 5,800 employed fewer than 10 workers. Additionally, these firms made up 43% of the total employment in the industry. But mid-sized establishments (from 10 to 99 workers) accounted for nearly 50% of Architecture and Related Services employment in California.

Table 2.1 Architecture and Related Services Establishments by Size in California (2017)

Size Category	Number of Establishments
>10	5,799
10 to 49	818
50 to 99	54
100 to 499	19
500 to 999	0
1,000+	0
Total	6,690

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Figure 2.7 Architecture and Related Services Employment Share by Establishment Size in California (2017)



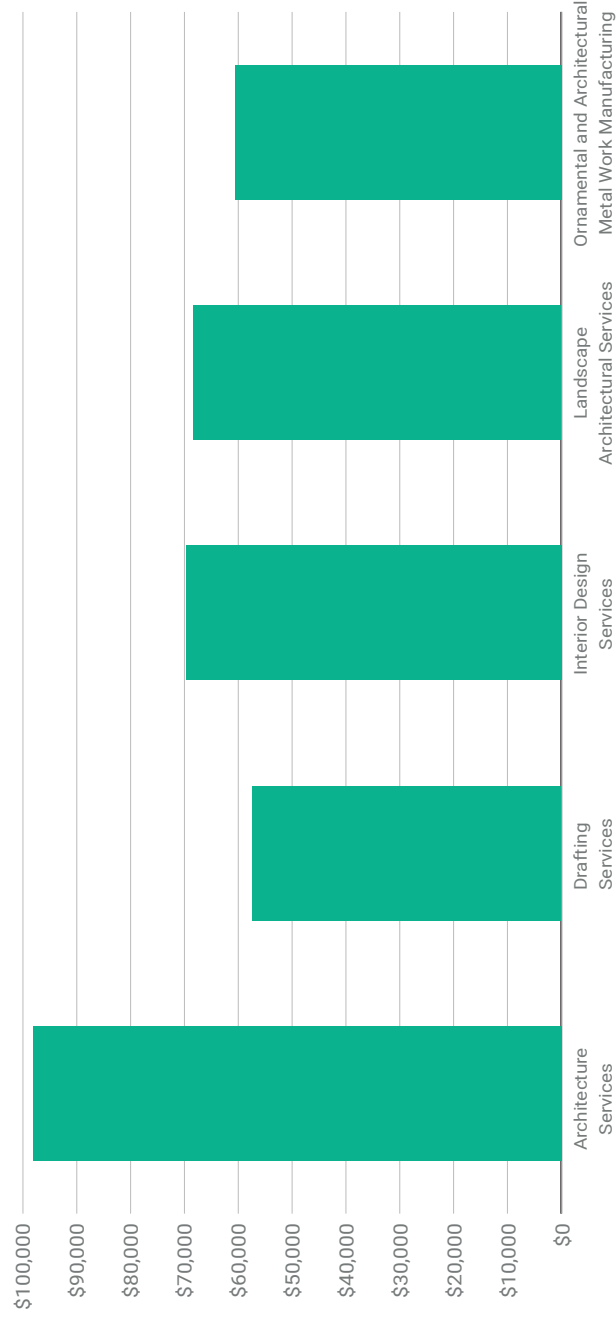
Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with year 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

WAGES

The largest-employing Architecture and Related Services subsector, Architectural Services, pays the highest wages in the industry: \$98,000 in 2018. The smallest-employing Architecture subsector, Drafting Services, pays the lowest, \$57,000. Additionally, the Ornamental and Architectural Metal Work Manufacturing subsector also paid less than the statewide average annual wage of \$68,500 in 2018, and workers in Interior Design Service and Landscape Architectural Services earn wages on par with the statewide average.

Average Annual Wage by Architecture and Related Services Subsector in California (2018)

Figure 2.8

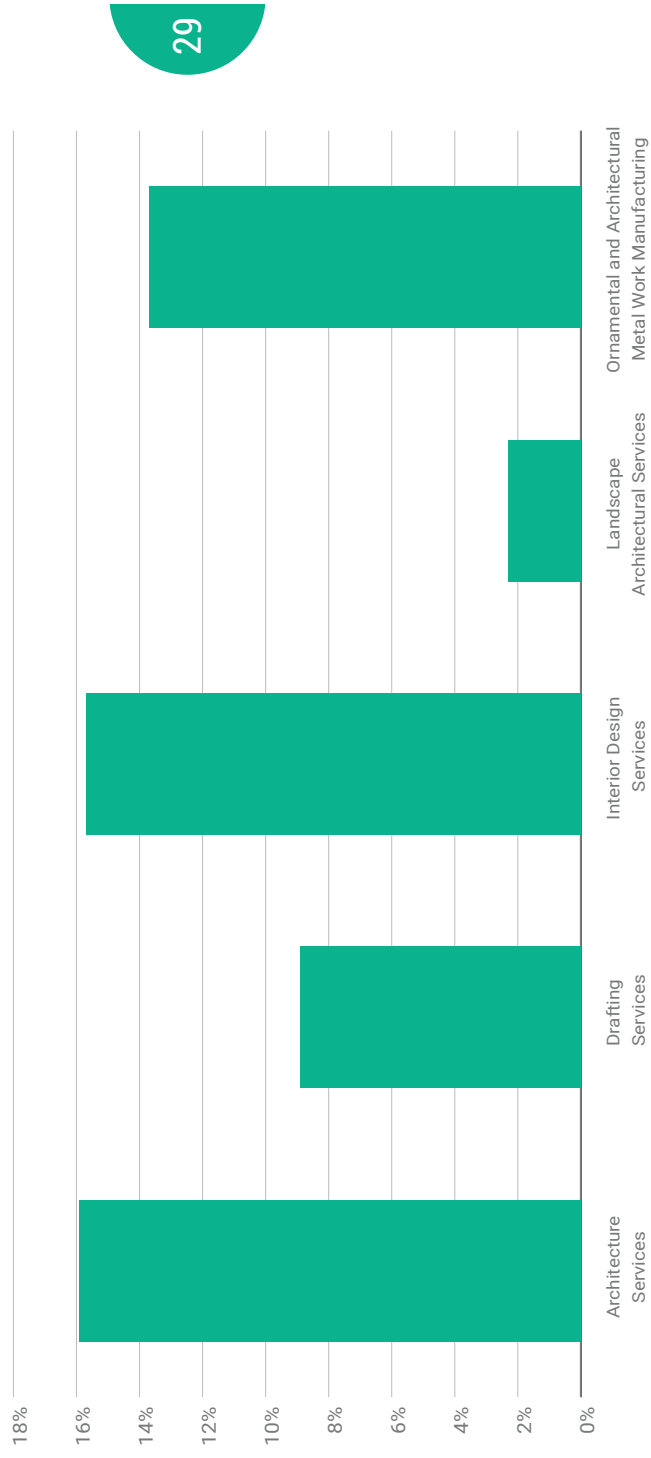


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wages grew the most in Architectural Services, increasing 16% from 2013 to 2018. Considerable wage growth also occurred in Interior Design Services and Ornamental and Architectural Metal Work Manufacturing, where wages increased 16% and 14% respectively. On the other hand, wages in the Landscape Architectural Services industry were relatively flat, increasing just 2% over the period.

Wage Growth by Architecture and Related Services Subsector in California (2013 to 2018)

Figure 2.9



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

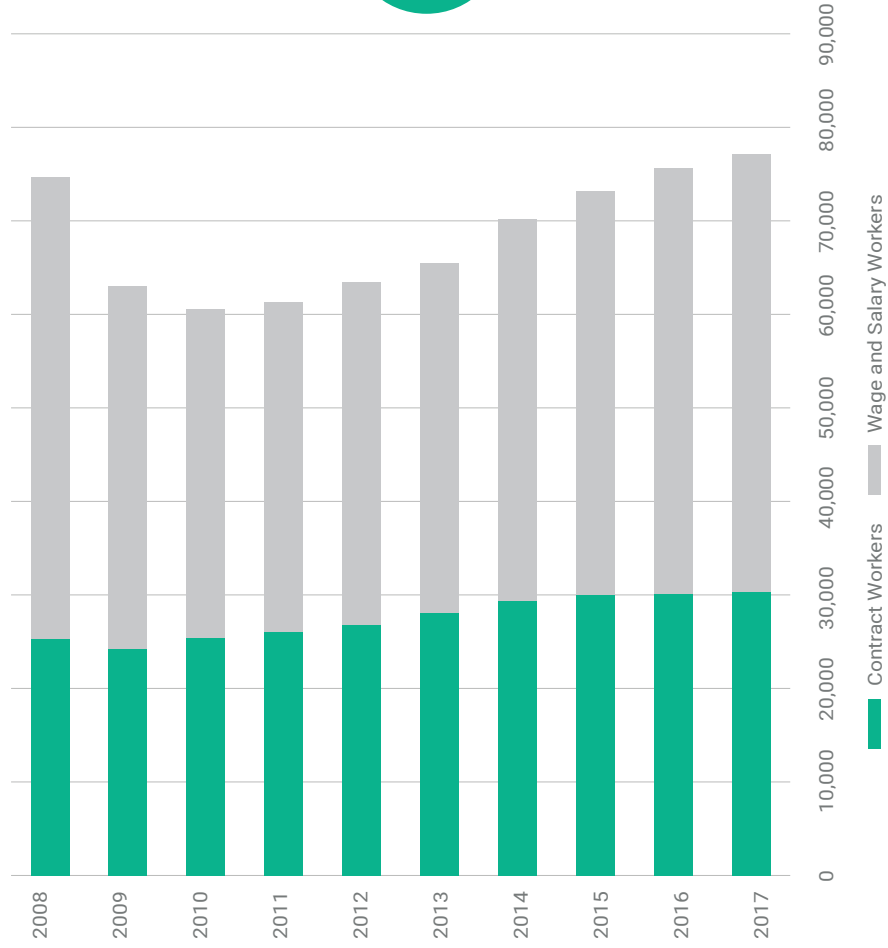


CONTRACTORS

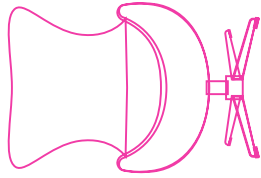
The Architecture and Related Services sector employed the largest share of contract workers (39%) in the California Creative Economy in 2017, the latest data available. From 2008 to 2017, this industry added 5,000 contract workers, an increase of 20%, largely because of a 57% increase in the Interior Design subsector. This increase in employment has translated into an increase of 5.0 percentage points in the share of contract workers relative to total industry employment since 2008.

Contract and Wage and Salary Workers in Architecture and Related Services in California (2008 to 2017)

Figure 2.10

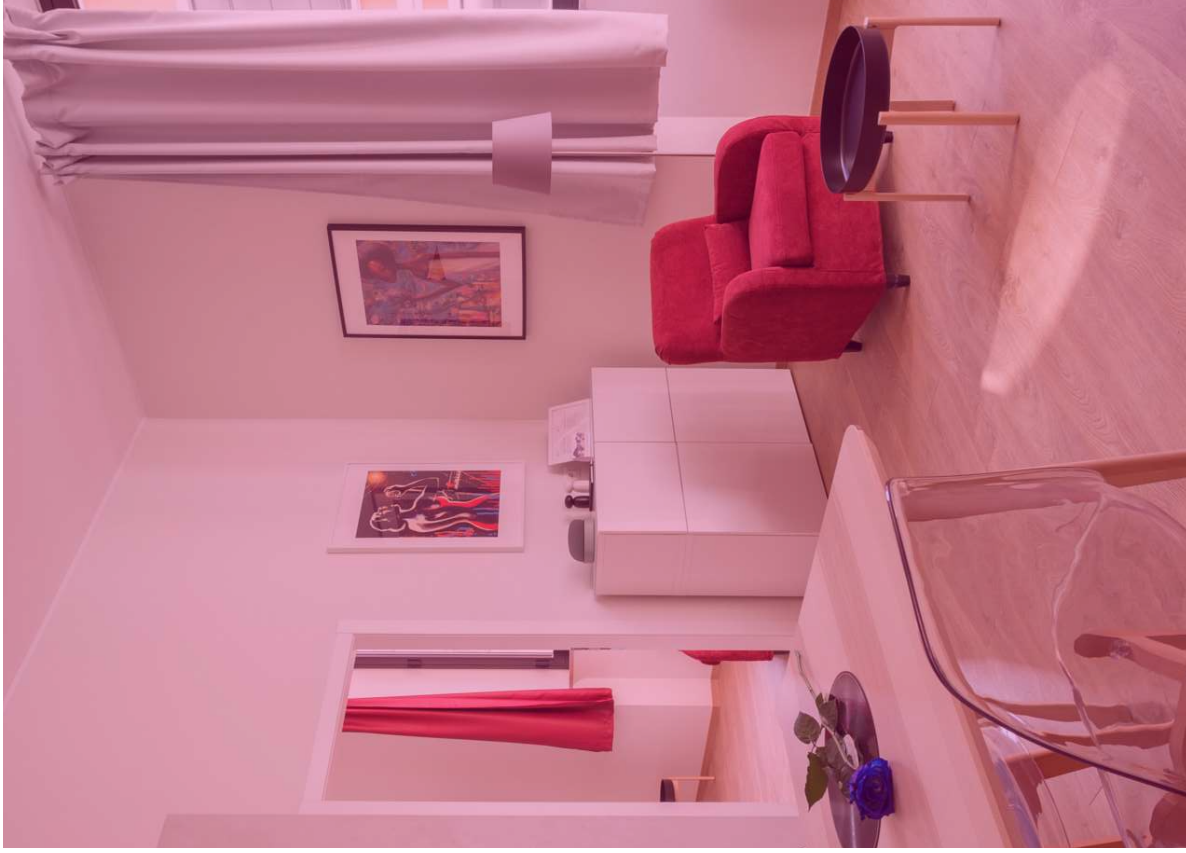


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES). Analysis by Beacon Economics



CREATIVE SECTOR 2 CREATIVE GOODS AND PRODUCTS

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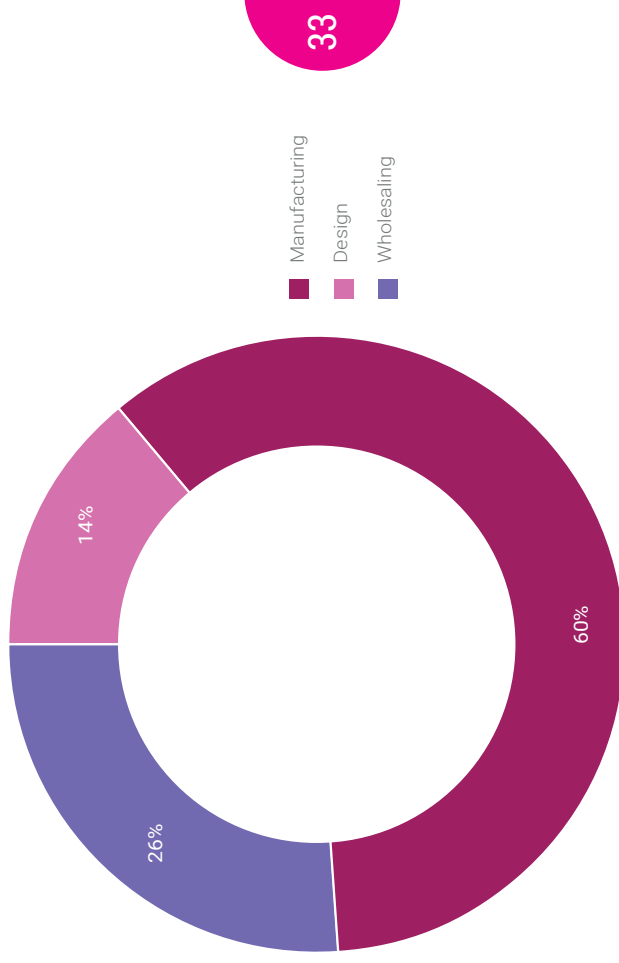
EMPLOYMENT

The Creative Goods and Products industry in California grew from 2013 to 2018, albeit at a slower pace than most other creative industries. From 2013 to 2018, the industry added 7,400 wage and salary jobs, an increase of 8%. Still, the share of total California Creative Economy employment in this industry has remained largely unchanged, falling by 0.8 percentage points over the past five years.

There are three primary functional groups within the Creative Goods and Products sector: manufacturing-related activities, wholesale-related activities, and design-related activities. The subsectors that make up the manufacturing category account for the largest share of employment at 60% of the total Creative Goods and Products market, followed by employment in wholesale-related subsectors (26%) and design-related subsectors (14%). The manufacturing and wholesaling of furniture products accounts for the largest share of total employment in the California Creative Goods and Products industry, capturing 56% of the market.

Creative Goods and Products Employment Share by Functional Group in California (2018)

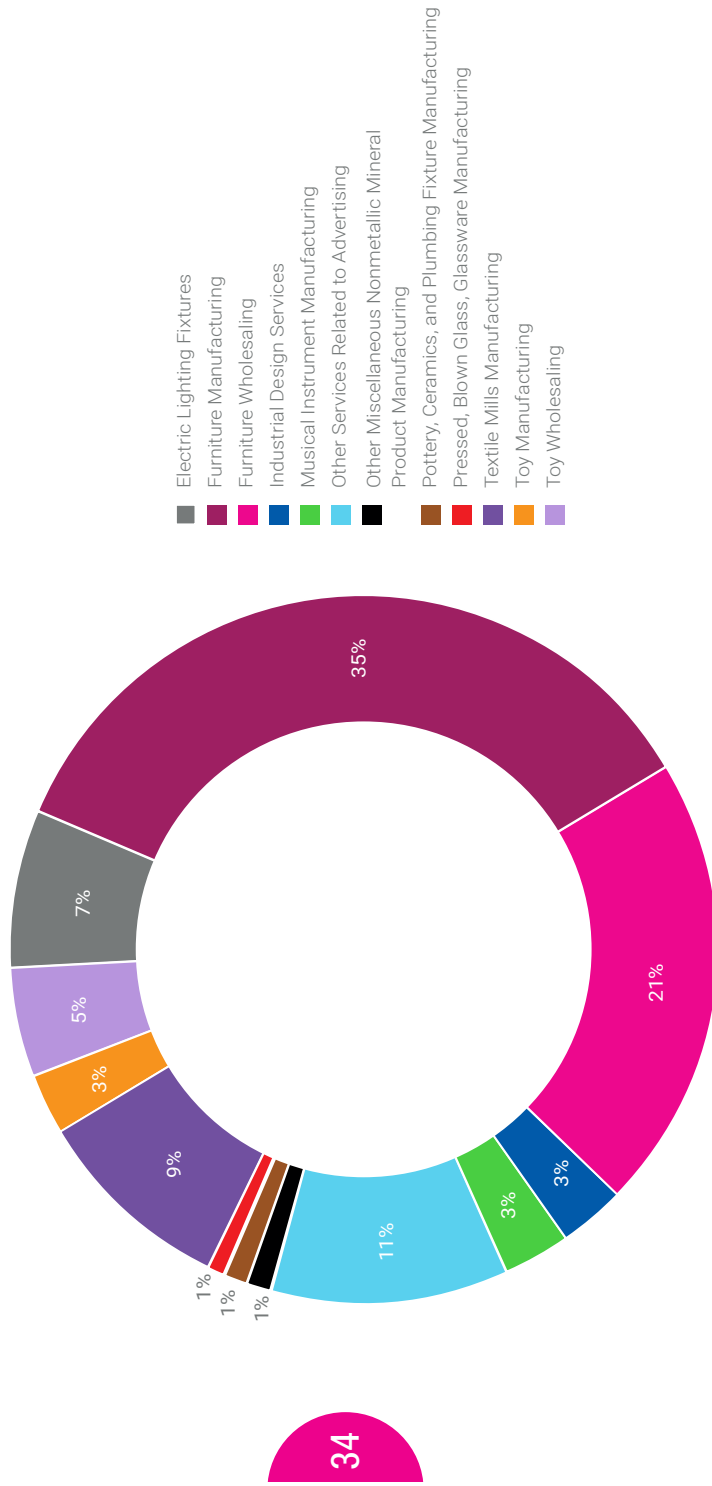
Figure 2.11



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

Creative Goods and Products Employment Share by Subsector in California (2018)

Figure 2.12

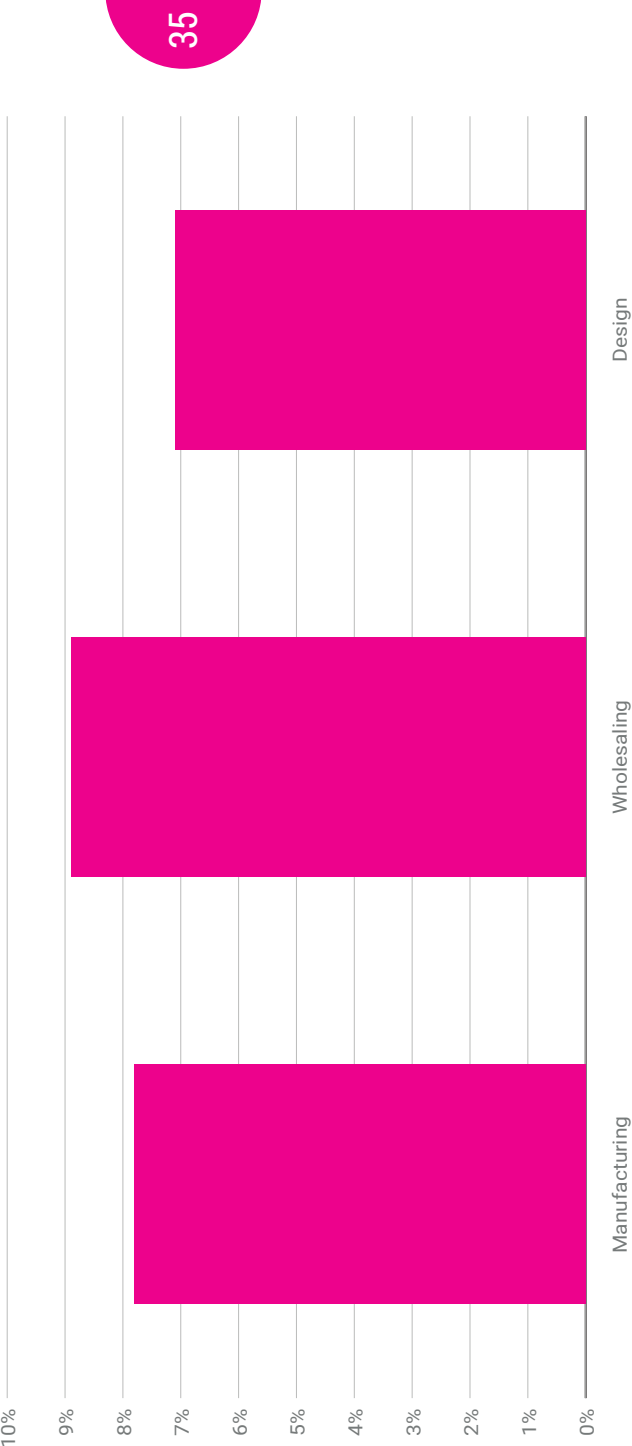


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

The greatest employment gains in this industry were in the Furniture Manufacturing and Furniture Wholesaling subsectors, which added 2,500 and 2,100 jobs respectively from 2013 to 2018. In percentage terms, the Pressed and Blown Glassware Manufacturing subsector increased the most, adding 280 jobs and nearly doubling its workforce over the period. Some subsectors declined. The Textile Mills Manufacturing subsector, which captures 9% of the Creative Goods and Products employment in California, declined 2%, shedding 130 jobs from 2013 to 2018. The Pottery, Ceramics and Plumbing Fixture Manufacturing subsector fell 24%, losing 240 jobs.

Employment Growth by Creative Goods and Products Function in California (2013 to 2018)

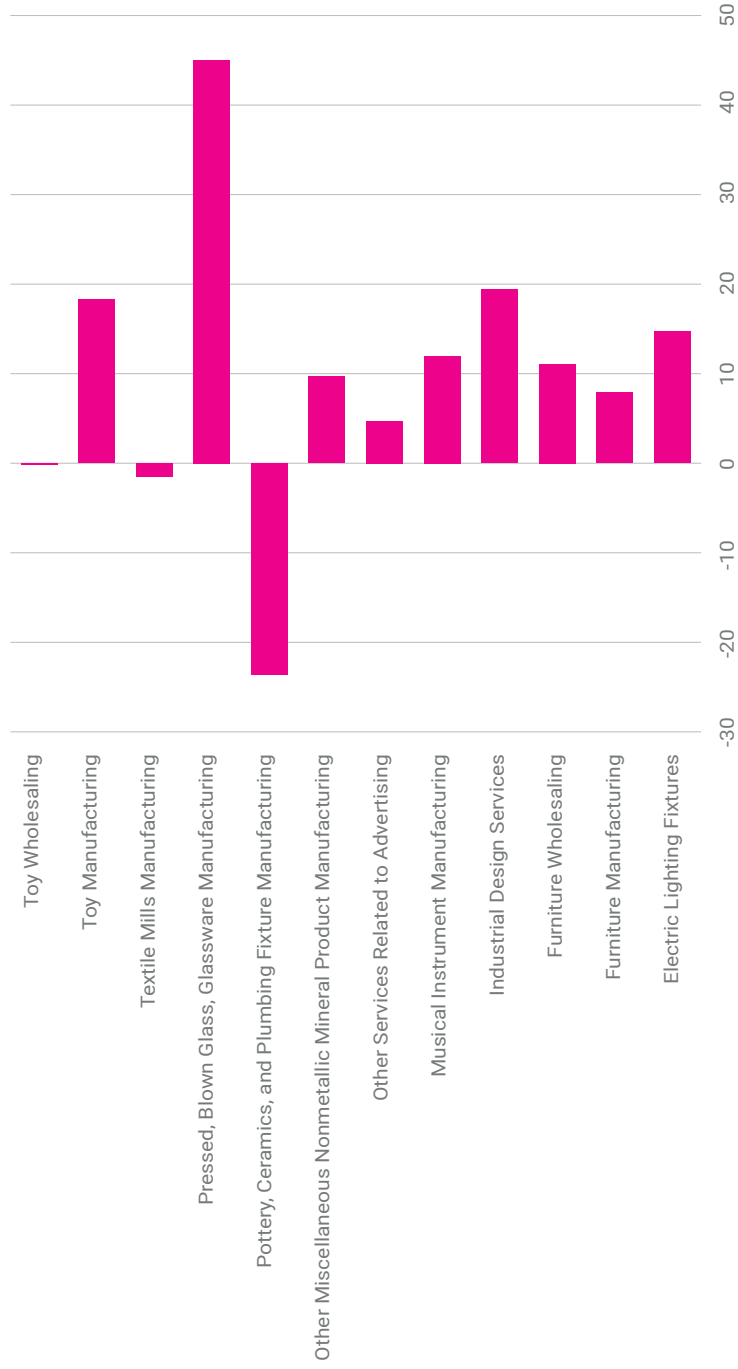
Figure 2.13



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Creative Goods and Products Subsectors in California (2013 to 2018)

Figure 2.14



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

ESTABLISHMENTS

In California, nearly 6,500 establishments were in the Creative Goods and Products sector in 2017. Most (72%) employed fewer than 10 workers. But these establishments accounted for only 19% of the total industry employment. Mid-sized firms (from 10 to 99 employees) accounted for 57% of the total employment in the Creative Goods and Products industry.

Creative Goods and Products Establishments by Size in California (2017)

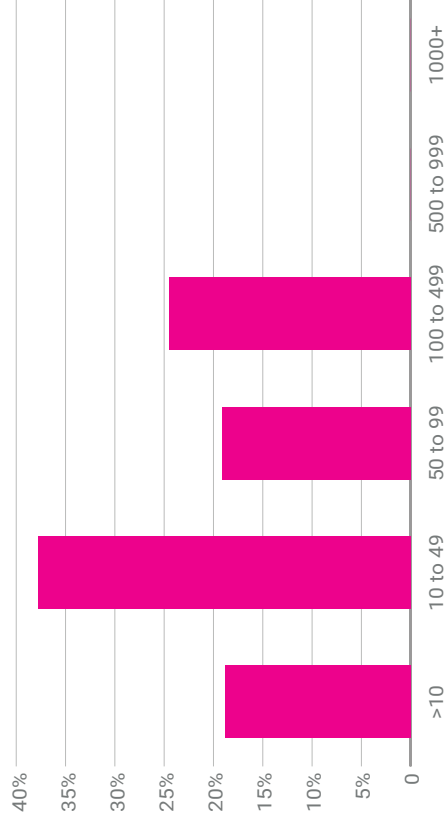
Table 2.2

Size Category	Number of Establishments
>10	4,681
10 to 49	1,470
50 to 99	228
100 to 499	102
500 to 999	0
1,000+	0
Total	6,481

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Creative Goods and Products Employment Share by Establishment Size in California (2017)

Figure 2.15



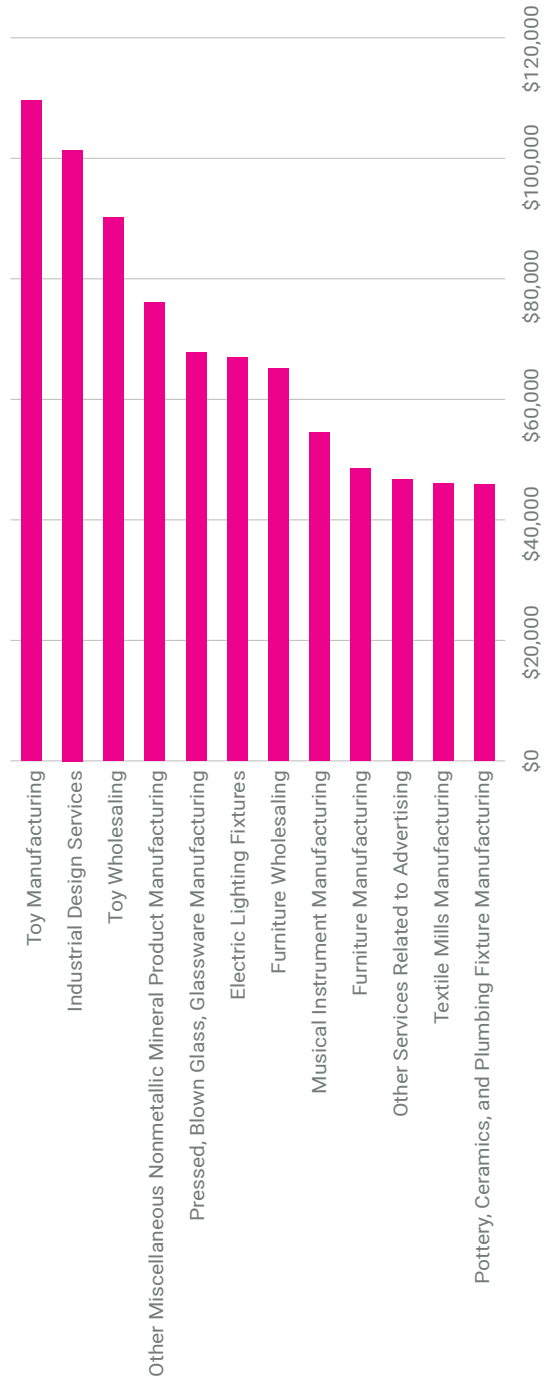
Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

WAGES

Wages vary substantially across the Creative Goods and Products industry in California. With the highest wages on average, workers in the Toy Manufacturing subsector earn \$109,000 per year. They are followed closely by workers in the Industrial Design Services subsector, where workers earn \$101,000 on average. From 2013 to 2018, wage growth in the Toy Manufacturing subsector declined 22%. The Pottery, Ceramics and Plumbing Fixture Manufacturing subsector (\$46,000), Other Services Related to Advertising (\$47,000), and Furniture Manufacturing (\$49,000), the industry's largest-employing subsector, all pay far below the average statewide wage.

Annual Average Wage by Creative Goods and Products Subsector in California (2018)

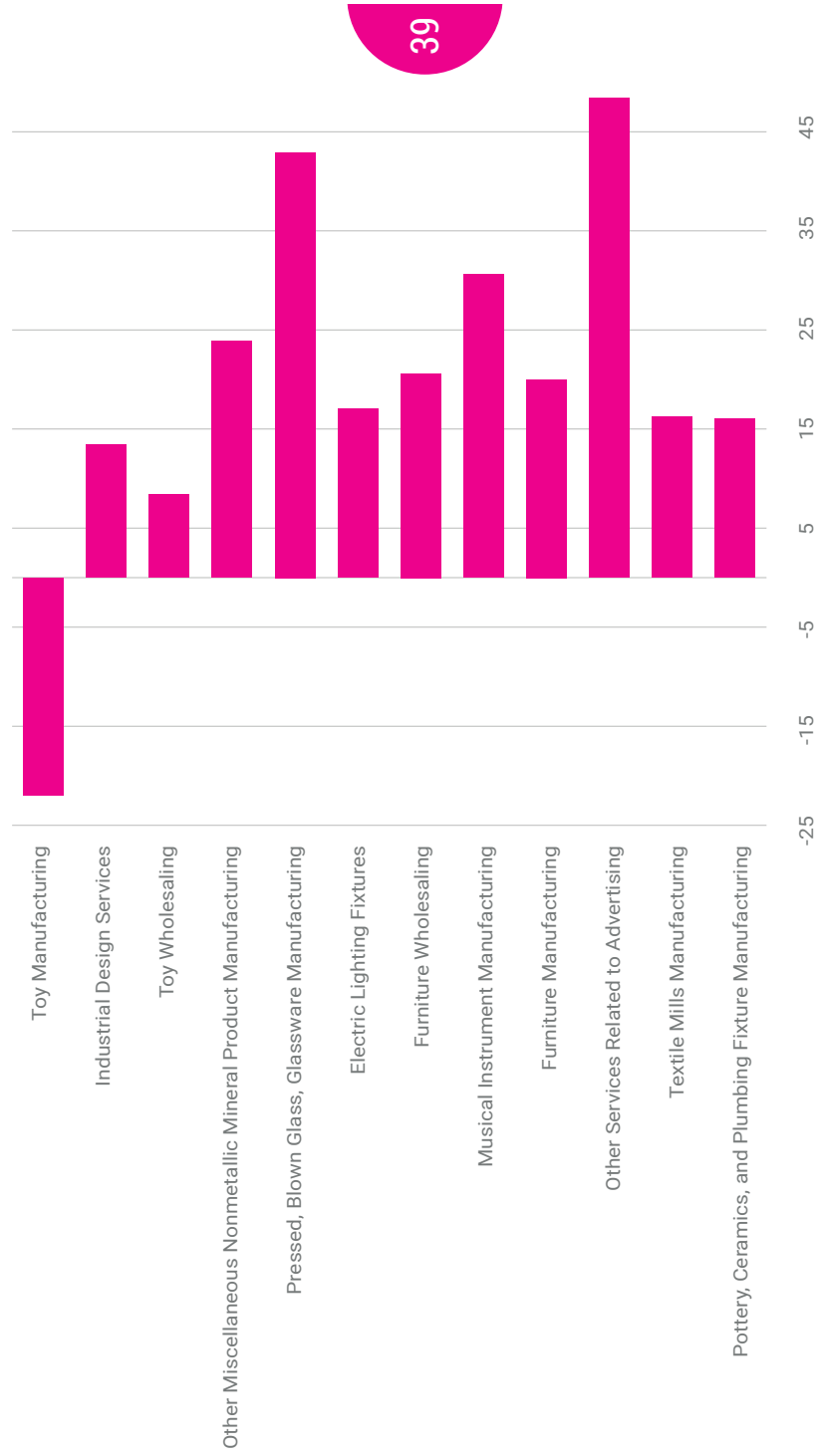
Figure 2.16



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Creative Goods and Products Subsector in California (2013 to 2018)

Figure 2.17

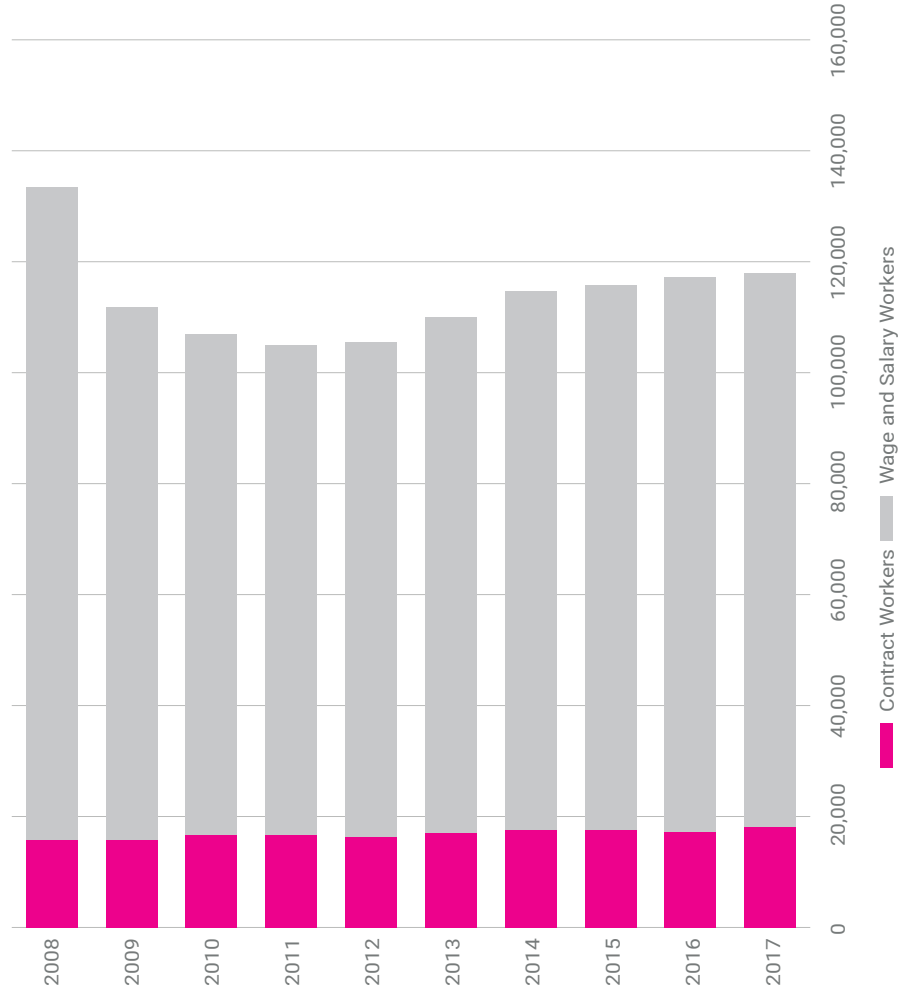


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

CONTRACTORS

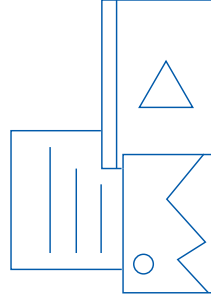
Contract workers made up 15% of Creative Goods and Products employment in California in 2017. This share has remained largely unchanged in recent years. The number of contract workers in the industry increased by 2,200 from 2008 to 2017. Interestingly, in the aftermath of the recession, when the industry shed a significant number of wage and salary workers, the number of contract workers was largely unaffected.

Contract and Wage and Salary Workers in Creative Goods and Products in California (2008 to 2017)
Figure 2.18

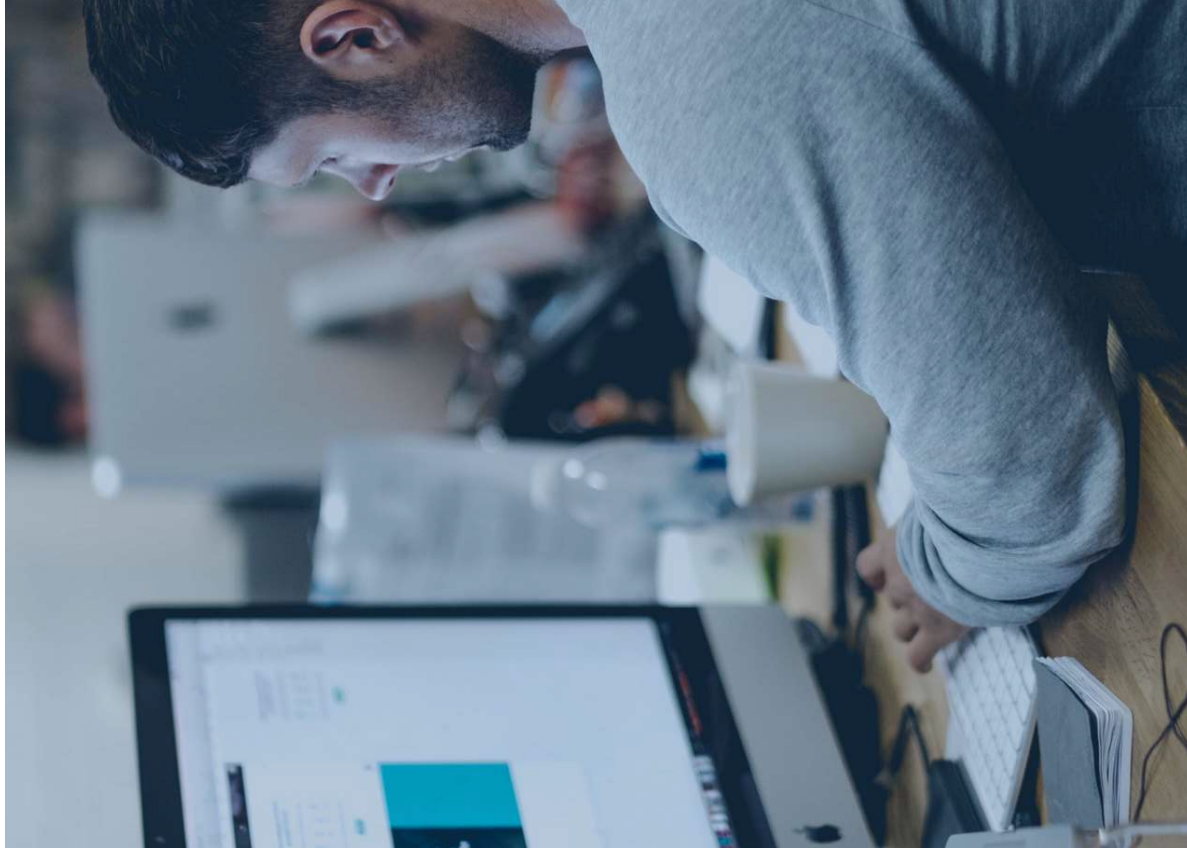


Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics





CREATIVE SECTOR 3 **ENTERTAINMENT AND DIGITAL MEDIA**

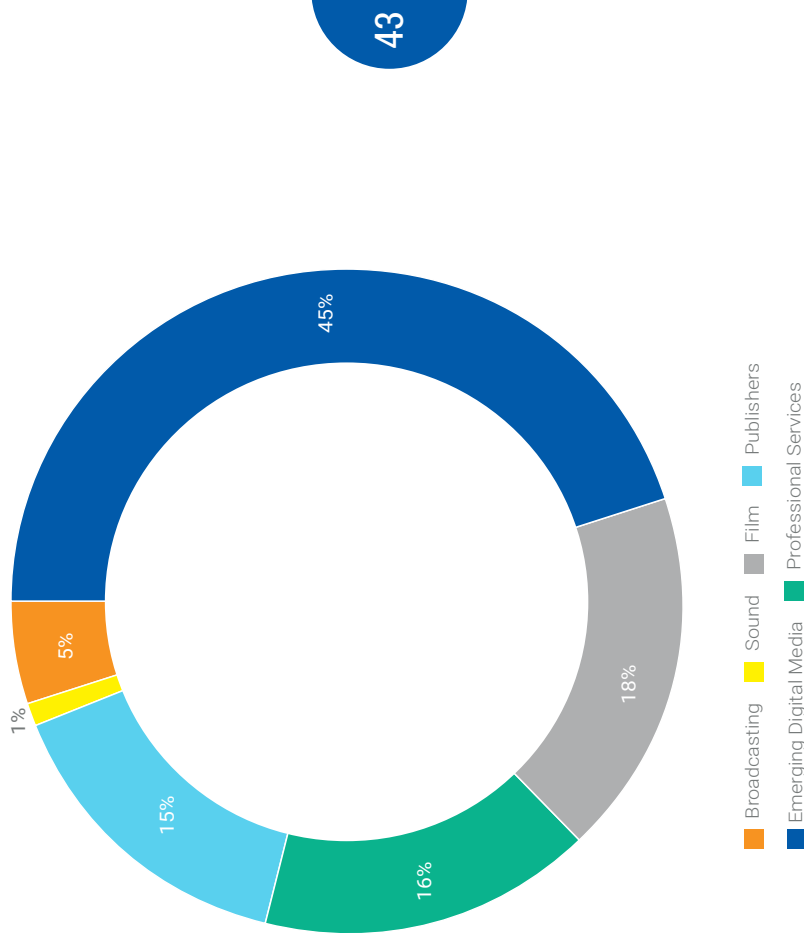


EMPLOYMENT

The largest-employing creative industry in California, Entertainment and Digital Media had 740,000 wage and salary workers in 2018, roughly 71% of the total Creative Economy workforce. Although not recording the highest percentage growth, the sector added the most workers from 2013 to 2018 with 138,000 wage and salary jobs. The Entertainment and Digital Media sector includes both legacy and emerging entertainment and media subsectors, which fall into six primary categories: Broadcasting, Emerging Digital Media, Film, Professional Services, Publishers, and Sound.

It is not always clear which firms are included in the Emerging Digital Media subsector. For example, the subsector includes firms engaged in Custom Computer Programming Services; Data Processing, Hosting, and Related Services; and Internet Publishing and Broadcasting, which includes recognizable names like Google, Snapchat, and BuzzFeed. Yet a firm like Netflix, which is a prime example of what could be informally classified as “emerging digital media,” can include divisions and subsidiaries that fall under several other classifications. The entity

Entertainment and Digital Media Employment Share by Subsector in California (2018)
Figure 2.19



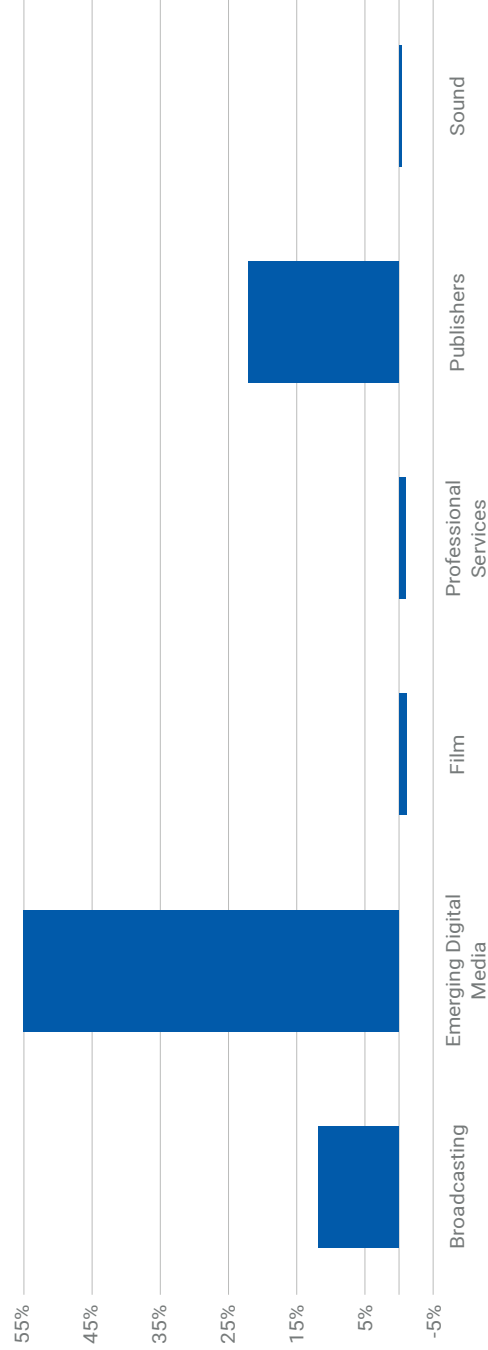
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

formally known as “Netflix Inc.,” for instance, falls into the “Video Tape and Disc Rental” subsector of the Real Estate Rental and Leasing industry (due to the firm’s legacy in physical media distribution). “Netflix Studios,” on the other hand, would be included in the Film subsector as a Motion Picture Production & Distribution company. By its very nature, Emerging Digital Media challenges traditional industry classifications and will continue to do so for the foreseeable future.

The Emerging Digital Media subsector has the largest number of workers in the California Entertainment sector, with 330,000 workers, or 45% of the total industry workforce. Film (18%), Professional Services (16%) and Publishers (15%) are also large subsectors, each with over 100,000 workers in California. Employment growth has been strongest in the Emerging Digital Media subsector, which grew 55% from 2013 to 2018, adding 118,000 wage and salary workers. Employment in the Publishers subsector also had strong growth, increasing 22% and adding 20,000 wage and salary workers. Employment in the Entertainment industries’ smallest subsector, Sound, remained stagnant from 2013 to 2018, declining 0.4%. The Film and Professional Services subsectors shrank, shedding 1,500 and 1,000 wage and salary workers respectively.

Employment Growth by Entertainment and Digital Media Subsector in California (2018)

Figure 2.20



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ESTABLISHMENTS

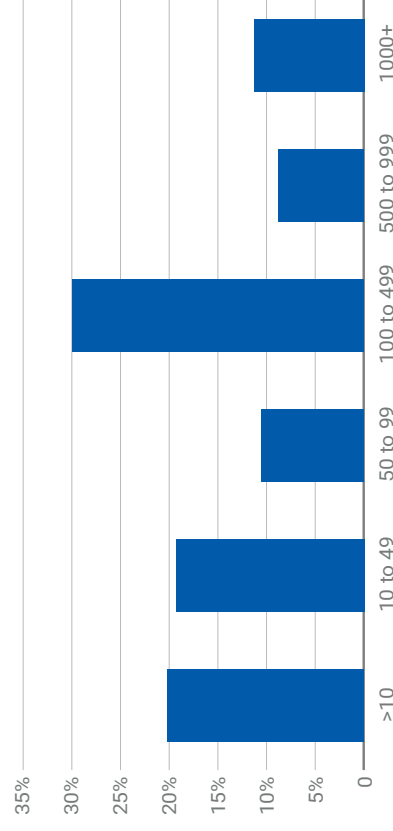
About 53,000 establishments were in the Entertainment and Digital Media sector in California in 2017. Making up 86% of total establishments, firms with fewer than 10 employees dominate the industry. But these account for only 20% of the total employment in the Entertainment and Digital Media industry in California. Midsized firms (from 10 to 99 employees) accounted for 30% of the industry's total employment. But despite representing only 2% of firms, large establishments (100 or more employees) accounted for 50% of the industry's total employment in 2017.

Entertainment and Digital Media Establishments by Size in California (2017)
Table 2.3

Size Category	Number of Establishments
>10	45,562
10 to 49	5,543
50 to 99	949
100 to 499	901
500 to 999	79
1,000+	100
Total	53,134

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Entertainment and Digital Media Employment Share by Establishment Size in California (2017)
Figure 2.21



Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

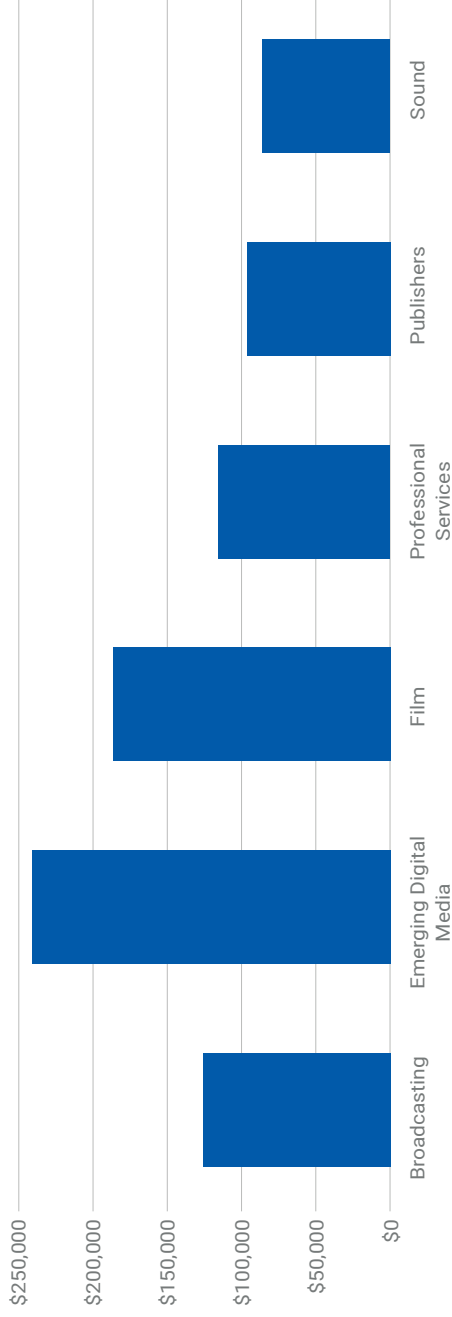
WAGES

The Entertainment and Digital Media industry in California pays very high wages on average. In 2018, the average annual wage was \$132,000, substantially higher than the statewide average of \$68,500. In fact, employees in every subsector of the Entertainment industry earn more than the statewide average. The largest-employing subsector, Emerging Digital Media, also pays the most.

The industry overall has had significant wage growth. Wages in the Entertainment and Digital Media sector grew 24% from 2013 to 2018, with each subsector contributing. Professional Services, comprising the subsectors that support various Entertainment industries, had the strongest wage growth: 59% over the period. But this is the result of the All Other Information Services subsector's substantial wage and employment growth. With the smallest employment base and the lowest average annual wage, the Sound subsector of the Entertainment and Digital Media industry had the slowest wage growth, 13%, from 2013 to 2018.

Average Annual Wage by Entertainment and Digital Media Subsector in California (2018)

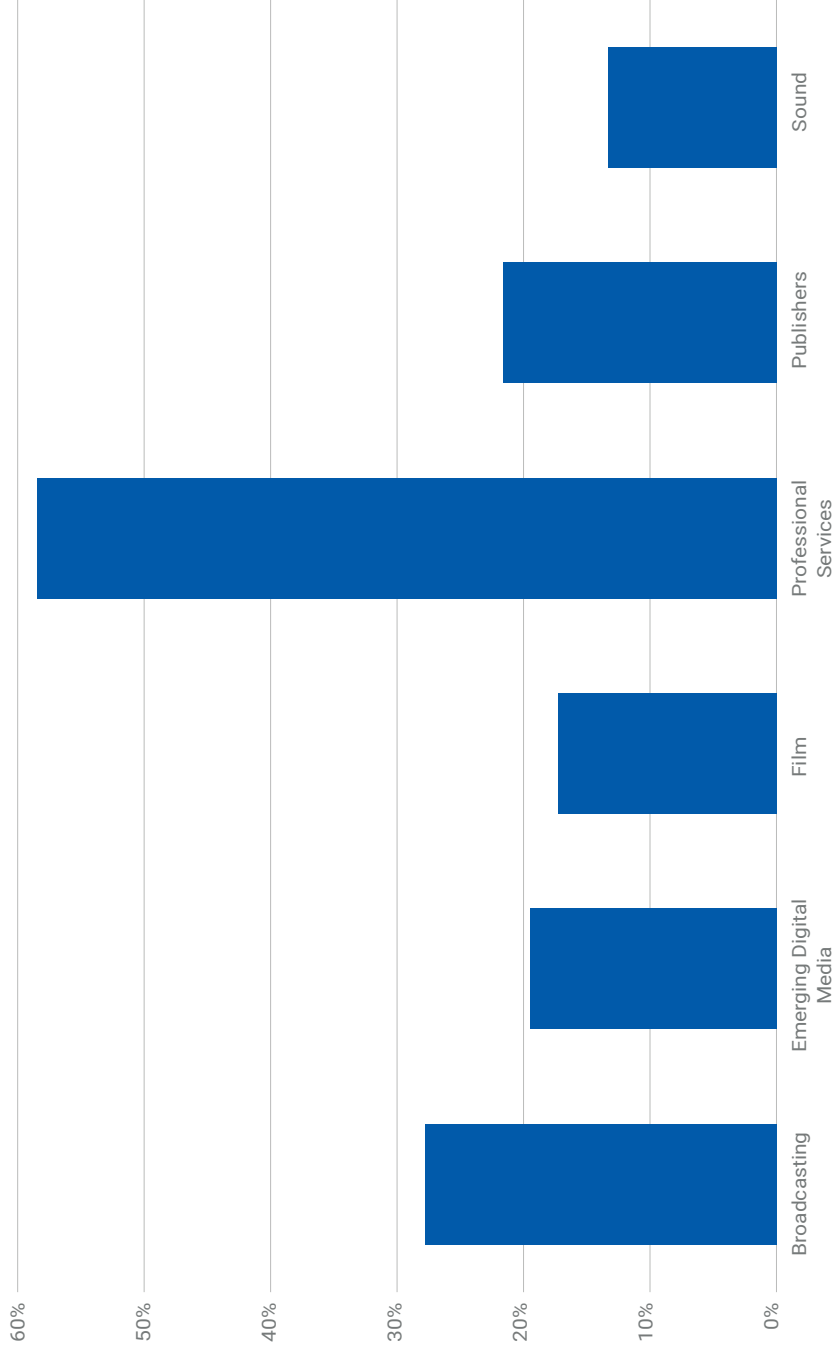
Figure 2.22



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

Wage Growth by Entertainment and Digital Media Subsector in California (2013 to 2018)

Figure 2.23



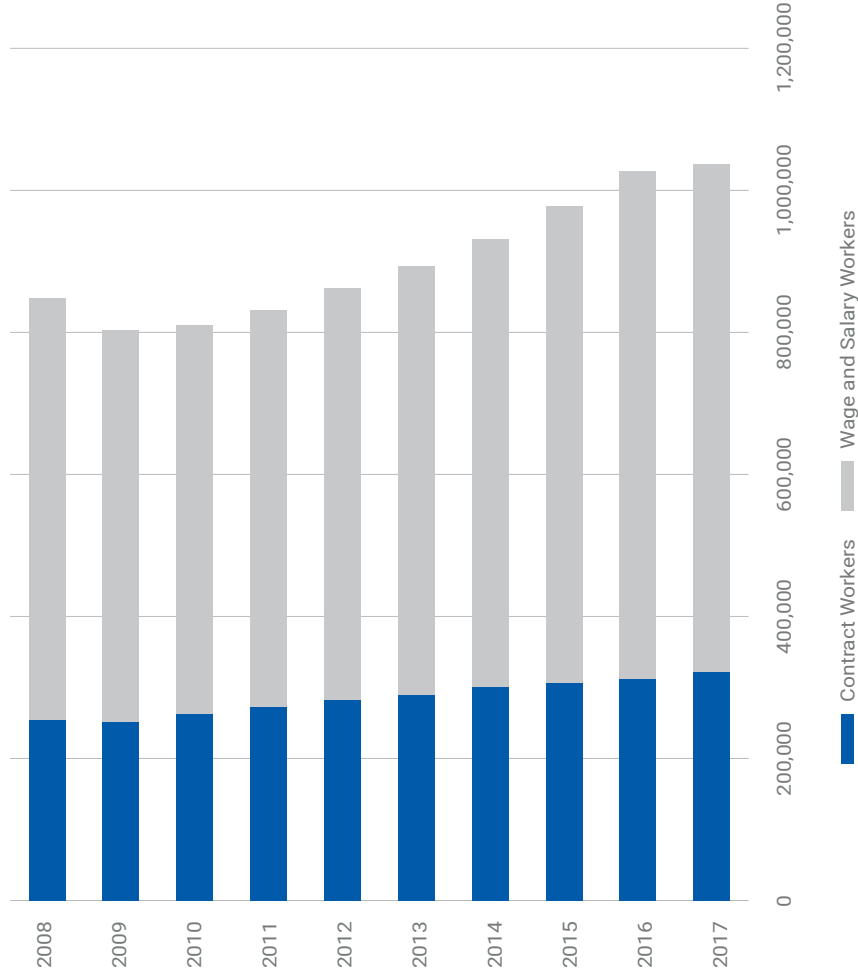
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



CONTRACTORS

The Entertainment and Digital Media industry in California employed the second-largest number of contract workers at 31% in 2017, the newest data available. Although the number of contract workers in this industry increased substantially from 2008 to 2017, rising 26% or by 67,000 workers, the share of contract workers relative to total industry employment remained largely unchanged. From 2008 to 2017, the share of contract workers in this industry increased by 1.0 percentage point, primarily a result of the strong growth in wage and salary workers as well.

Contract and Wage and Salary Workers in Entertainment and Digital Media in California (2008 to 2017)
Figure 2.24



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics



CREATIVE SECTOR 4 FASHION

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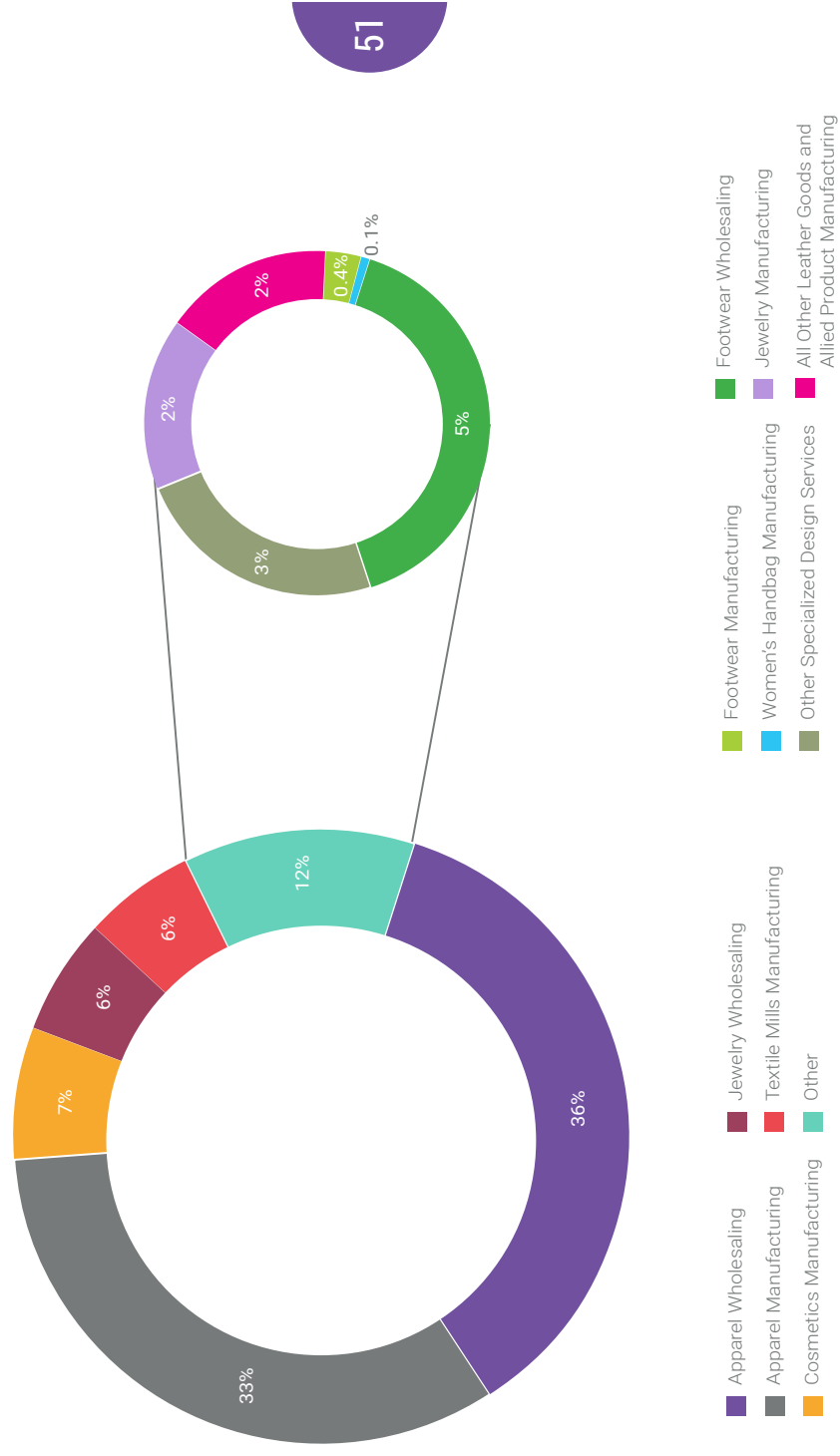
EMPLOYMENT

The Fashion sector is the second-largest in California's Creative Economy, capturing 11% of total employment. But the share of Fashion employment to total Creative Economy employment has been falling, dropping 3.5 percentage points from 2013 to 2018. This has been driven not only by the substantial employment growth in the other creative industries, but also by the decline in employment growth in the Fashion Industry. From 2013 to 2018, total employment in the California Fashion sector fell 12%, shedding 15,000 jobs.

In 2018, two of the Fashion Industry's subsectors, Apparel Manufacturing and Apparel Wholesaling, accounted for 69% of employment in the California Fashion sector, a total of 91,000 jobs. As manufacturing costs have become less competitive in the state relative to other countries, employment in California's Apparel Manufacturing subsector declined 35% from 2013 to 2018, resulting in a loss of 20,000 jobs. But as California has shifted away from Apparel Manufacturing, Apparel Wholesaling has expanded in the State. From 2013 to 2018, employment in this subsector increased 18%, an addition of 6,000 jobs to the California Fashion market.

Fashion Employment Share by Subsector in California (2018)

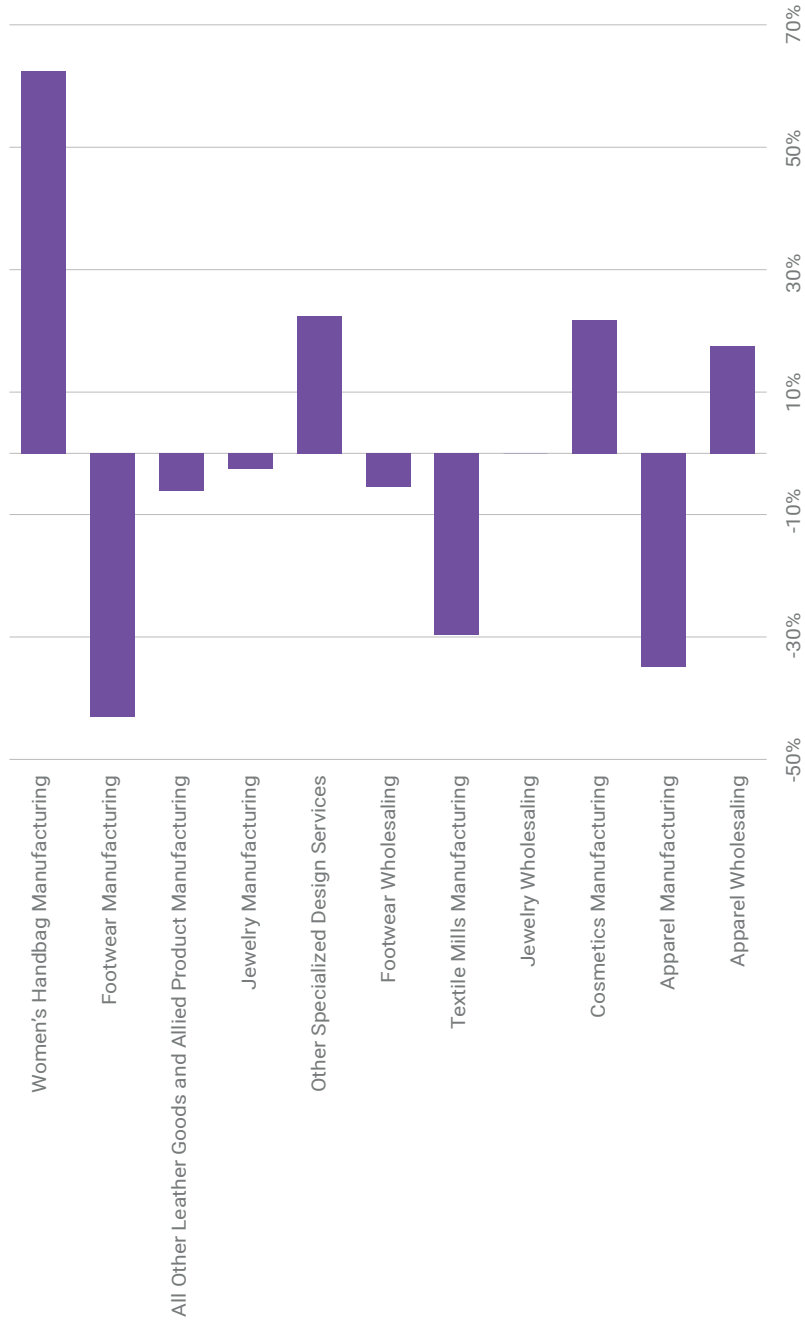
Figure 2.25



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Fashion Subsector in California (2013 to 2018)

Figure 2.26



ESTABLISHMENTS

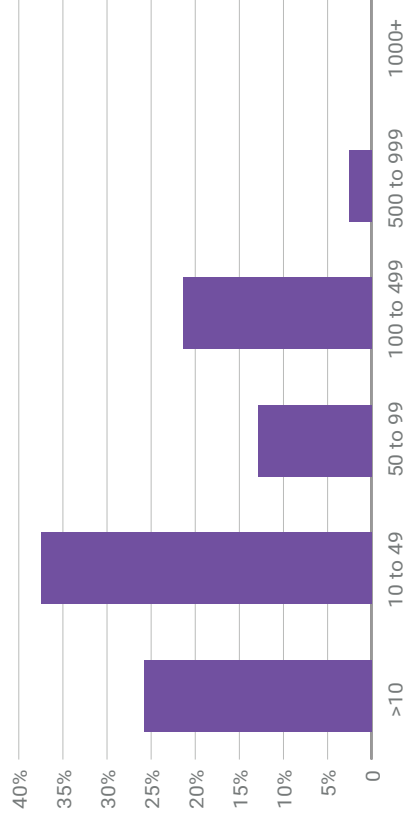
The California Fashion sector is dominated by small (fewer than 10 employees) and mid-sized (from 10 to 99 employees) firms. Together, these establishments represented 99% of the establishments in the industry in 2017. In addition, these establishments accounted for 76% of the industry's total employment. Although representing a very small share of total establishments, large firms (100 or more employees) account for 24% of the industry's employment.

Fashion Establishments by Size in California (2017)
Table 2.4

Size Category	Number of Establishments
>10	8,539
10 to 49	1,883
50 to 99	198
100 to 499	119
500 to 999	4
1,000+	0
Total	10,743

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Fashion Employment Share by Establishment Size in California (2017)
Figure 2.27



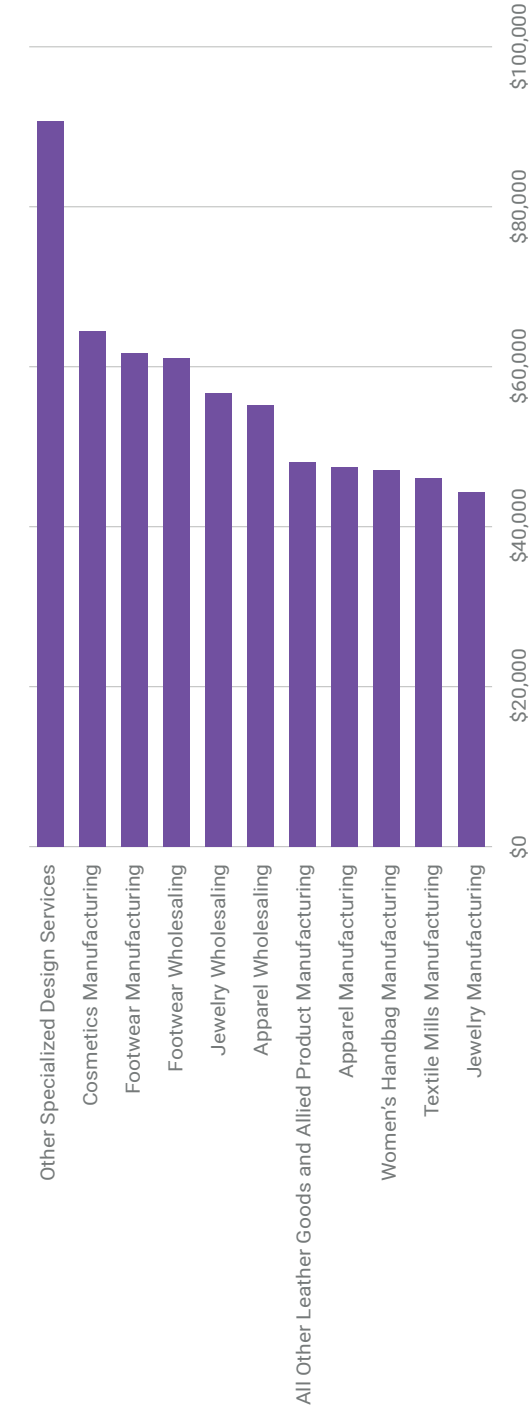
Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

WAGES

Average annual wages in the Fashion industry are among the lowest in California's Creative Economy. At \$56,000 in 2018, they're well below the statewide average annual wage. Apparel Wholesalers, the largest-employing subsector, pays \$55,000 on average per year. The highest-earning Fashion subsector, Other Specialized Design Services, paid an average of \$91,000 in 2018. But this subsector employs only 3% of the total industry workforce. The remaining subsectors pay below the average statewide wage. Although wages are low and total employment is declining, every subsector of the California Fashion industry had wage growth from 2013 to 2018. The largest was in the Other Leather Goods and Allied Product Manufacturing sector at 65%, followed by Footwear Wholesaling (64%) and Apparel Manufacturing (44%).

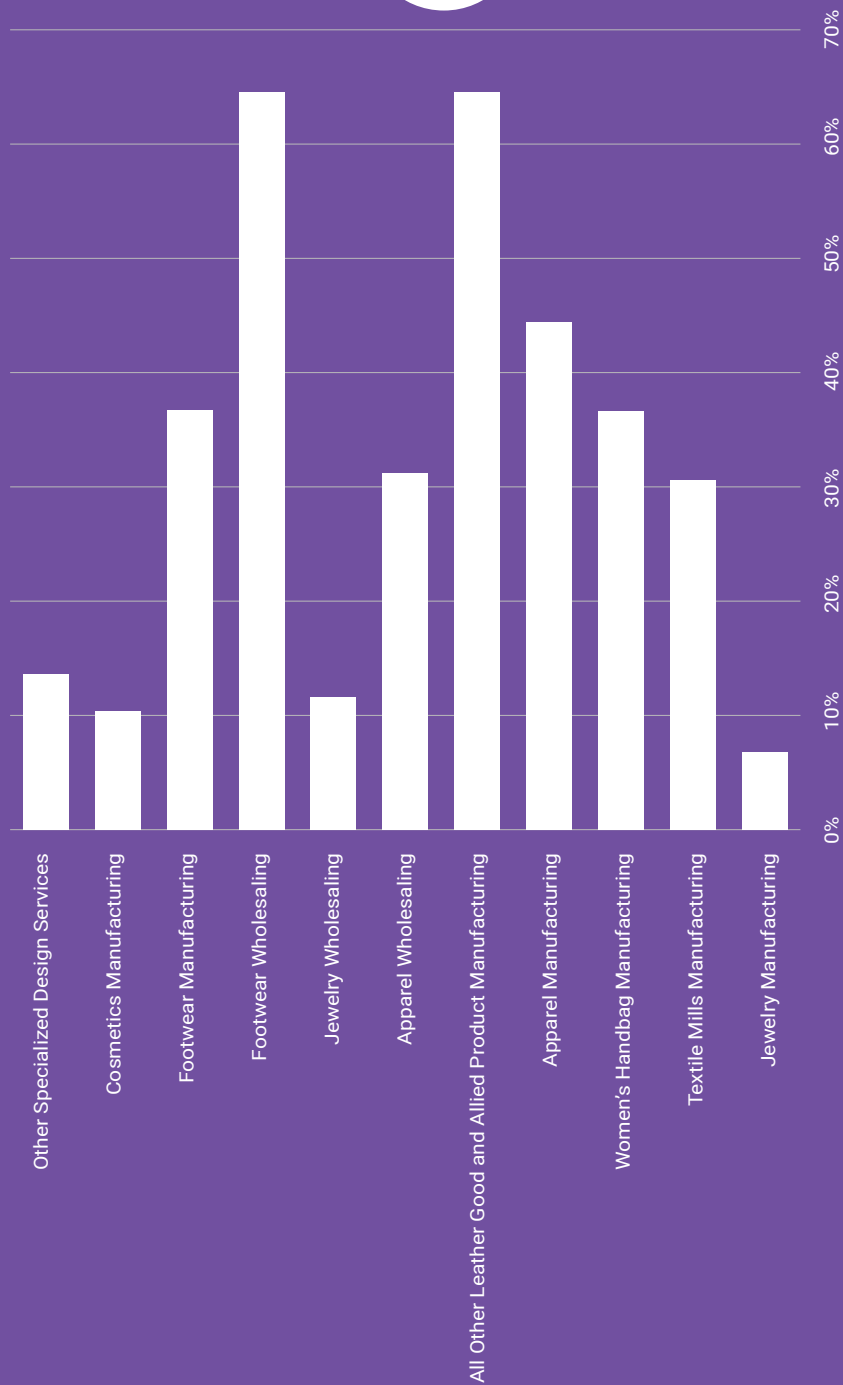
Annual Average Wage by Fashion Subsector in California (2018)

Figure 2.28



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Fashion Subsector in California (2013 to 2018)
Figure 2.29

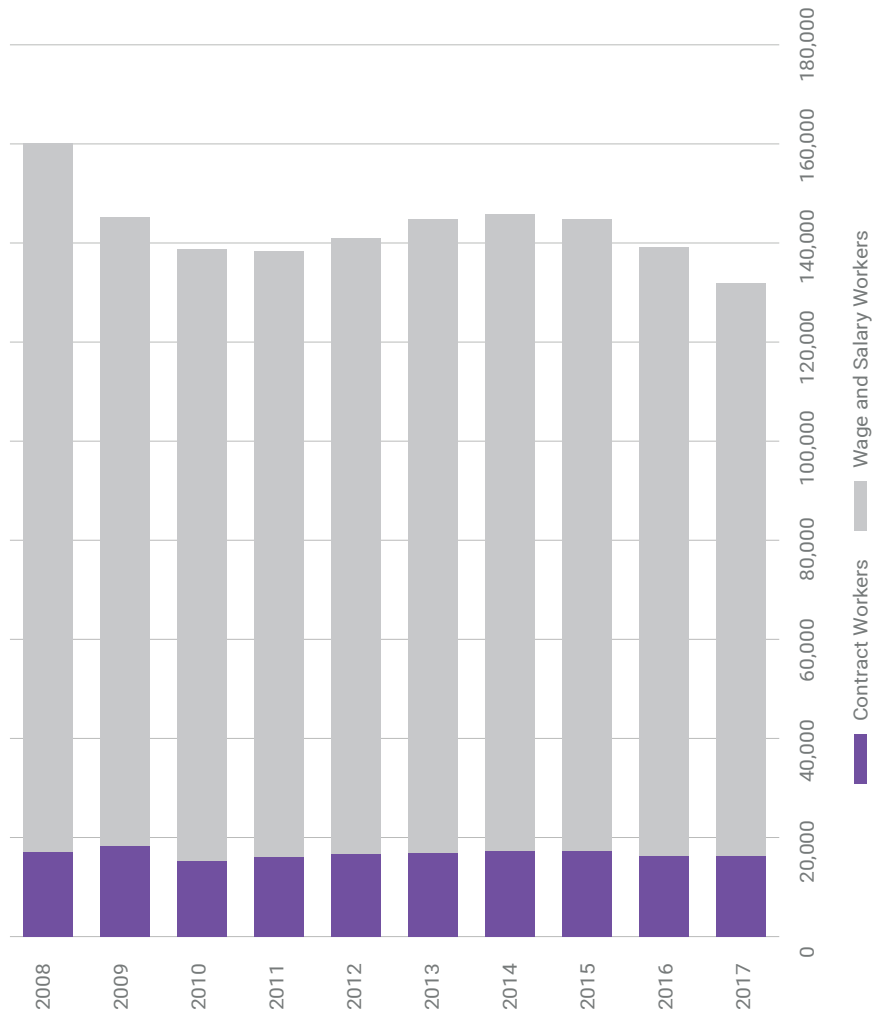


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

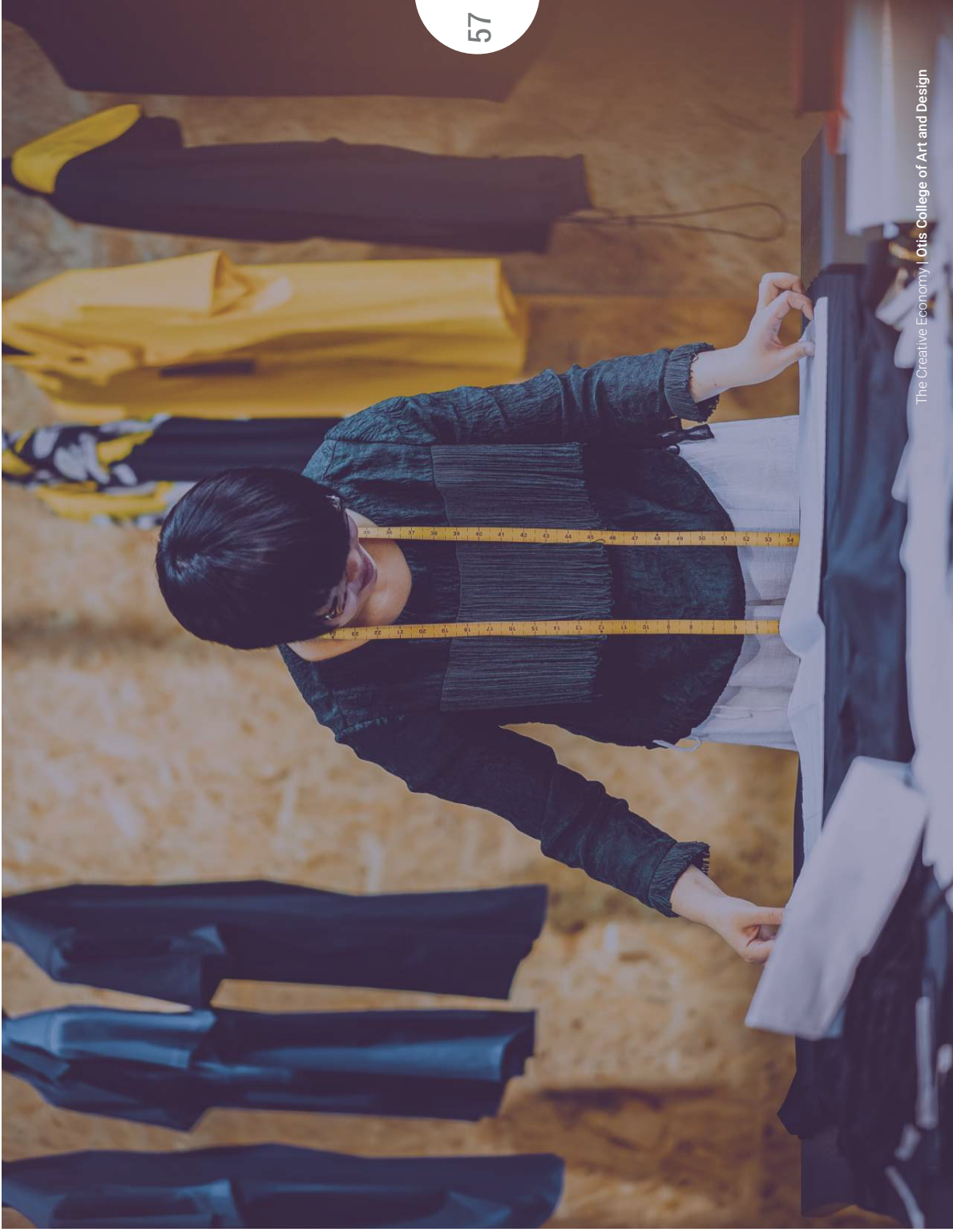
CONTRACTORS

The Fashion industry in California employs the smallest percentage of contract workers. In 2017, roughly 12% of employees in the industry were contract workers, up 1.0 percentage point from 2008.

Contract and Wage and Salary Workers in Fashion in California (2008 to 2017)
Figure 2.30



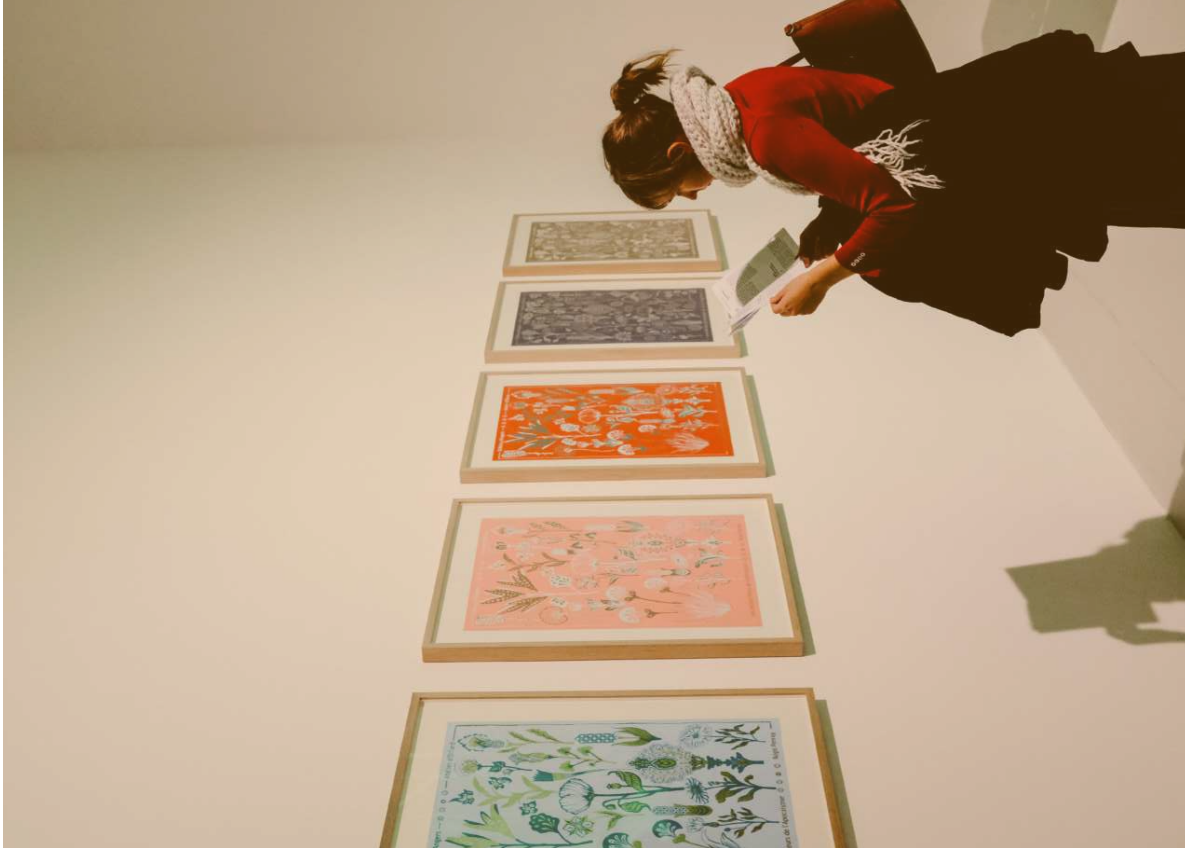
Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics





CREATIVE SECTOR 5 FINE ARTS AND PERFORMING ARTS

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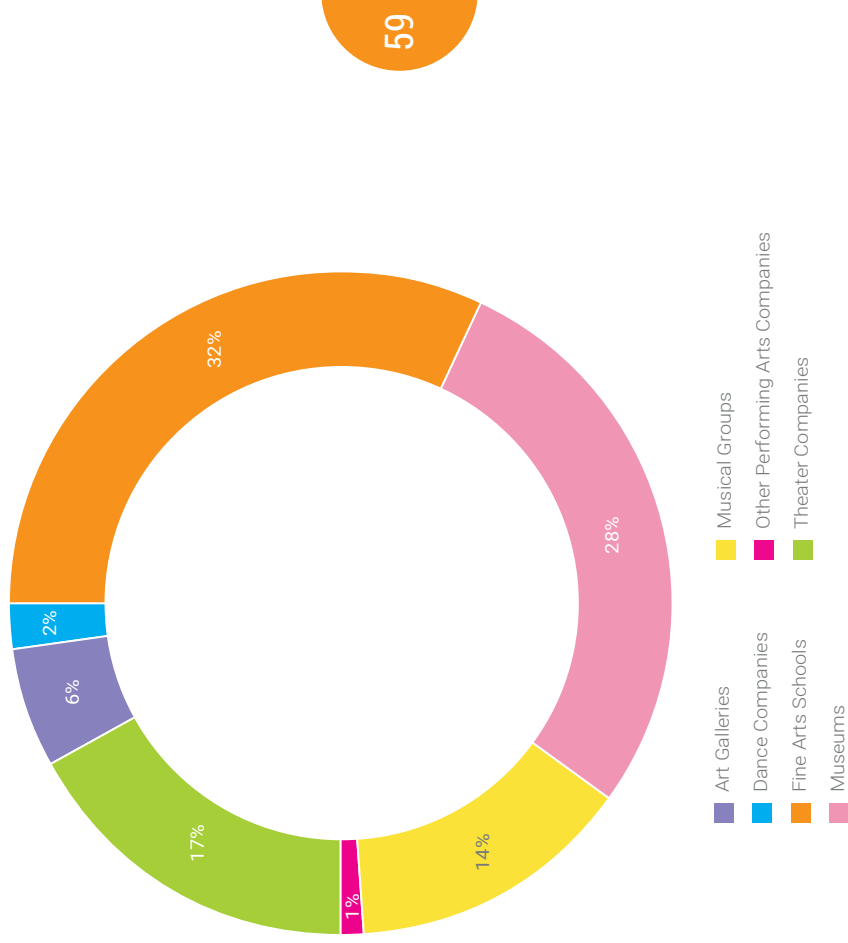


EMPLOYMENT

The Fine Arts and Performing Arts industry is the smallest creative sector in California, representing 4% of the Creative Economy workforce in 2018. Across the State, the Fine Arts industry employs 44,000 wage and salary workers, up 20% from 2013 to 2018 and adding 7,500 new wage and salary jobs. Within the Fine Arts Industry, four subsectors make up 91% of the total employment: Fine Art Schools, Museums, Theater Companies, and Musical Groups.

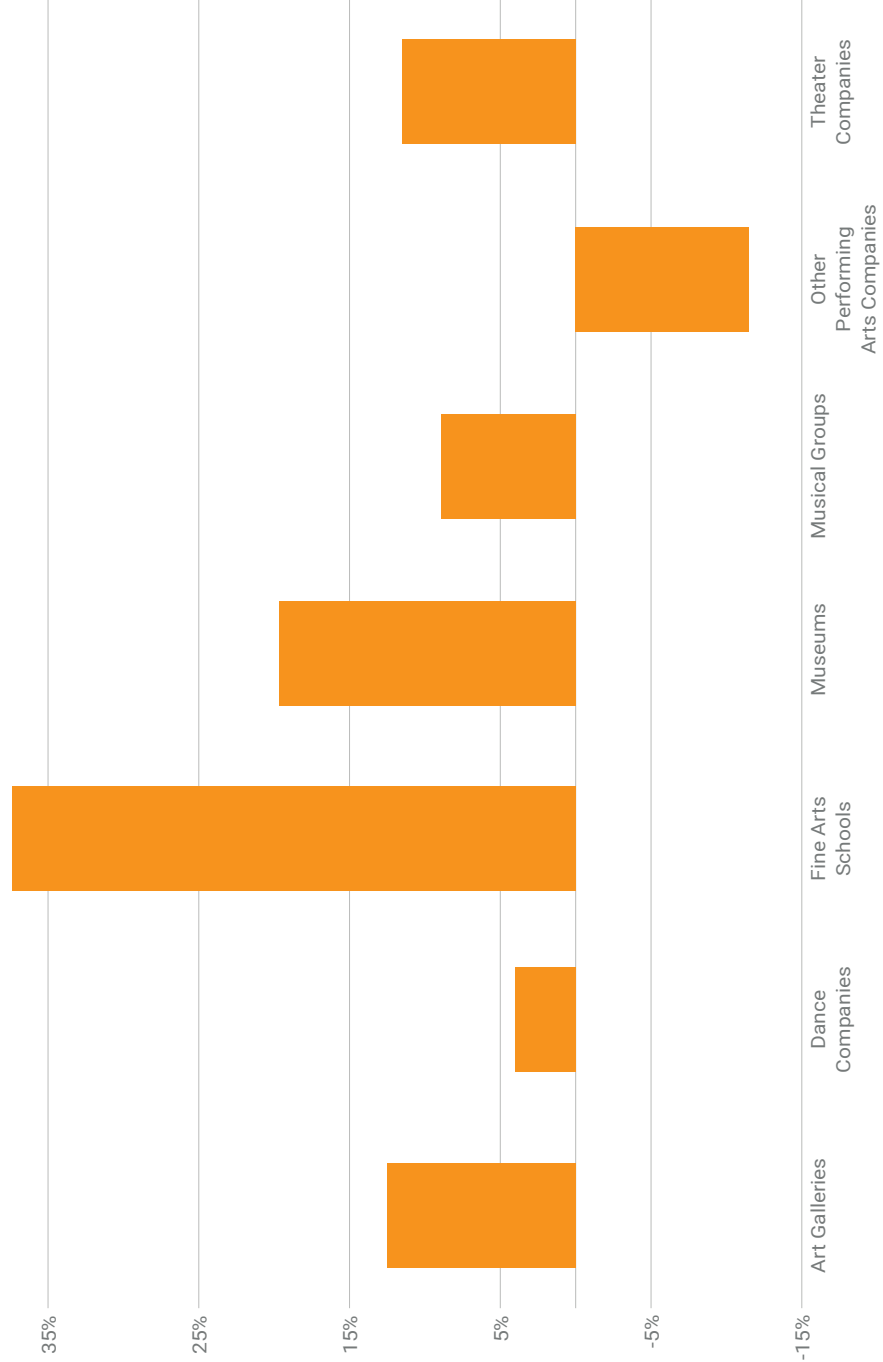
Fine Art Schools had the largest employment growth from 2013 to 2018, increasing 37% and adding 3,800 wage and salary jobs. Museums, the second-largest subsector in terms of employment, grew 20% and added 2,000 wage and salary jobs to the market. Interestingly, the Other Performing Arts Companies subsector, with just 1% of total industry employment, is the only subsector to have recorded declining employment from 2013 to 2018. But the decline of 12% resulted in a negligible loss of jobs.

Fine Arts and Performing Arts Employment Share by Subsector in California (2018)
Figure 2.31



Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Employment Growth by Fine Arts and Performing Arts Subsector in California (2013 to 2018)
 Figure 2.32



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ESTABLISHMENTS

In California, nearly 4,000 establishments were in the Fine Arts and Performing Arts industry in 2017. Most of these were relatively small; 3,300 had fewer than 10 employees. These small establishments represented 37% of total employment in the Fine Arts and Performing Arts sector in California, mid-sized firms (from 10 to 99 employees) accounted for 49% of total employment, and large firms (100 or more employees) accounted for 15%.

Fine Arts and Performing Arts Establishments by Size in California (2017)

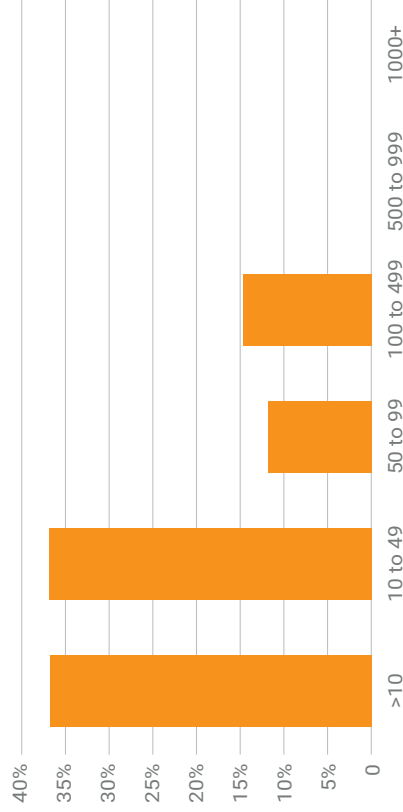
Table 2.5

Size Category	Number of Establishments
>10	3,345
10 to 49	549
50 to 99	48
100 to 499	21
500 to 999	0
1,000+	0
Total	3,963

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Fine Arts and Performing Arts Employment Share by Establishment Size in California (2017)

Figure 2.33



Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

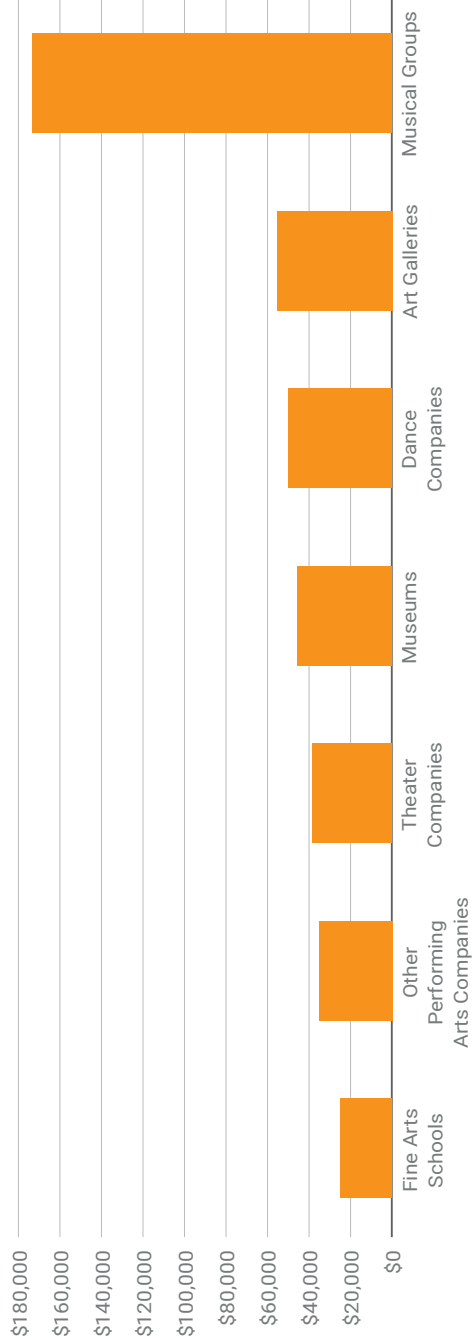
WAGES

There is a stark contrast in wages in the California Fine Arts and Performing Arts industry. Musical Groups employees earn substantially more than the other subsectors. In fact, on average, Musical Groups workers earn nearly four times the wages earned in the second-highest-paying subsector in the Fine Arts industry. At \$173,000 in 2018, Musical Groups are among the highest-paid employees in the California Creative Economy. By contrast, the other Fine Arts and Performing Arts subsectors earn less than the statewide average annual wage.

Despite Fine Art Schools having recorded the highest employment growth from 2013 to 2018, workers in this subsector earn the lowest wages in the Fine Arts and Performing Arts sector in California, \$25,000 per year on average. In addition, wage growth has been dismal in the Other Performing Arts Companies subsector in recent years, with wages falling 28% from 2013 to 2018. But even though the remaining subsectors had wage growth, it was relatively modest. The fastest-growing subsector was Dance Companies, whose wage growth increased 19% from 2013 to 2018, increasing average wages to \$50,000 per year.

Annual Average Wage by Fine Arts and Performing Arts Subsector in California (2018)

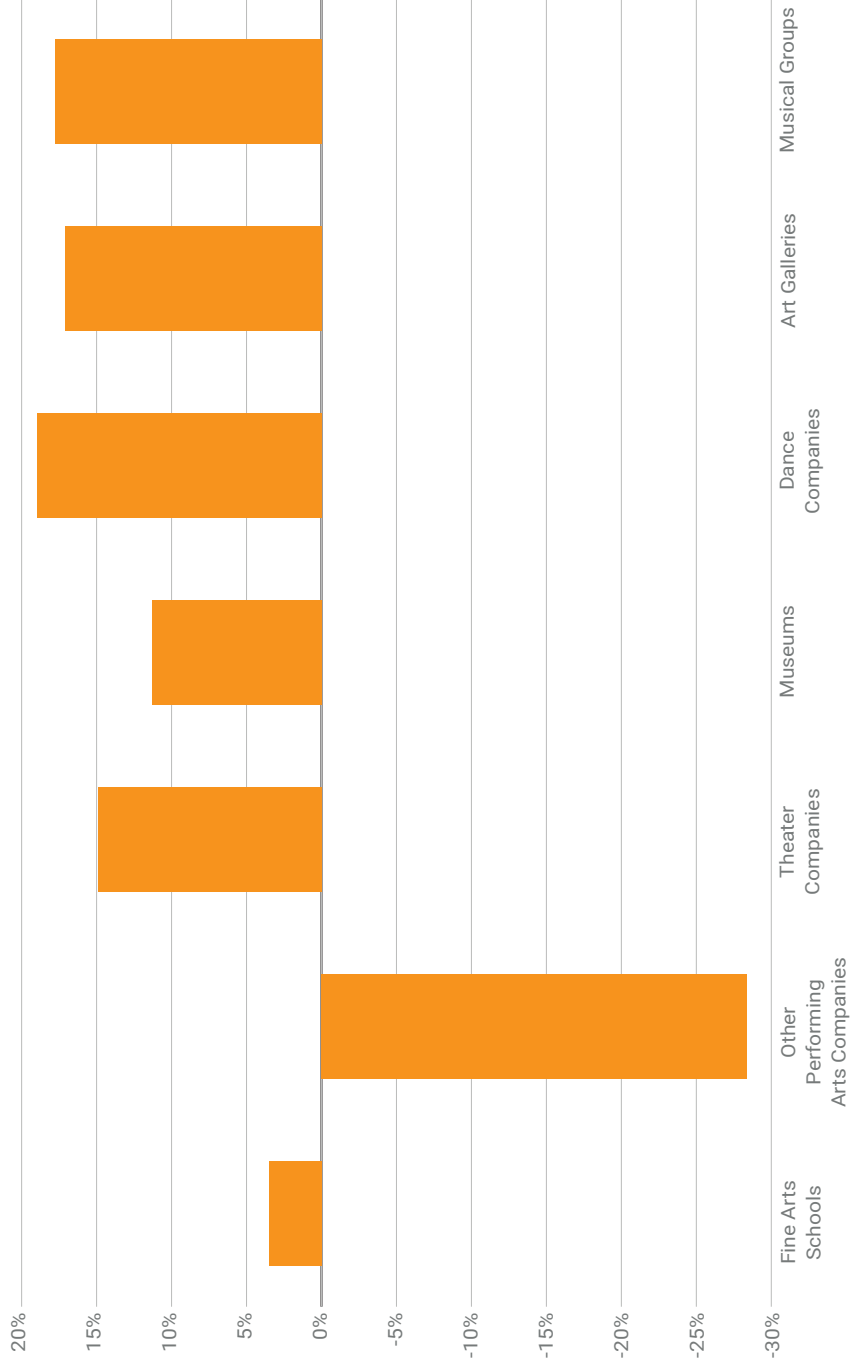
Figure 2.34



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Fine Arts and Performing Arts Subsector in California (2013 to 2018)

Figure 2.35



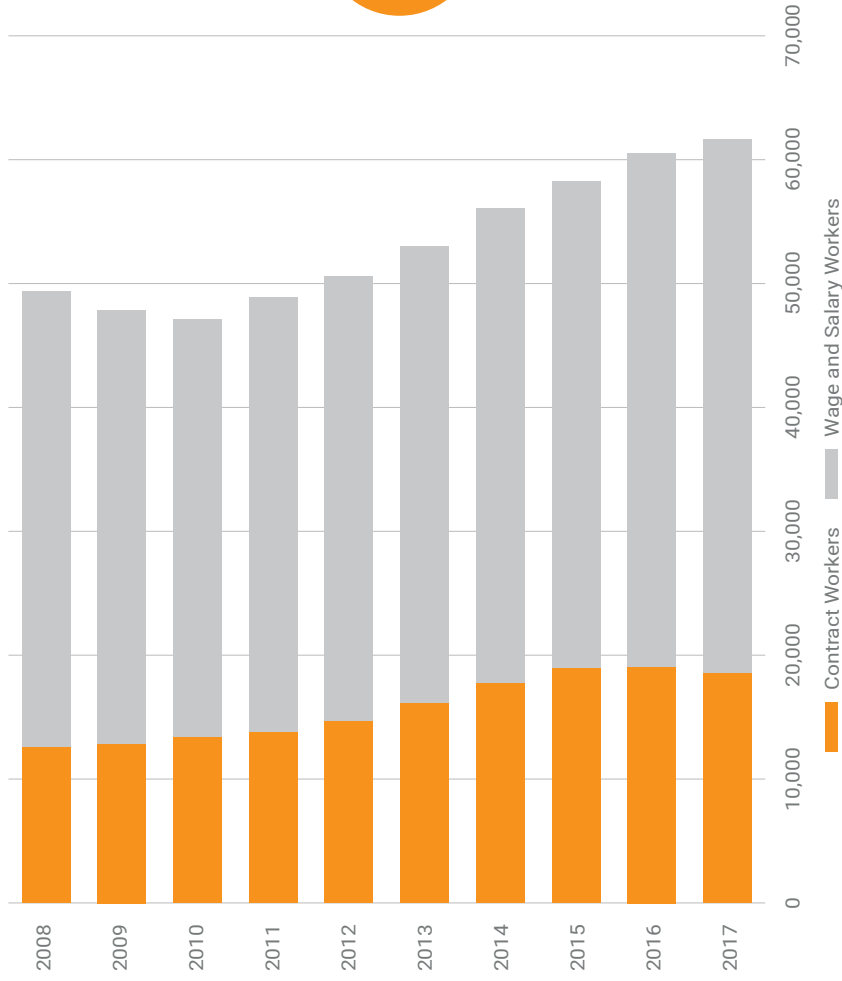
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics



CONTRACTORS

The Fine Arts and Performing Arts industry in California employs a significant share of contract workers: 30% in 2017. The number of contract workers in this industry increased 48% from 2008 to 2017, adding nearly 6,000 workers. This was an increase of 5.0 percentage points in the share of contract workers relative to total industry employment over this period.

Contract and Wage and Salary Workers in Fine Arts and Performing Arts in California (2008 to 2017)
Figure 2.36



Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES).
Analysis by Beacon Economics

THE NONPROFIT SECTOR: CALIFORNIA

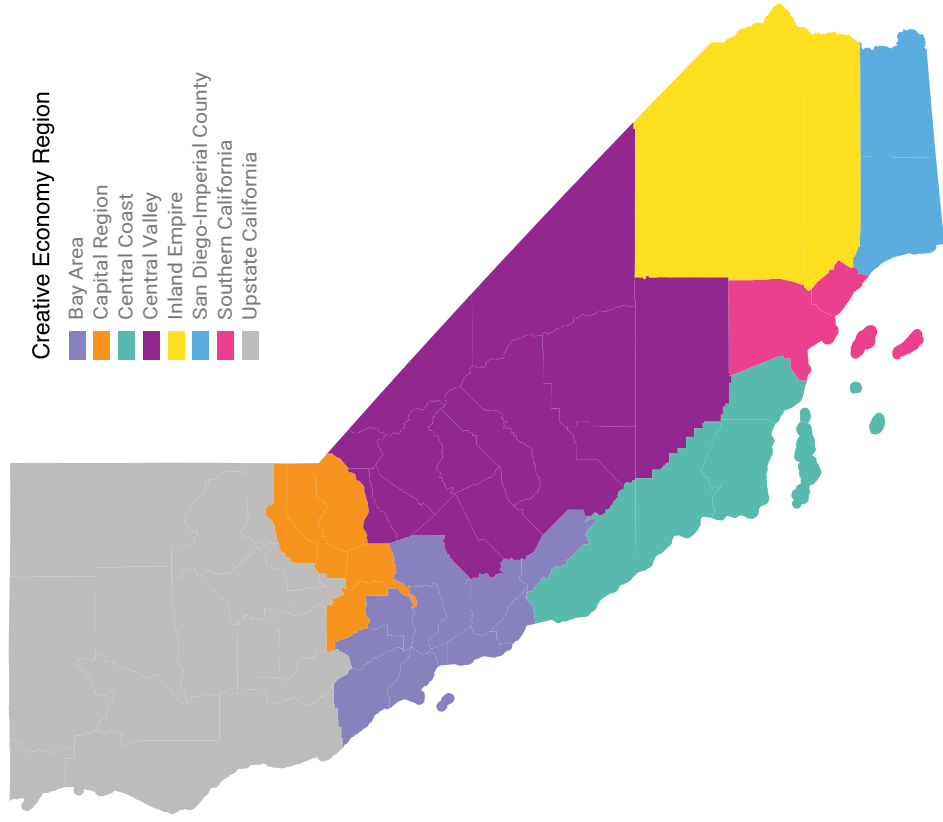
Nonprofit organizations in the arts, culture, and humanities (“arts nonprofits”) are essential to California’s creative ecosystem and support the State’s Creative Economy in myriad ways. They provide a forum for arts and culture to be celebrated by local communities as well as by their visitors. Nonprofit arts organizations are often strategically positioned to blend education and recreation in connecting local communities to the creative industries and in showcasing and cultivating the foundation for local creative talent.

There are currently 11,563 arts nonprofits in California, which eclipses the number of similar organizations in many of the world’s largest economies. In 2018, they collectively maintained assets valued at \$18.67 billion and brought in \$5.03 billion in revenue.

These organizations work to nurture artistic talent, present works, archive and preserve materials and cultural practices, and bring together individuals for collaborative creative engagement across the State.

California Creative Economy Regions

Figure 2.37



Largest Arts, Culture, and Humanities Nonprofits in the Bay Area

Table 2.6

Organization	County	City	Total Value of Assets
California Academy of Sciences	San Francisco	San Francisco	\$820,540,197
San Francisco Museum of Modern Art	San Francisco	San Francisco	\$779,005,290
San Francisco Symphony	San Francisco	San Francisco	\$348,290,090
Fine Arts Museums Foundation	San Francisco	San Francisco	\$300,088,176
San Francisco Opera Association	San Francisco	San Francisco	\$272,306,576

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in the Capital Region

Table 2.7

Organization	County	City	Total Value of Assets
Educational Media Foundation	Placer	Rocklin	\$664,951,993
Wayne Thiebaud Foundation	Sacramento	Sacramento	\$137,271,150
University Development Foundation	Placer	Roseville	\$100,146,651
Powerhouse Science Center	Sacramento	Sacramento	\$50,059,539
Crocker Art Museum Foundation	Sacramento	Sacramento	\$30,903,264

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in the Central Coast

Table 2.8

Organization	County	City	Total Value of Assets
Santa Barbara Center for the Performing Arts Inc	Santa Barbara	Santa Barbara	\$120,482,565
Santa Barbara Museum of Art	Santa Barbara	Santa Barbara	\$115,573,546
Music Academy of the West	Santa Barbara	Santa Barbara	\$98,659,552
Santa Barbara Museum of Natural History	Santa Barbara	Santa Barbara	\$72,955,624
Santa Barbara Bowl Foundation	Santa Barbara	Santa Barbara	\$42,514,070

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in the Central Valley

Table 2.9

Organization	County	City	Total Value of Assets
Central Valley Center for the Arts Inc	Stanislaus	Modesto	\$47,470,650
Gallo Center for the Arts Inc	Stanislaus	Modesto	\$38,761,385
RLG Land Foundation	Kern	Bakersfield	\$28,021,634
Burriss Park Foundation	Kings	Hanford	\$18,864,341
Pine Mountain Lake Association	Tuolumne	Groveland	\$12,699,437

Source: U.S. Internal Revenue Service; Exempt Organization Business Master File Extract; Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in the Inland Empire

Table 2.10

Organization	County	City	Total Value of Assets
Dr. Prem Reddy Family Foundation	San Bernardino	Victorville	\$59,327,818
Tradition Golf Club	Riverside	La Quinta	\$35,383,299
Palm Springs Art Museum	Riverside	Palm Springs	\$34,446,214
Friends of the Cultural Center Inc	Riverside	Palm Desert	\$32,920,376
The Reserve Club	Riverside	Indian Wells	\$31,044,309

Source: U.S. Internal Revenue Service; Exempt Organization Business Master File Extract; Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in the San Diego-Imperial County Region

Table 2.11

Organization	County	City	Total Value of Assets
Museum of Contemporary Art San Diego	San Diego	La Jolla	\$95,654,358
USS Midway Museum	San Diego	San Diego	\$83,146,344
San Diego Museum of Art	San Diego	San Diego	\$80,333,941
La Jolla Music Society	San Diego	La Jolla	\$66,811,707
San Diego Symphony Foundation	San Diego	San Diego	\$53,139,400

Source: U.S. Internal Revenue Service; Exempt Organization Business Master File Extract; Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in Southern California³

Table 2.12

Organization	County	City	Total Value of Assets
Museum Associates (Los Angeles County Museum of Art)	Los Angeles	Los Angeles	\$765,515,040
Henry E Huntington Library & Art Gallery	Los Angeles	San Marino	\$710,545,598
Broad Art Foundation	Los Angeles	Los Angeles	\$626,475,764
The Broad	Los Angeles	Los Angeles	\$558,551,286
Academy Museum Foundation	Los Angeles	Beverly Hills	\$484,355,869

Source: U.S. Internal Revenue Service. Exempt Organization Business Master File Extract, Analysis by Beacon Economics

Largest Arts, Culture, and Humanities Nonprofits in Upstate California

Table 2.13

Organization	County	City	Total Value of Assets
Turtle Bay Exploration Park	Shasta	Redding	\$47,303,203
Internews Network	Humboldt	Arcata	\$11,991,239
Yuba College Foundation Inc	Yuba	Marysville	\$9,449,040
Near & Arnolds School of Performing Arts & Cultural Education	Mendocino	Ukiah	\$5,603,423
Ukiah Valley Cultural & Recreational Center	Mendocino	Ukiah	\$5,365,905

Source: U.S. Internal Revenue Service. Exempt Organization Business Master File Extract, Analysis by Beacon Economics

³ The arts nonprofits listed here are limited to those 501(c)(3) organizations that identify their primary exempt activity as "Arts, Culture, and Humanities" under the U.S. Internal Revenue Service's National Taxonomy of Exempt Entities Code. There are several nonprofit organizations, such as the J. Paul Getty Trust, that are engaged in the arts but not listed here due to their classification as a "Philanthropy, Voluntarism, and Grantmaking Foundation." Since this category also includes far more organizations that are not arts-related—and it is difficult to systematically and comprehensively separate select arts nonprofits—it was excluded from analysis.

ECONOMIC IMPACT

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The Creative Economy plays a sizable role in California's economy, with Los Angeles County driving much of the impact. In 2018, employment supported by the Creative Economy in California totaled 2.68 million, of which over 1 million positions were supported directly by the creative industries. Moreover, nearly 1 in 3 of the jobs supported in the Creative Economy were in Los Angeles County, accounting for roughly 38% of all direct jobs in the Creative Economy in California.

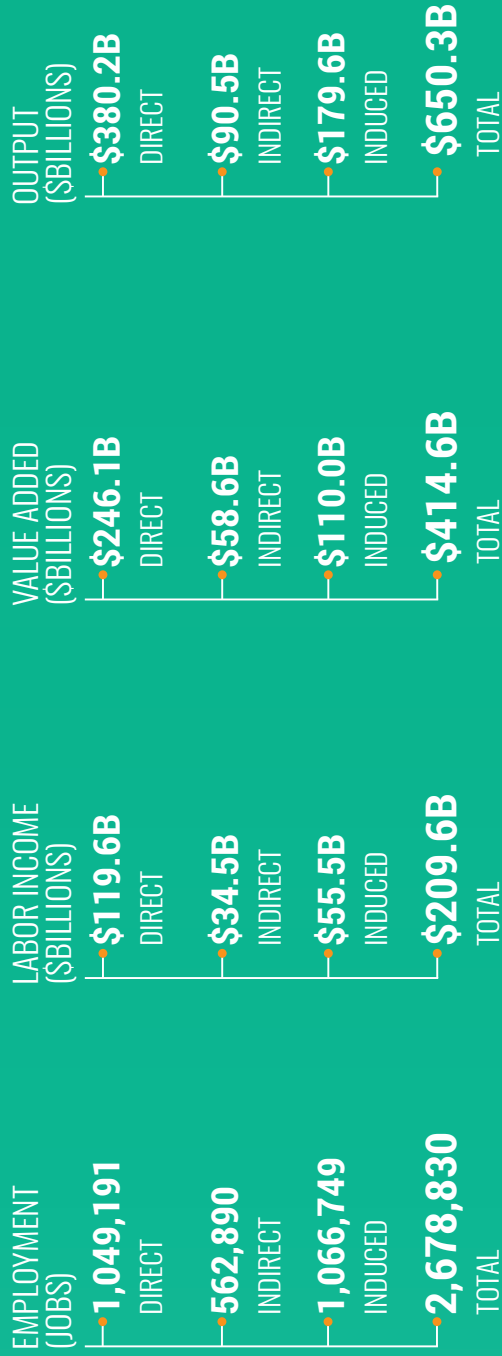
The Creative Economy's labor income drives a significant amount of economic activity in California, with Los Angeles County accounting for a sizable share. In 2018, the Creative Economy in California generated \$650.3 billion in economic output, of which \$380.2 billion was generated by the creative industries directly.

Additionally, the direct, indirect, and induced labor income earned by creative workers totaled \$209.6 billion in California in 2018. The average income of these 2.68 million positions is almost \$78,300 annually. But if wages earned by workers in Los Angeles County are separated out, the average income throughout California falls to \$75,800 annually.

The substantial economic activity generated by the Creative Economy in California is also a boon to state and local governments. In 2018, state and local tax revenue generated by the Creative Economy totaled \$30.9 billion.

Economic Impact of Creative Economy in California⁴

Figure 2.38



Source: U.S. Bureau of Labor Statistics, IMPLAN; Analysis by Beacon Economics

⁴ *Direct Impact* refers to the initial spending by five creative industries in connection with industry operations. *Indirect Impact* refers to the spending that is generated at businesses and organizations down the supply chains of the five creative industries, and *Induced Impact* refers to spending by individuals/households that occurs when employment or income increases as a result of creative industry spending or spending by businesses or other individuals down the creative industry supply chain.

OCCUPATIONAL ANALYSIS

California's Creative Economy comprises a variety of industries and a wide range of occupations.⁵ Of the major occupational groups,⁶ slightly over one-sixth (16.9%) of creative workers were in Arts, Design, Entertainment, Sports, and Media occupations ("Arts/Entertainment") in 2018. This was the largest major occupational group in 2018, followed closely by Management (16.0%) and Computer/Mathematical (15.5%).

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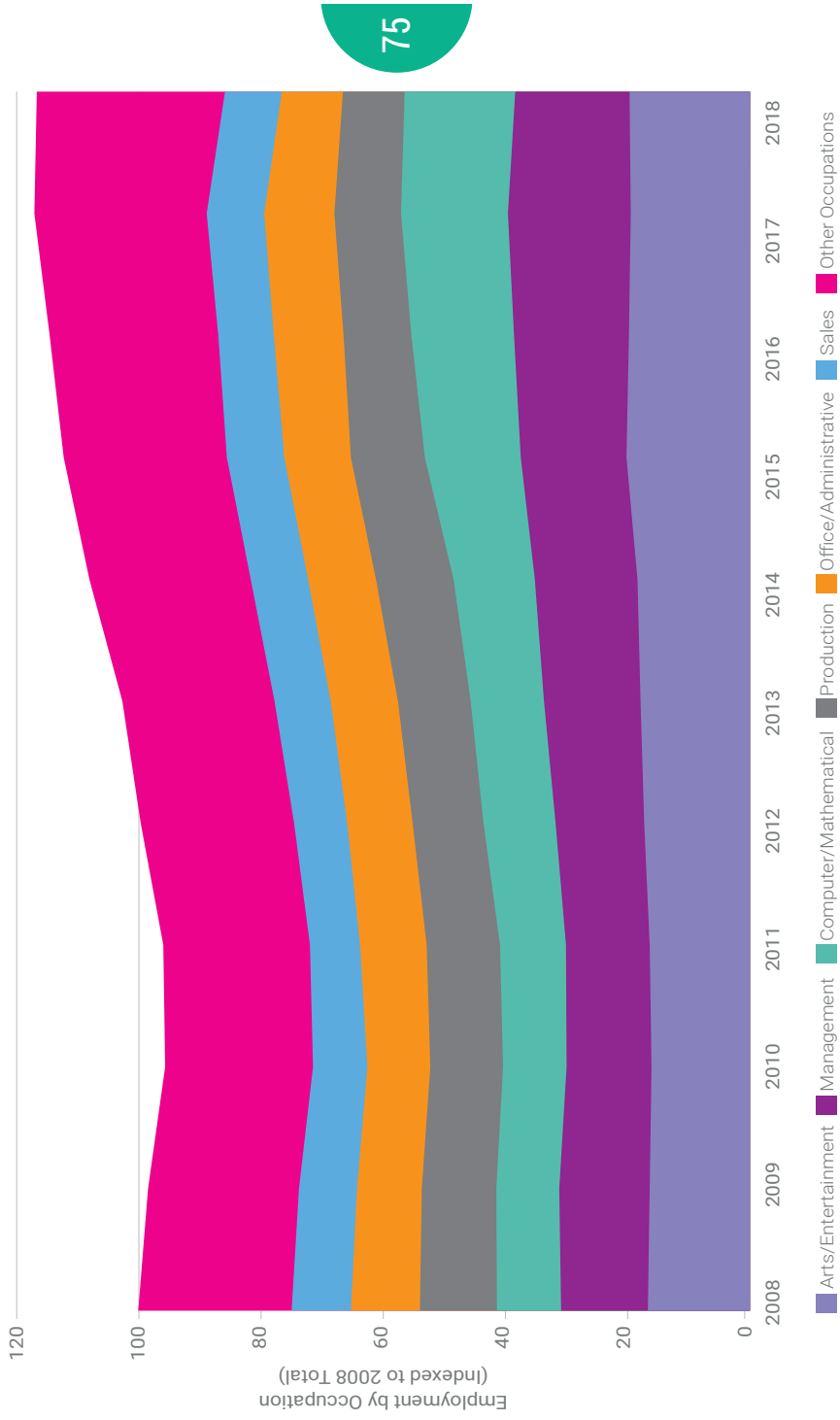


⁵ Based on Standard Occupational Classification used by federal agencies to classify workers into categories for the purpose of collecting, calculating or disseminating data.

⁶ Detailed occupations (6-digit level) are combined to form broad occupations (5-digit level), minor groups (3-digit level) and major groups (2-digit level). Unless otherwise specified, "major occupational groups" refers to the 2-digit level major groups.

Employment in Creative Economy by Occupation in California

Figure 2.39



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Gig workers and freelancers are a significant part of the State's Creative Economy. Naturally, some occupations have higher self-employment than others. For example, Arts/Entertainment has both the most self-employed workers, over 4 in 10, and the highest share among sectors.

Largest Major Occupational Groups in California's Creative Economy (2018)

Table: 14

All Workers		Self-Employed Workers ⁷	
Arts/Entertainment (16.9%)	Arts/Entertainment (41.6%)	Management (16.1%)	Management (16.1%)
Management (16%)	Management (16.1%)	Education (8.2%)	Education (8.2%)
Computer/Mathematical (15.5%)	Computer/Mathematical (7.1%)	Sales (6.9%)	Sales (6.9%)
Production (8.6%)	Production (8.6%)	Architecture/Engineering (5.3%)	Architecture/Engineering (5.3%)
Office/Administrative (8.6%)	Office/Administrative (8.6%)	Other Occupations (14.7%)	Other Occupations (14.7%)
Sales (8%)	Sales (8%)		
Other Occupations (26.4%)	Other Occupations (26.4%)		

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

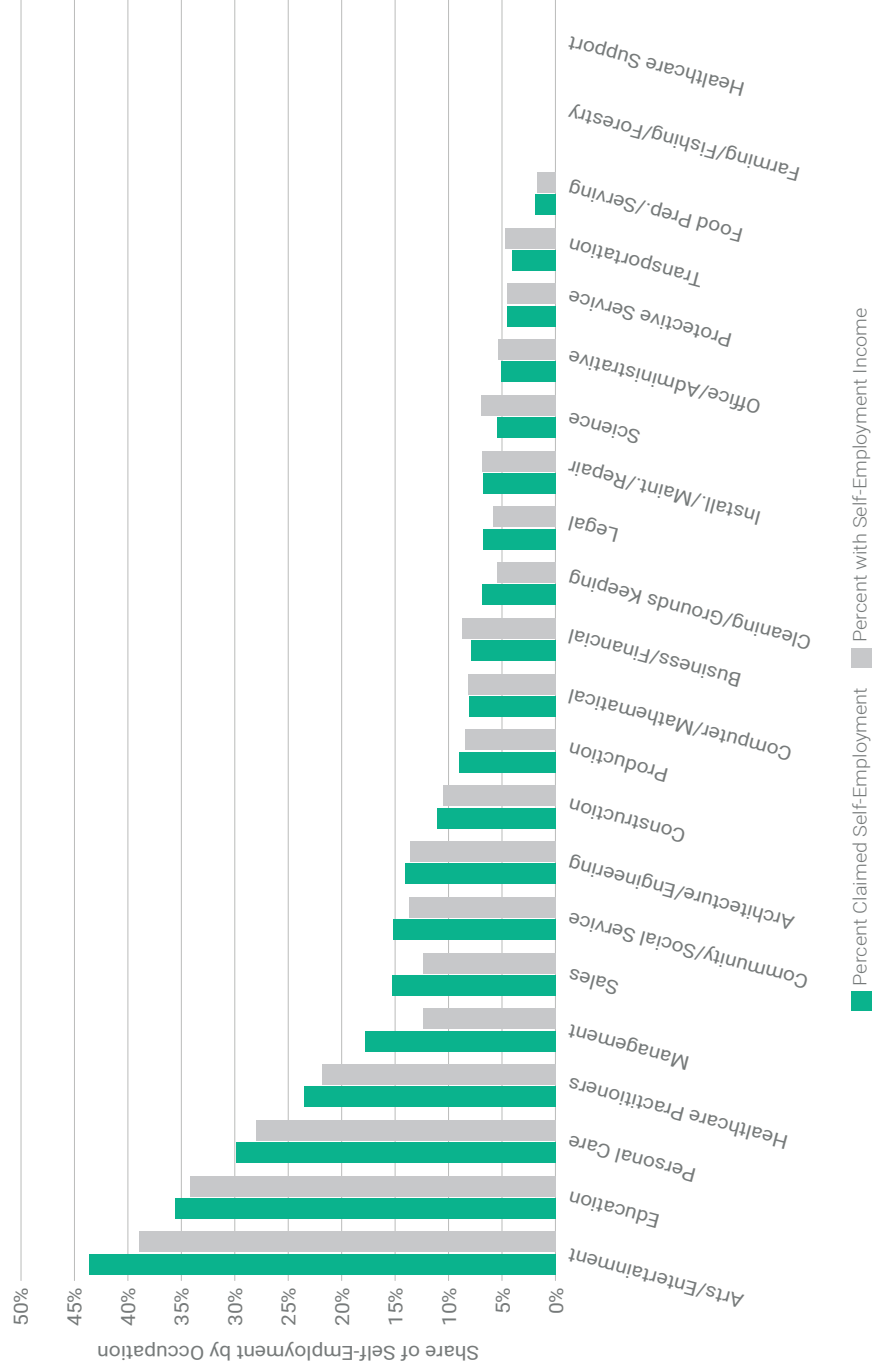
Another occupation with a high share of self-employed professionals is Education. Of all workers identified as self-employed, 8.2% work in this field. Many of these are Other Teachers and Instructors—independent art and music teachers who provide private or group lessons at home or in studios. Of all Education professionals, 36% identify as self-employed.

Note that some workers who identify as self-employed may have supplemental wages and salaries, and some workers who do not identify as self-employed may have self-employment income (side jobs). There are slightly more workers in the State's Creative Economy who identify as self-employed than the number of workers with self-employment income. But there are notable differences in a few occupations. For example, 17.8% of Management professionals identify as self-employed, but only 12.4% have self-employment income.

⁷ Those who identified as self-employed (incorporated or unincorporated), who may or may not have earned income from wages and salaries outside of self-employment.

Percent of California Creative Economy Workers Who are Self-Employed by Occupation (2018)

Figure 2.40

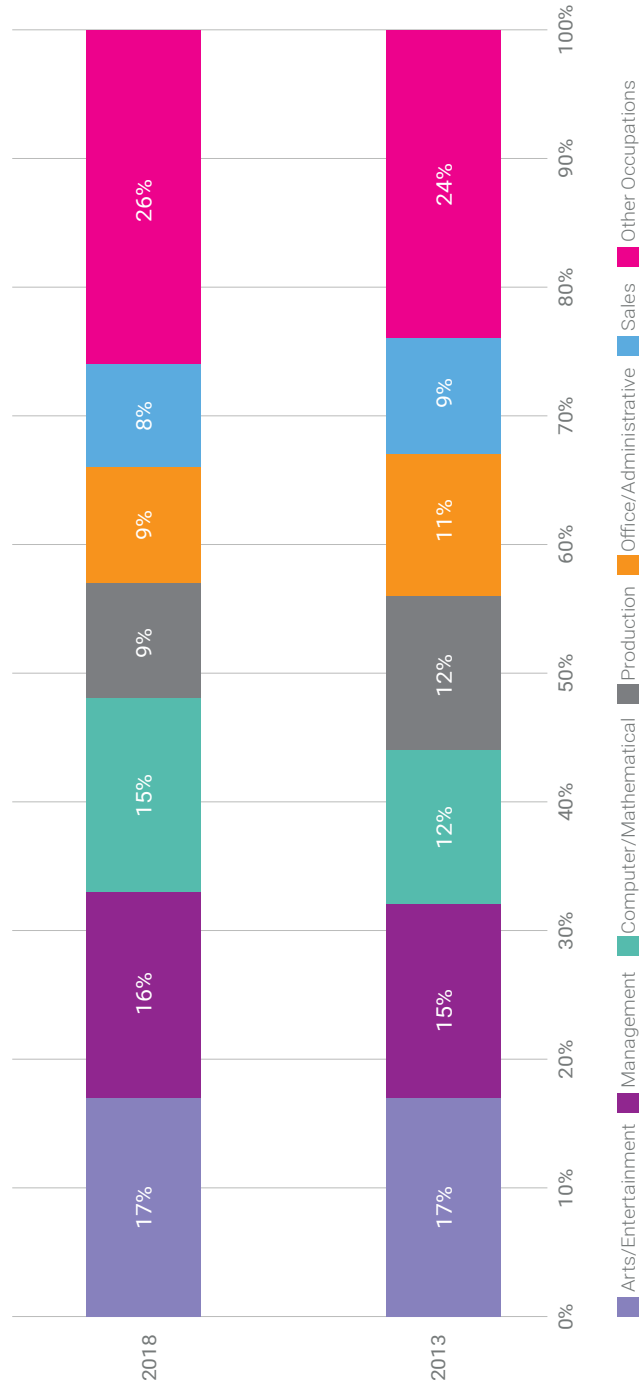


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Of the major occupational groups by employment, Computer/Mathematical has increased the most: 51% over the last five years. Much of the increase can be attributed to the booming Computer Systems Design and Related Services sector. On the other hand, Production has sustained a 16% drop in employment, a reflection of the continuous dwindling manufacturing employment countywide and nationwide in general.

5-Year Employment Growth in California Creative Industries by Occupational Groups

Figure 2.41

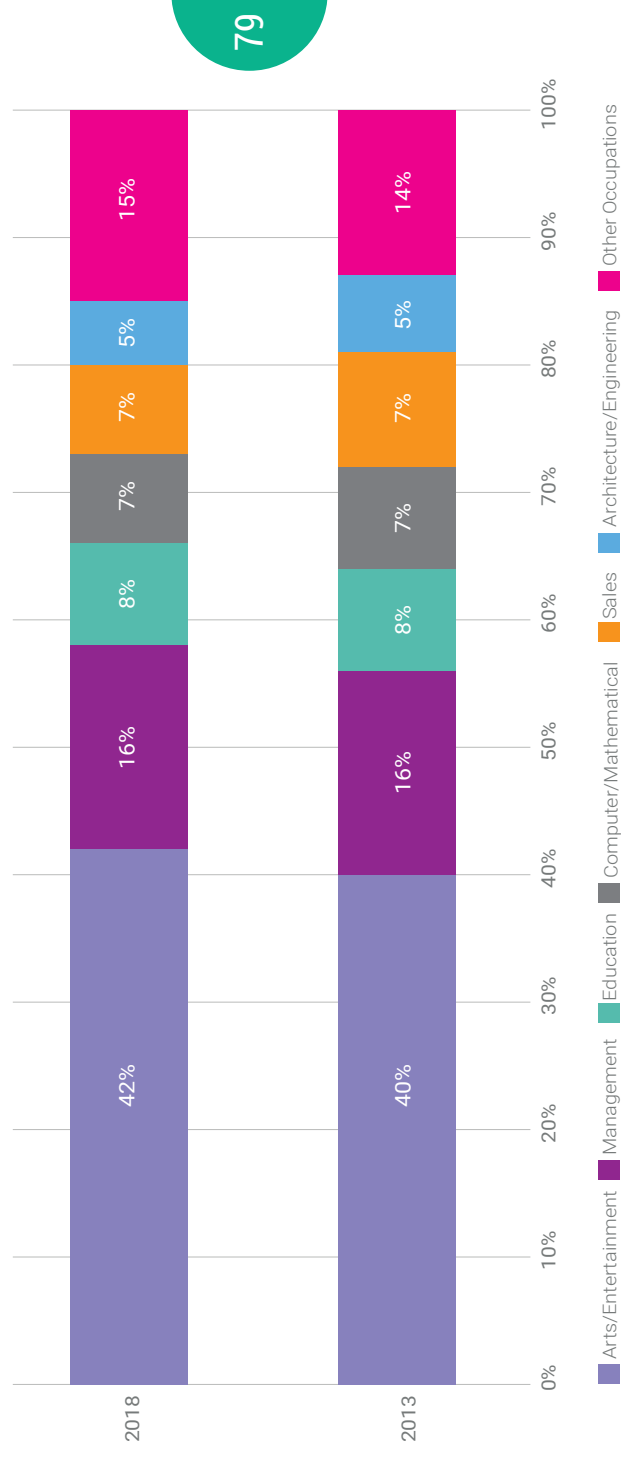


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics. Note: Percentages within the bar charts denote share of occupation, and percentages next to arrows indicate occupation growth.

Zooming in to just the self-employed professionals provides additional information on the intertemporal choices between performing self-employment work and wage and salary work. For example, self-employment in Sales in the Creative Economy declined 16% from 2013 to 2018, yet overall total employment in Sales remained stable at 1% during the period. This implies a shift in preference from self-employment to other types of work: a 5% increase in employment in for-profit establishments and a 20% increase in other establishments (private nonprofit organizations, government agencies, and family businesses).

5-Year Self-Employment Growth in California Creative Industries by Occupational Groups

Figure 2.42



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics. Note: Percentages within the bar charts denote share of occupation, and percentages next to arrows indicate occupation growth.

By both measures of income (mean and median), the five highest-paying occupations are Legal, Management, Computer/Mathematical, Business/Financial, and Architecture/Engineering. Note that three of these (Legal, Management, and Business/Financial) are industry-agnostic occupations.

Highest-Paying Occupations (Mean)

Table:15

	Wages and Salaries Only	Wages and Salaries Plus Self-Employment Income
Legal	\$200,500	\$207,100
Management	\$131,700	\$138,500
Computer/Mathematical	\$119,900	\$124,400
Business/Financial	\$96,300	\$100,400
Architecture/Engineering	\$91,800	\$99,400

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau, Analysis by Beacon Economics

Highest-Paying Occupations (Median)

Table:16

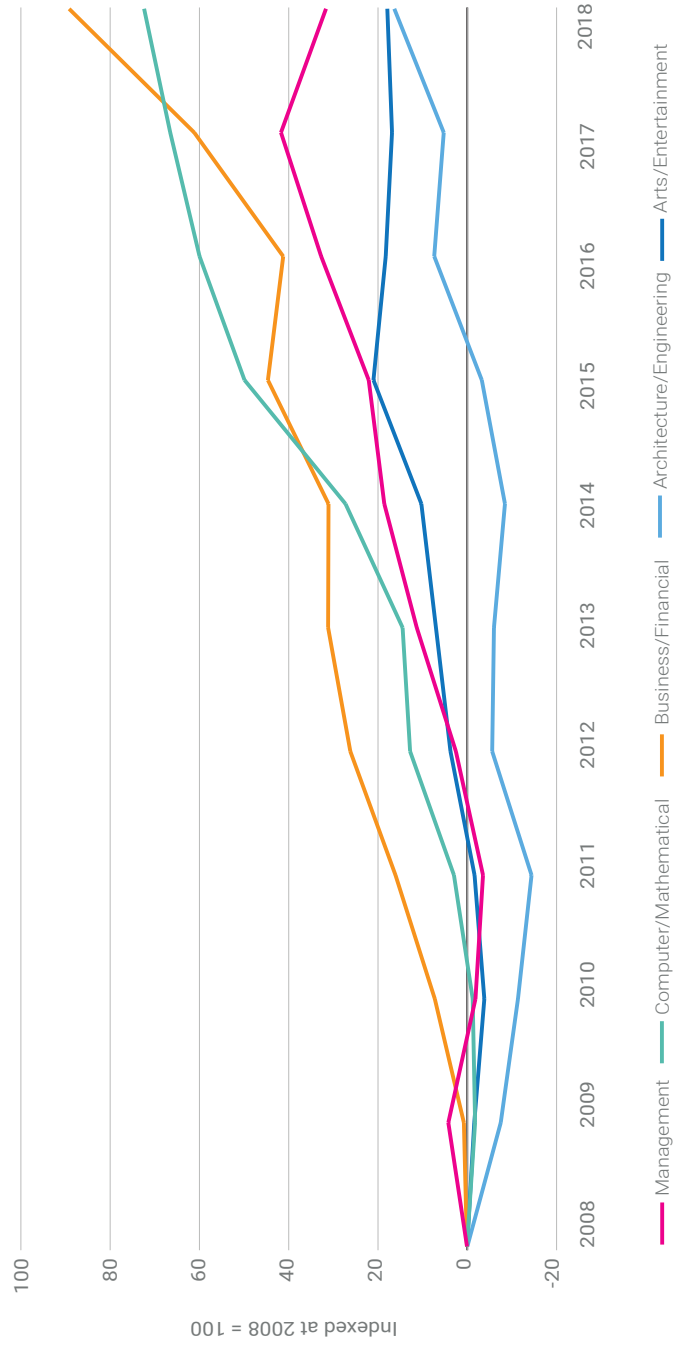
	Wages and Salaries Only	Wages and Salaries Plus Self-Employment Income
Legal	\$170,000	\$180,000
Computer/Mathematical	\$102,000	\$106,000
Management	\$100,000	\$100,000
Architecture/Engineering	\$75,000	\$80,000
Business/Financial	\$75,000	\$75,000

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau, Analysis by Beacon Economics

The average income in Legal is significantly higher than the next-highest-paying occupation, yet Legal makes up less than 1% of the Creative Economy's workforce. The rest of the top-paying occupations each have a sizable portion of total Creative Economy employment—over 100,000 professionals in each. Furthermore, each of these occupations as well as Arts/Entertainment all grew strongly from 2008 to 2018. Leading the pack were Business/Financial (89%) and Computer/Mathematical (72%), which almost doubled from 10 years ago.

Indexed Employment Growth in Highest-Paying Occupations Plus Arts/Entertainment by Largest Occupation in California (2008 to 2018)

Figure 2.43

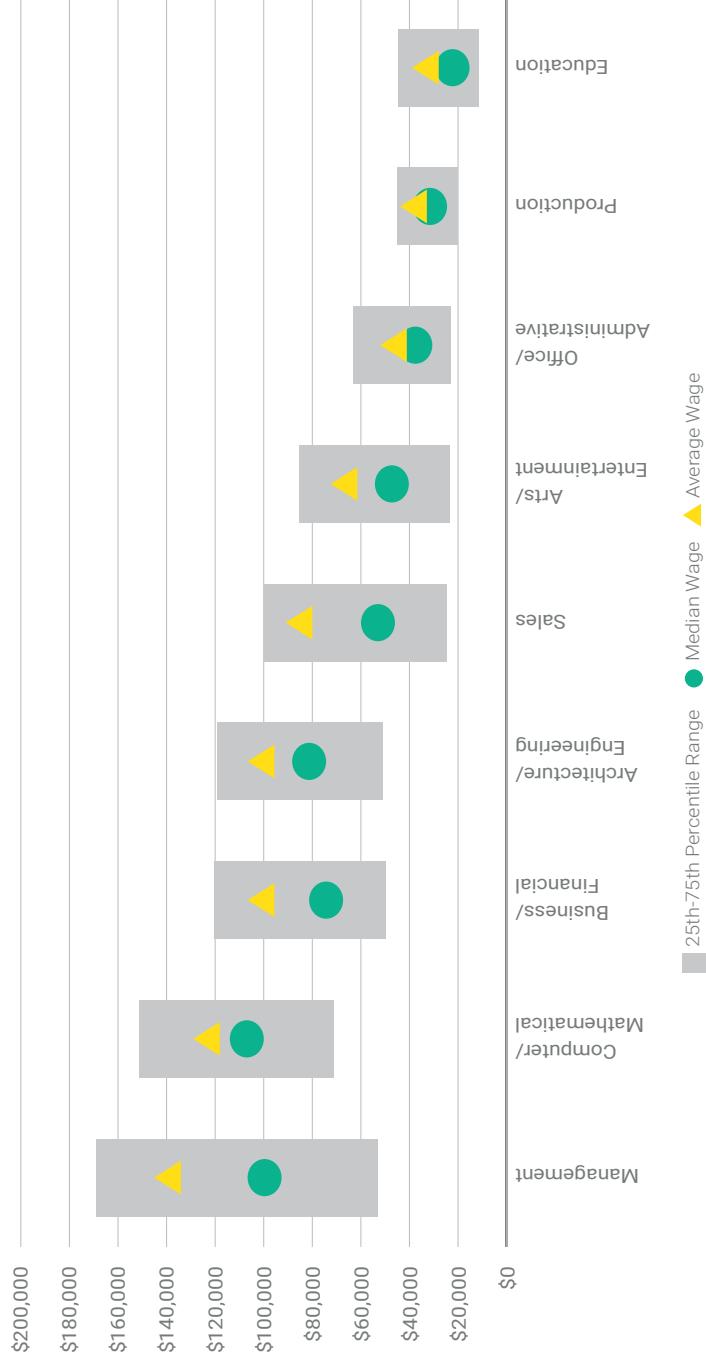


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Surprisingly, the highest-paying occupations have some of the lowest income disparities. Compared with the bottom 25th-percentile earner, the top 25th-percentile earner in Computer/Mathematical, Business/Financial, and Architecture/Engineering makes slightly over twice as much. On the other hand, the 75th-percentile person earned four to five times as much as the 25th-percentile worker in Sales, Arts/Entertainment, and Education—which also has the highest propensity for self-employment.

Wages and Salaries Income Plus Self-Employment Income by Largest Occupations in California Creative Industries (2018)

Figure 2.44

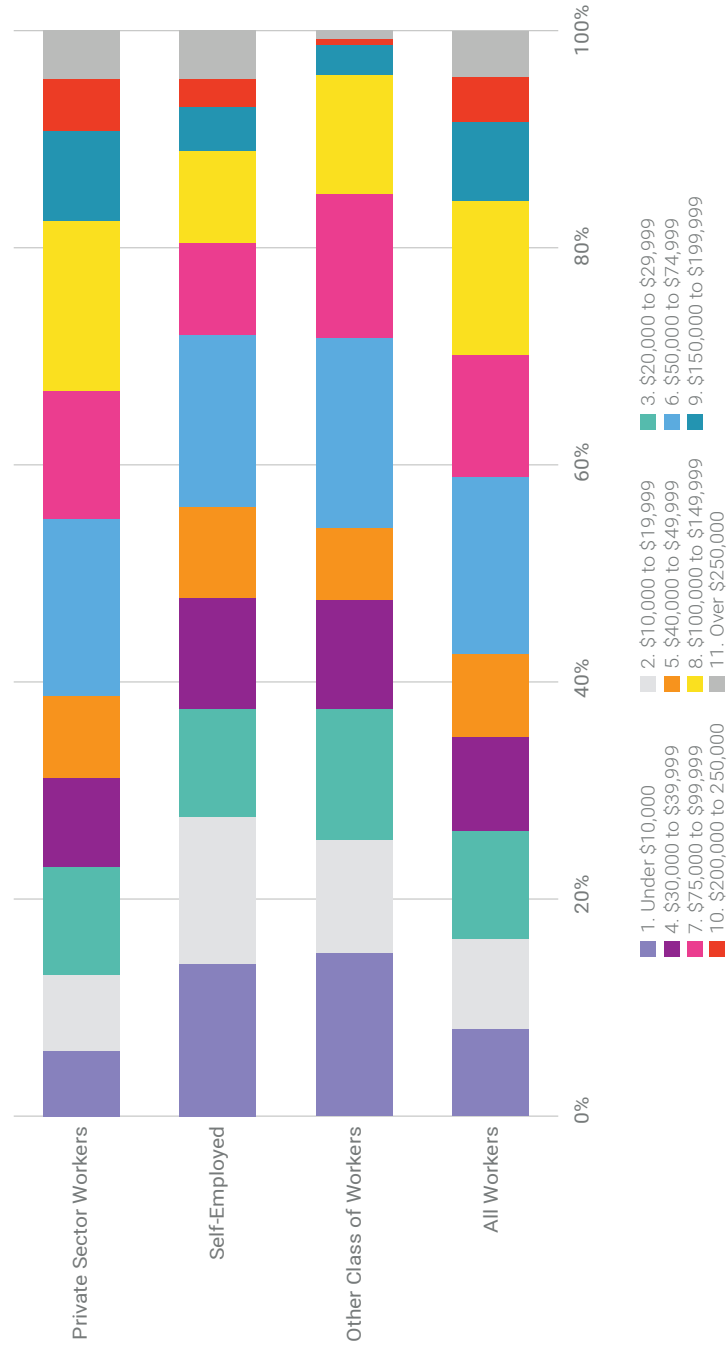


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau, Analysis by Beacon Economics

The Creative Economy naturally offers ample freelancing opportunities in addition to wage and salary employment. But workers who identify as self-employed earn considerably less than those who work for for-profit firms. One in three (33%) private for-profit workers earned at least \$100,000 in 2018 compared with 1 in 5 (19%) self-employed workers. On the flip side, 6% of private for-profit workers earned less than \$10,000 in 2018, compared with 14% of self-employed workers.

Income by Class of Worker in the California Creative Economy (2018)

Figure 2.45



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau, Analysis by Beacon Economics

Among Creative Economy professionals in Arts/Entertainment, self-employment is highly prevalent across occupational groups in all subsectors. Slightly under half of Media and Communication Equipment Workers (47.6%) identify as self-employed, followed closely by Entertainers and Performers, Sports and Related Workers (46.1%), and Artists and Related Workers (45.7%).

Percentage of California Creative Economy Professionals in Arts/Entertainment Occupations Who Are Self-Employed (2013 and 2018)

Figure 2.46



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

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SPOTLIGHT: ARTS EDUCATION



SPOTLIGHT: ARTS EDUCATION

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Creativity and appreciation for the arts is important for all students to have a well-rounded education, exposing them to new ideas and perspectives. Arts education boosts school attendance, academic achievement, and college attendance rates; improves school climate; and promotes higher self-esteem and social-emotional development.

”

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- **Tony Thurmond**
California State Superintendent⁸

⁸ California Department of Education News Release (February 2019), “State Superintendent Tony Thurmond Commends New K-12 California Arts Standards”. Retrieved from URL: <https://www.cde.ca.gov/nr/ne/yr19/yr19rel14.asp>.

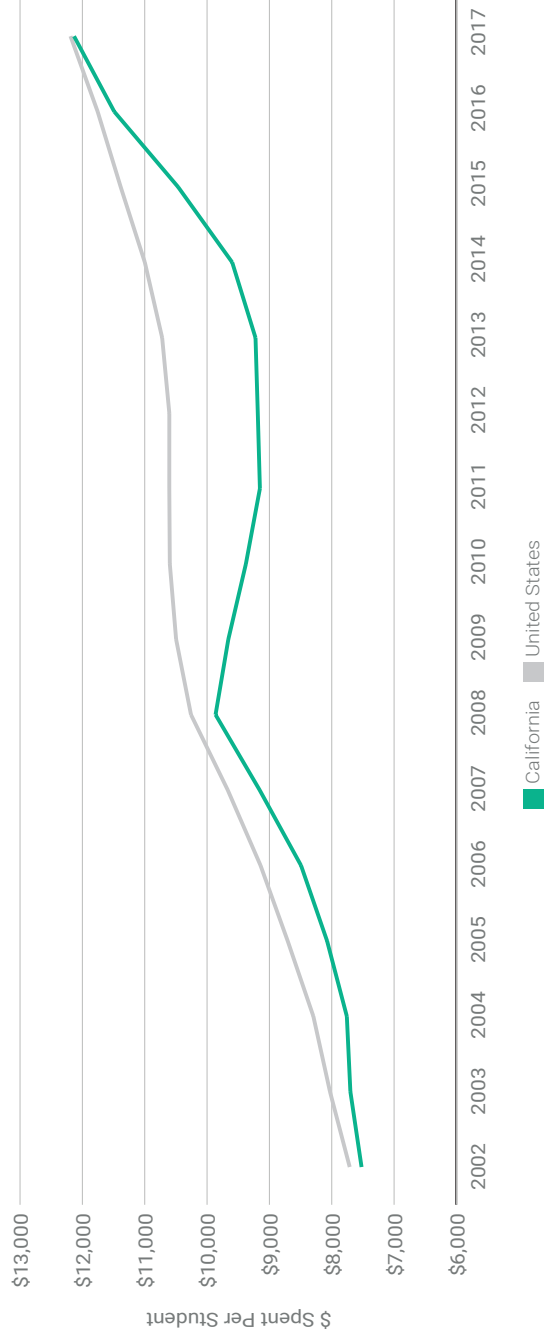
EDUCATION FUNDING PER PUPIL

California's overall education funding has consistently lagged the national average. In 2011, the national average of educational funding per student was roughly 16% higher than California's. But since 2012, California has had significant improvement. From 2012 to 2017, California had the largest percentage growth change in per-pupil funding of any state: 32.2%. The average U.S. growth was 15.0% during the period.

As of 2017, per-pupil funding in California was \$12,140, a bit lower than the national average of \$12,200. Although these improvements are much needed for the state, California remains considerably behind high-funding states. For example, in 2017 New York spent an average of \$23,000 per pupil, roughly 90% higher than California.

Funding Per Pupil (2002 to 2017)

Figure 3.1



Source: US Census Bureau; Analysis by Beacon Economics

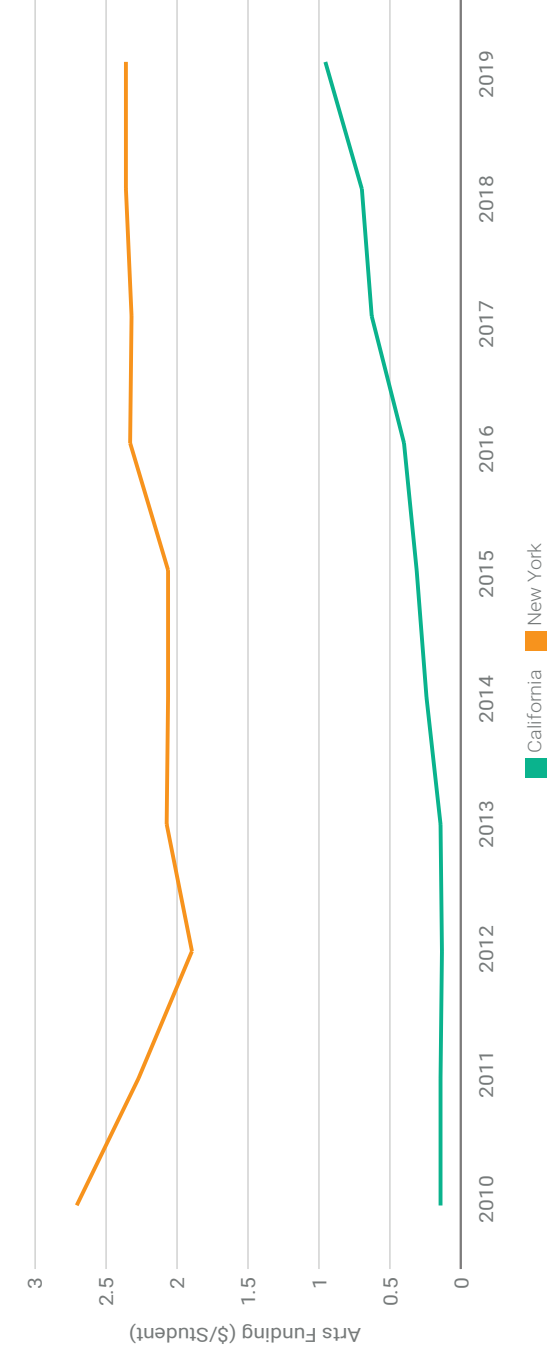
PER CAPITA ARTS EDUCATION FUNDING

Per capita arts funding mirrors California's overall education spending, lagging behind the national average. But measures have been taken to improve arts funding over the past few years. As of 2019, \$0.96 was spent on arts funding per student, compared with \$1.30 nationwide. California's total arts council funding reached \$37.8 million in 2019, a significant increase from 2015, when the state's funds were \$11.9 million. Total legislative appropriations have helped drive this increase, with an increase in allocation from \$9.2 million in 2015 to \$27.3 million in 2019.

Although spending has improved, California ranked 29th of all states in 2019 in per capita funding of the arts. New York (\$2.40 per capita), New Jersey (\$1.90) and Massachusetts (\$2.50) were much higher.

Per Capita Arts Funding (2010 to 2019)

Figure 3.2



Source: National Assembly of State Arts Agencies; Analysis by Beacon Economics

EDUCATIONAL ATTAINMENT

Educational attainment varies widely across the five creative industries. Certain industries require high education, and broader categories do not necessarily need even bachelor's degrees. Architecture and Related Services, as well as Entertainment and Digital Media, have the most workers with bachelor's degrees or higher, at 63.4% and 65.7% respectively. Entertainment and Digital Media is a diverse category, including Other Professional, Scientific and Technical Services, Computer Systems Design and Related Services. These technical fields require high levels of education.

The percentage of individuals with graduate degrees working in Entertainment and Digital Media has increased significantly over the past five years: 5.4 percentage points from 2013 to 2018, to 22.4%. The story was quite different in the Fashion Industry, the only sector to have a decline in graduate degree holders as well as the lowest rate of graduate degree holders of any creative industry. Fine Arts and Performing Arts has had a large increase in bachelor's degree holders, with a 4.0-percentage-point increase from 2013 to 2018, to 31.5%.

Educational Attainment Breakdown by Creative Industry

Table: 3.1

	Architecture and Related Services	Creative Goods and Products	Entertainment and Digital Media	Fashion	Fine Arts and Performing Arts
# of Degree Holders	350,671	368,740	1,547,730	284,047	366,289
Less than High School	4.4%	11.0%	3.2%	22.3%	7.1%
High School Graduate	7.7%	16.3%	8.9%	14.3%	15.1%
Some College	24.5%	27.2%	22.2%	26.6%	32.2%
Bachelors	41.8%	35.4%	43.3%	29.5%	31.5%
Graduate Degree	21.6%	10.1%	22.4%	7.3%	14.0%

Source: 2018 1-Year ACS Public Use Microdata Sample; Analysis by Beacon Economics

Over the past five years, arts degrees in Los Angeles and California increased 17.8% and 20.1% respectively. Degrees in Visual and Performing Arts increased significantly relative to other arts degrees in both Los Angeles and California, at 99.2% and 61.6% respectively. Los Angeles had more Fine Arts and Language/Drama Education degrees than California as a whole, at 18.0% and 81.8% respectively compared with 7.1% and 11.9% respectively. Conversely, California as a whole had more degrees in Journalism, Commercial Arts and Graphic Design, and Communications than Los Angeles. Although Art/Music Education degrees increased 11.6% in California as a whole, in Los Angeles the number of degrees declined 19.7%.

Growth in Degrees in Los Angeles and California (2013 to 2018)

Table 3.3

DEGREE	NUMBER OF DEGREES ATTAINED (LA)		5-YEAR GROWTH	
	2013	2018	LA (%)	CA (%)
Miscellaneous Fine Arts	595	2,310	288.1	265.4
Visual & Performing Arts	4,615	9,195	99.2	61.6
Studio Arts	3,610	6,580	82.1	38.1
Language/Drama Education	3,710	6,735	81.8	11.9
Advertising/Public Relations	5,460	8,505	55.8	23.4
Art History & Criticism	8,260	11,370	37.7	35.3
Mass Media	21,535	29,205	35.6	29.7
Film Video & Photographic Arts	30,980	38,910	25.6	37.4
Fine Arts	43,270	51,045	18.0	7.1
Music	26,255	30,780	17.3	10.5
Journalism	21,415	24,730	15.5	24.8
Architecture	25,185	27,500	9.2	17.6
Communications	61,505	66,545	8.2	20.3
Commercial Arts & Graphic Design	35,000	36,730	5.0	21.3
Drama/Theater Arts	32,875	34,140	3.9	12.7
Art/Music Education	6,185	4,970	-19.7	11.6
Total	330,445	389,251	17.8	20.1

Source: 1-Year 2018 ACS Public Use Microdata Sample; Analysis by Beacon Economics

Over the past five years, the number of California art schools and art classes increased 10.2% and 15.4% respectively. Los Angeles also had similar growth, 9.7% and 11.9% respectively.

Number of Fine Arts Schools and Classes (2018-19 Academic Year)

Table 3.4

REGION	2018-19 ACADEMIC YEAR: FINE ARTS		5-YEAR GROWTH (%)	
	Number of Schools	Number of Classes	Number of Schools	Number of Classes
California	4,613	61,657	10.2	15.3
Los Angeles	949	14,934	9.7	11.9

Source: Department of Education; Analysis by Beacon Economics

Over the past five years, total course enrollment in California in Arts, Media and Entertainment, and Engineering and Architecture has increased 50.6% and 91.2% respectively. Conversely, total course enrollment in Fashion and Interior Design declined 46.6%. Additionally, the number of schools and number of courses in Fashion and Interior Design declined but those in Arts, Media and Entertainment, and Engineering and Architecture increased substantially.

California Career Technical Education in Los Angeles County (2018-19 Academic Year)

Table 3.5

REGION	2018-2019 ACADEMIC YEAR			5-YEAR GROWTH (%)		
	Number of Schools	Number of Courses	Total Enrollment	Number of Schools	Number of Courses	Total Enrollment
Arts, Media, And Entertainment	273	2,715	60,078	17.2	65.3	50.6
Engineering and Architecture	192	1,024	24,498	61.3	111.1	91.2
Fashion and Interior Design	41	102	1,497	-31.7	-42.7	-46.6

Source: Department of Education; Analysis by Beacon Economics

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SPOTLIGHT: THE GIG ECONOMY



SPOTLIGHT: THE GIG ECONOMY

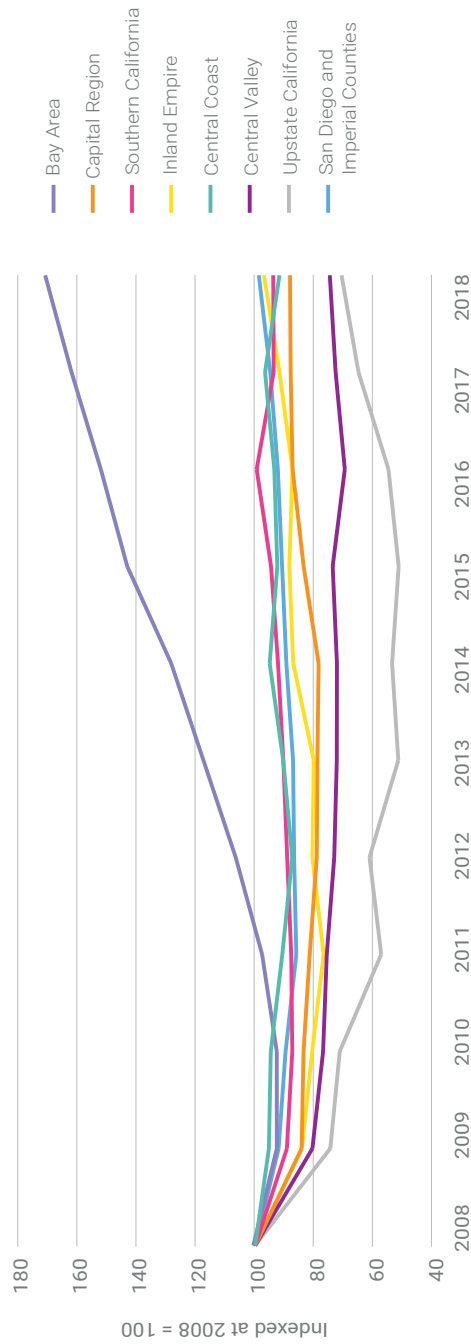
Employment is becoming ever less structured, giving rise to various nontraditional work arrangements such as freelancing, self-employment, and other forms of gig work. This phenomenon is especially true for the State's creative industries, where subsectors such as Motion Picture and Professional Design Services have a history of nonstandard work situations such as the lack of fixed hours and the prevalence of contract work. There is no formal definition of the gig economy, but the term captures independent, individual workers who pursue gigs on a contract basis. This would include workers such as a freelance graphic designer or a neighborhood piano instructor who teaches a few students a week.

In California's creative industries, there are about four nonemployer businesses for every 10 workers in traditional wage and salary positions. In the largest major occupational group in the creative industries, Arts/Entertainment, about 40% of the professionals identify as self-employed. Two out of seven Arts/Entertainment professionals also had no wages or salaried income, relying solely on self-employment income, in 2018. Undoubtedly, self-employment is a significant and integral part of the State's creative industries.

With the exception of the Bay Area, which experienced a significant post-recession tech boom, traditional wage and salary employment in the Creative Industries has not recovered to prerecession levels in California.

Indexed Creative Economy Industry Employment Wage and Salary Workers (2008 to 2018)

Figure 4.1

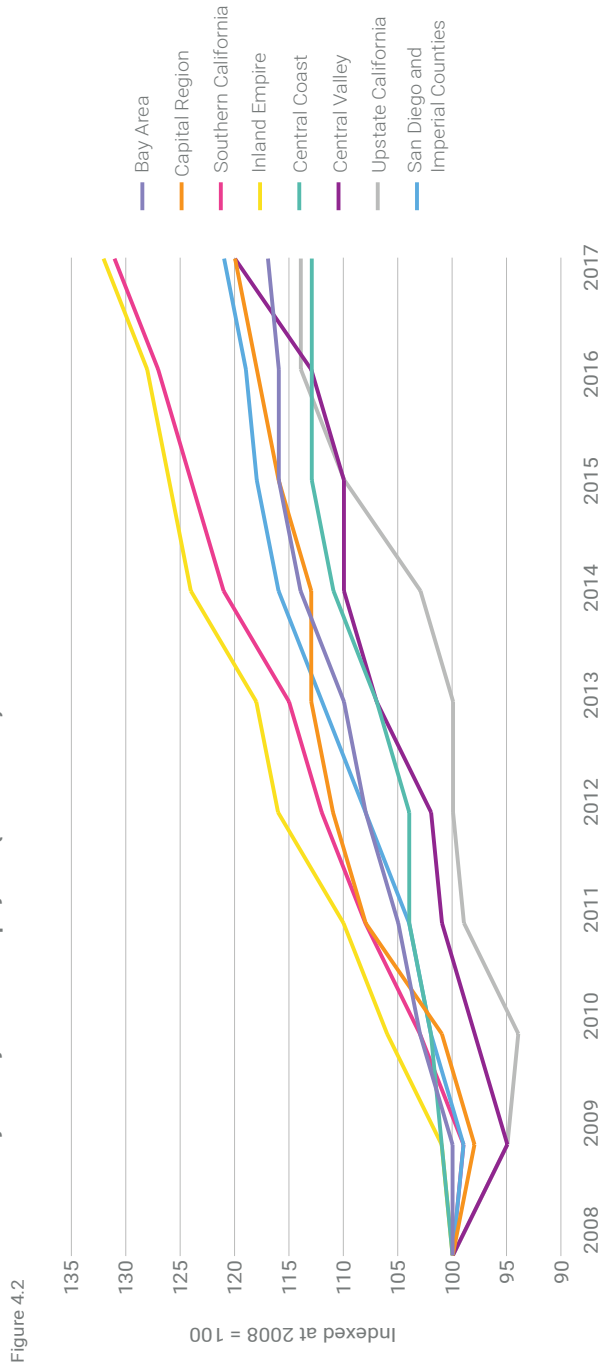


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau; Analysis by Beacon Economics

The Bay Area is seemingly immune to decline because of technology's dominant presence. Its four largest industries by employment, all of which are part of the Digital Media creative subsector, have also grown tremendously in the past 10 years. Since 2008, these creative industry subsectors have grown 134% collectively: Custom Computer Programming Services (70%), Internet Publishing and Broadcasting (327%), Software Publishers (95%), and Data Processing, Hosting and Related Services (269%). The Bay Area's Creative Industry employment actually declined 4%, which is in line with the rest of California, if these four largest industry subsectors are excluded.

Contract, temporary, and freelance jobs have always been a major part of the creative industries. With such jobs on the rise, the gig economy has become an even more integral part of the State's Creative Economy, especially in the less populous regions. The number of nonemployer businesses in the Creative Economy has risen steadily throughout California.

Indexed Creative Economy Industry Contract Employment (2008 to 2017)



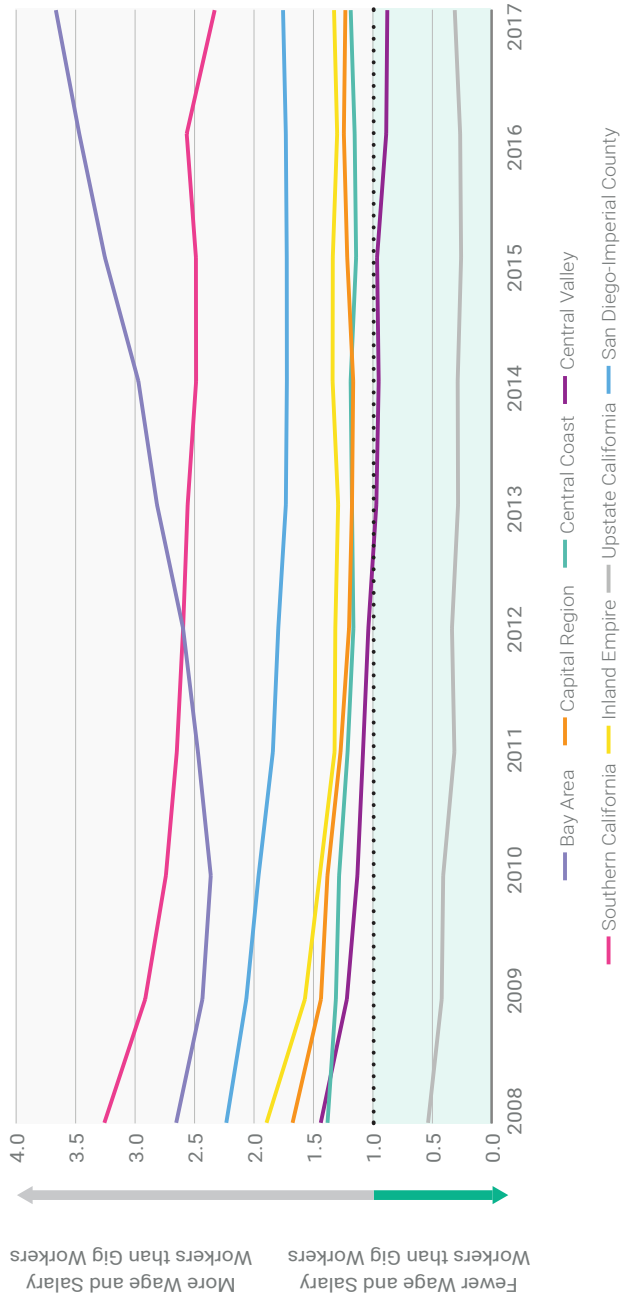
Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

From 2008 to 2017, nonemployer businesses grew the fastest in the southern parts of the State: Inland Empire (32%), Southern California (31%) and San Diego-Imperial counties (21%).

From 2008 to 2017, the ratio of wage and salary workers to nonemployer businesses in the Creative Economy fell in every region in California except the Bay Area, where wage and salary employment grew much faster than nonemployer businesses. Furthermore, rural regions in California, namely Upstate California (0.31) and Central Valley (0.87), have the lowest ratios of wage and salary employment to nonemployer businesses.

Wage and Salary Workers to Nonemployer Businesses Ratio (2008 to 2017)

Figure 4.3

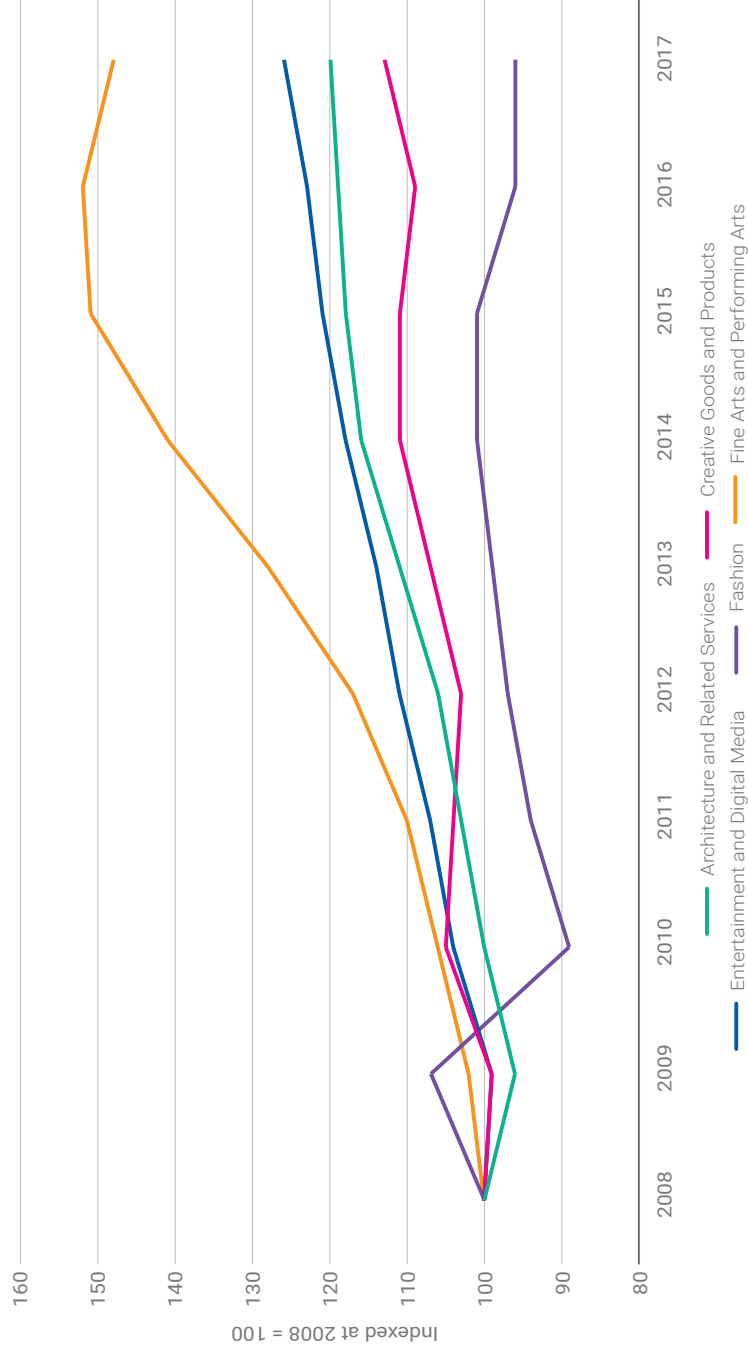


Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

In the gig Creative Economy, Fine Arts and Performing Arts is the fastest-growing sector everywhere in California except for the Central Coast, where Fashion has the highest growth rate. Statewide, although Fine Arts and Performing Arts is the fastest-growing sector (48%), it is also the smallest, comprising just 4% of the State's gig Creative Economy by number of nonemployer businesses.

Indexed Nonemployer Business Growth by Creative Industry (2008 to 2017)

Figure 4.4



Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Fastest- and Slowest-Growing Creative Sector by Region (2008 to 2017)

Table: 4.1

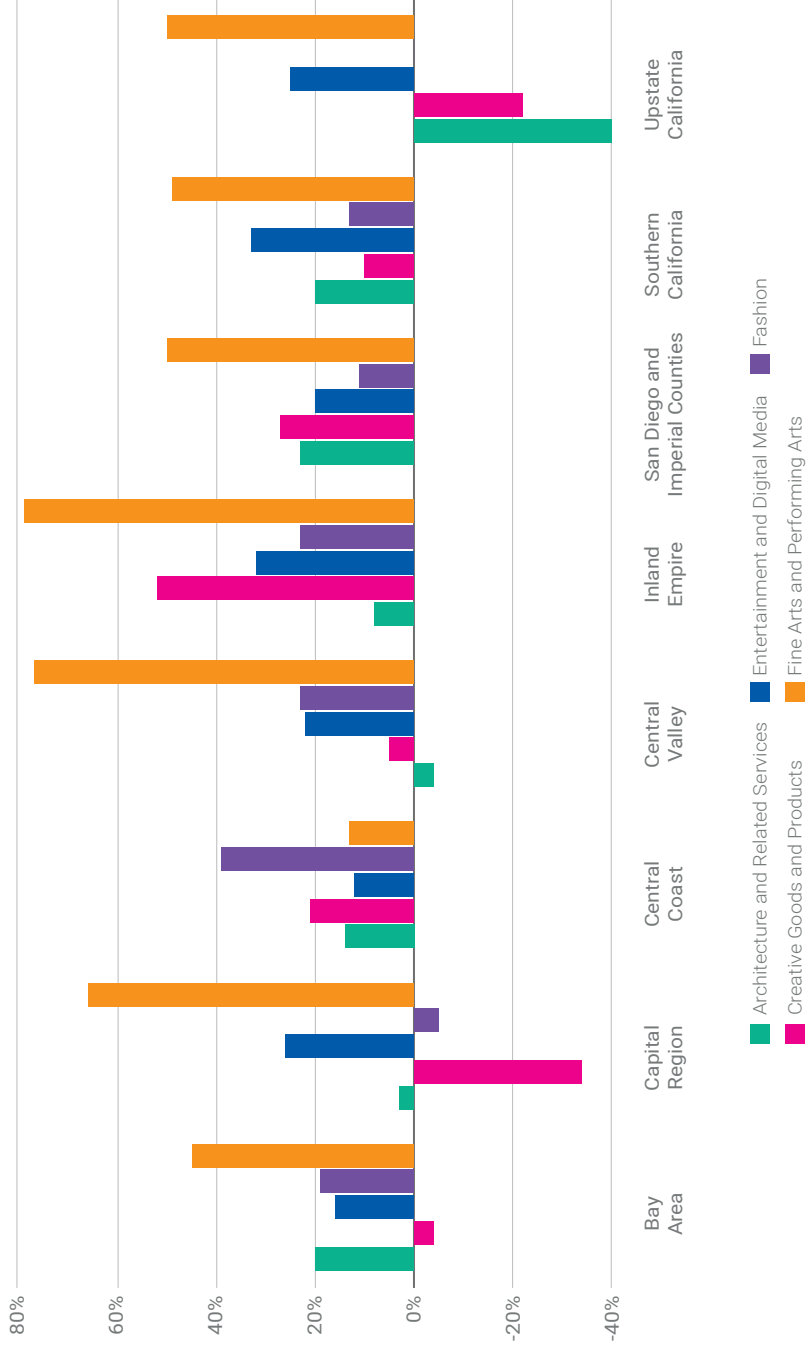
	Fastest Growing	% Growth	Slowest Growing	% Growth
Bay Area	Fine Arts and Performing Arts	45%	Creative Goods and Products	-4%
Capital Region	Fine Arts and Performing Arts	66%	Creative Goods and Products	-34%
Central Coast	Fashion	39%	Entertainment and Digital Media	12%
Central Valley	Fine Arts and Performing Arts	77%	Architecture and Related Services	-4%
Inland Empire	Fine Arts and Performing Arts	79%	Architecture and Related Services	8%
San Diego-Imperial County	Fine Arts and Performing Arts	50%	Fashion	11%
Southern California	Fine Arts and Performing Arts	49%	Creative Goods and Products	10%
Upstate California	Fine Arts and Performing Arts	50%	Architecture and Related Services	-40%
Statewide Total	Fine Arts and Performing Arts	48%	Fashion	-4%

Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Nonemployer businesses by creative industry have all increased in the southern regions—the Central Coast, Inland Empire, San Diego-Imperial counties, and Southern California. The northern regions had a decline in nonemployer businesses in Creative Goods and Products: Bay Area (-4%), Capital Region (-34%), and Upstate California (-22%). Finally, Architecture and Related Services nonemployer businesses declined in the most rural regions of California: Central Valley (-4%) and Upstate California (-40%).

Percentage Change in Nonemployer Businesses by Region and Creative Sector (2008 to 2017)

Figure 4.5



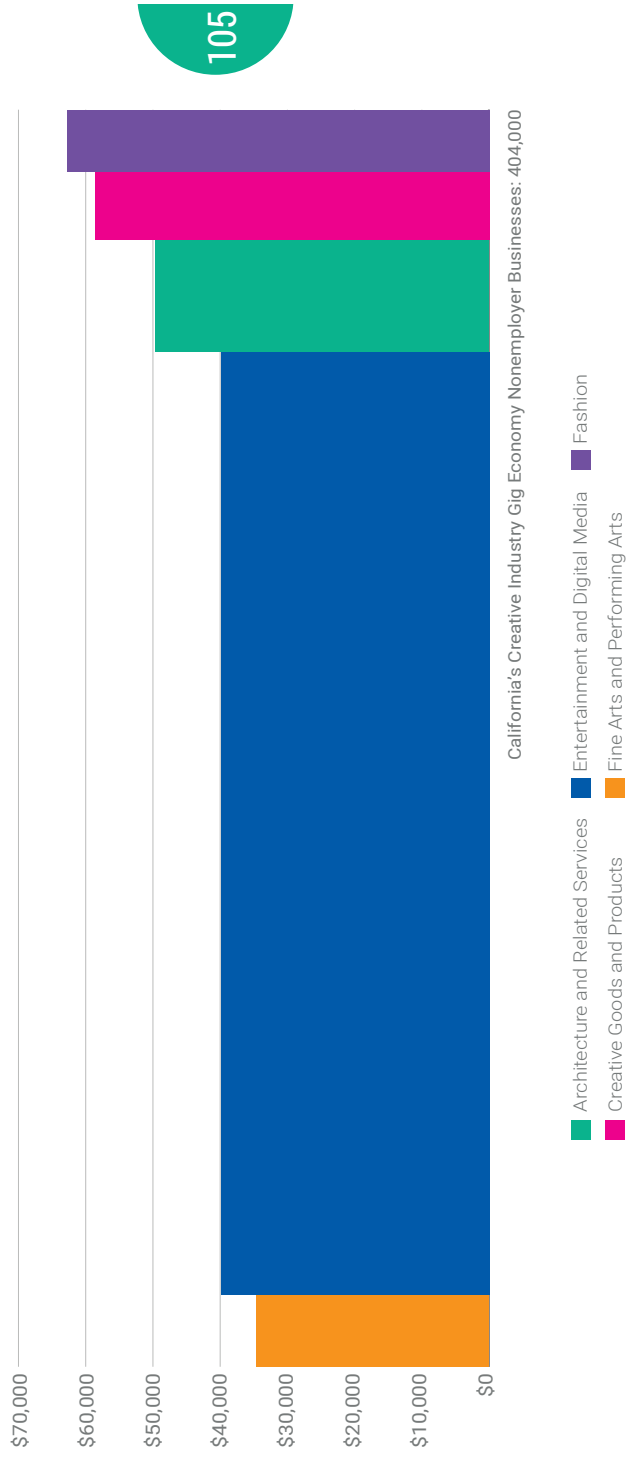
Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Unlike their wage and salary counterparts, creative industry professionals with their own nonemployer firms, who are mostly self-employed individuals operating unincorporated businesses, earn significantly less by comparison – receipts^a averaged just \$42,100 in 2017.

Professionals in Fine Arts and Performing Arts, the fastest-growing but smallest creative industry by nonemployer businesses, had the lowest average receipts (\$34,600) in 2017, followed by Entertainment and Digital Media (\$39,800), which is by far the largest industry sector.

Nonemployer Business and Average Receipts in California Creative Industries (2017)

Figure 4.6



Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

^a Receipts includes gross receipts, sales, commissions, and income from trades and businesses, as reported on annual business income tax returns.

Wholesaling nonemployer businesses tend to have the highest receipts in the creative gig economy. In 2017, workers in the top three industry categories with the highest average receipts made about \$100,000 and are either part of Fashion or Creative Goods and Products. The lowest grossing industry subsectors averaged less than \$30,000 annually.

Highest Average Annual Receipts (2017)

Table: 4.2

Industry Name	Creative Industry	Average Annual Receipt
Jewelry Wholesaling	Fashion	\$108,200
Apparel Wholesaling	Fashion	\$103,000
Furniture Wholesaling	Creative Goods and Products	\$93,200

Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Lowest Average Annual Receipts (2017)

Figure 4.3

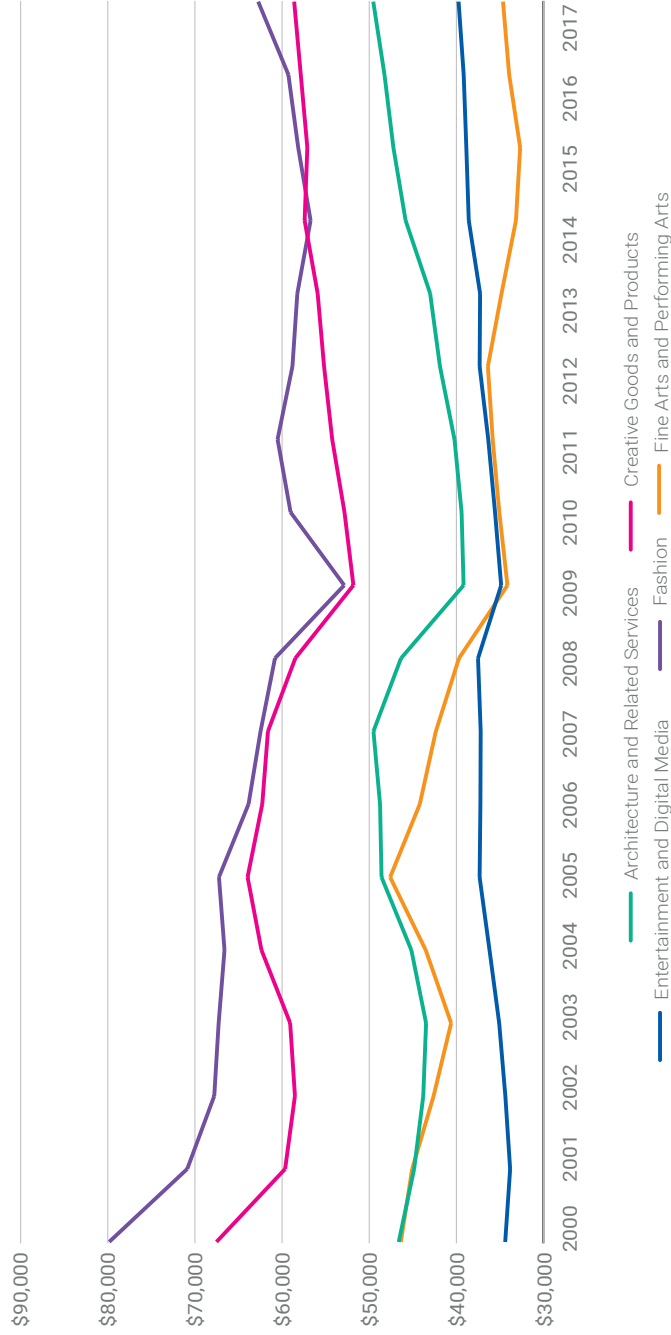
Industry Name	Creative Industry	Average Annual Receipt
Fine Arts Schools	Fine Arts and Performing Arts	\$18,100
Museums	Fine Arts and Performing Arts	\$23,800
Pottery, Ceramics, and Plumbing	Creative Goods and Products	\$27,900
Fixture Manufacturing		

Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Not only are nonemployer business receipts much lower than wages and salaries in the Creative Economy, but receipts have also failed to rebound to pre-recession levels in any creative sector. Compared with 2008, not adjusting for inflation, average receipts grew only modestly in Architecture and Related Services (+7%), Entertainment and Digital Media (+6%), and Fashion (+3%). There has been no change in average receipts for Creative Goods and Products, and average receipts declined 13% for nonemployer businesses in Fine Arts and Performing Arts during the period.

Nonemployer Business Average Receipts in California Creative Industries (2000 to 2017)

Figure 4.7

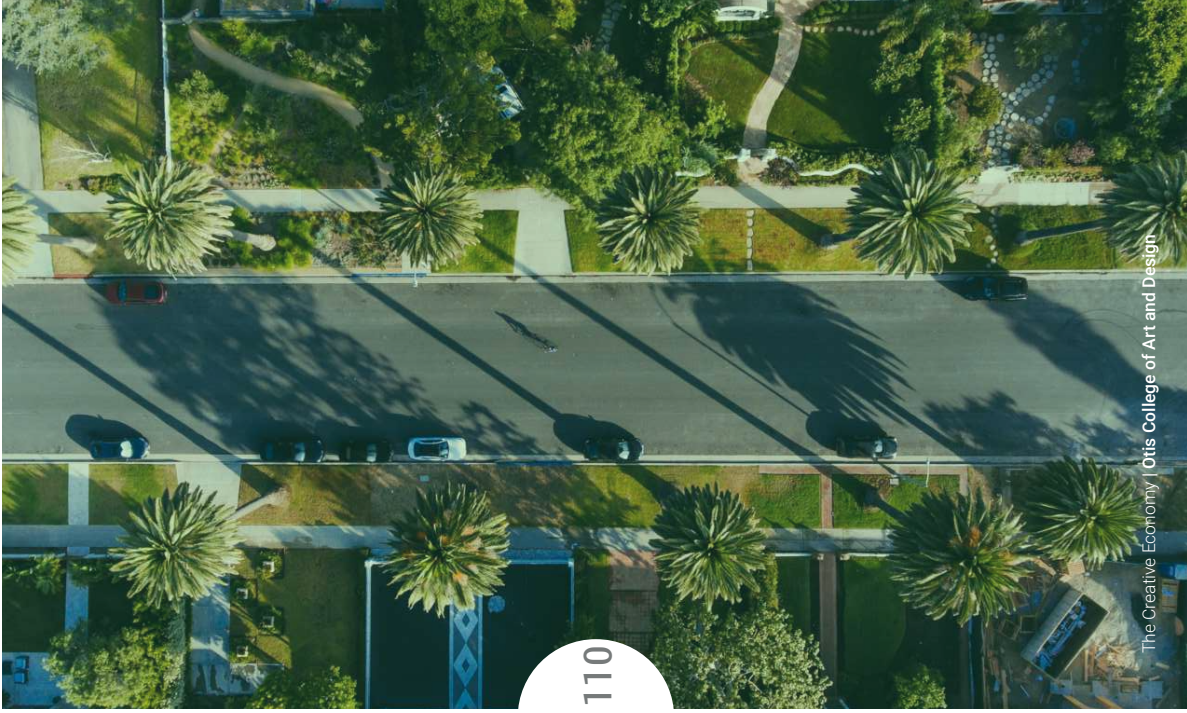


Source: Nonemployer Statistics (NES); Analysis by Beacon Economics

Adjusted for inflation, nonemployer businesses in the Creative Economy grossed less in 2017 than in 2008 in all sectors. Despite the steady growth of nonemployer businesses in the Creative Economy, receipts have not kept up. Coupled with the volatile nature of self-employment, in which work is contingent and short-term, with few benefits and little security, it seems many self-employed creative professionals have been left behind even during the longest economic expansion.

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LOS ANGELES COUNTY



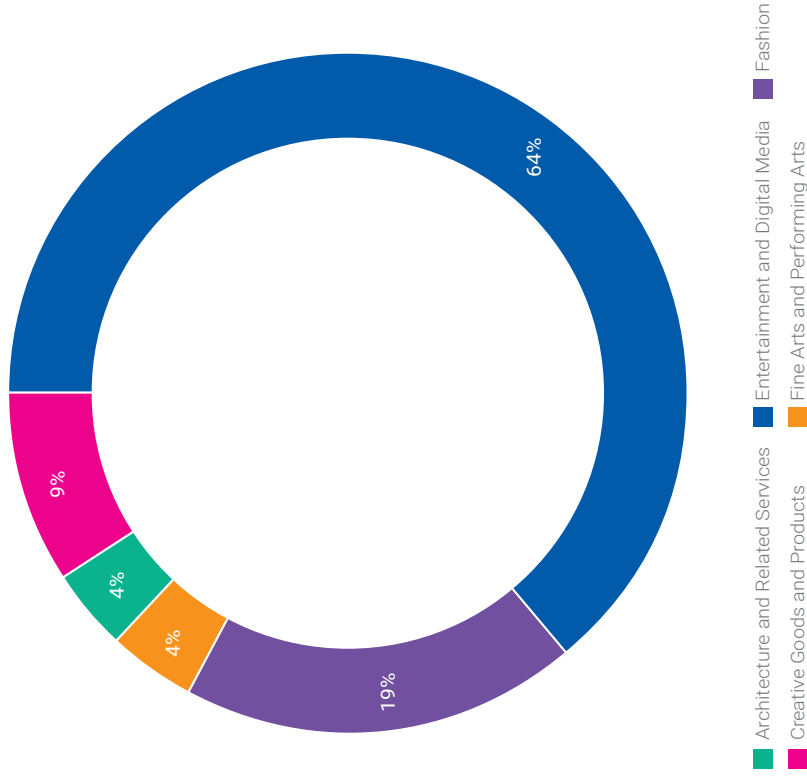
LOS ANGELES COUNTY: Creative Industry Analysis

Making up about 8% of the total California workforce, the creative industries in California play a crucial role in the State's employment market. It is no surprise that L.A. County, with the largest employment base in California, is a powerhouse for the Creative Economy. In 2018, L.A. County had 38% of statewide employment in creative industries. In addition, the Creative Economy has a strong presence in the L.A. County labor market, employing 13% of the region's workforce. Workers in these industries also earn more than the average L.A. County worker, \$103,000 on average compared with \$68,000.

The Entertainment and Digital Media sector has remained the dominant force in the L.A. County Creative Economy, employing 258,000 wage and salary workers in 2018, or about 64% of the total creative workforce. Indeed, this sector has consistently employed over 50% of the total Creative Economy workforce over the past two decades. Fashion accounted for 19% of jobs in the County's creative industries, followed by Creative Goods and Products (9%), Fine Arts and Performing Arts (4%), and Architecture and Related Services (4%).

Employment Share by Creative Sector in L.A. County (2018)

Figure 5.1

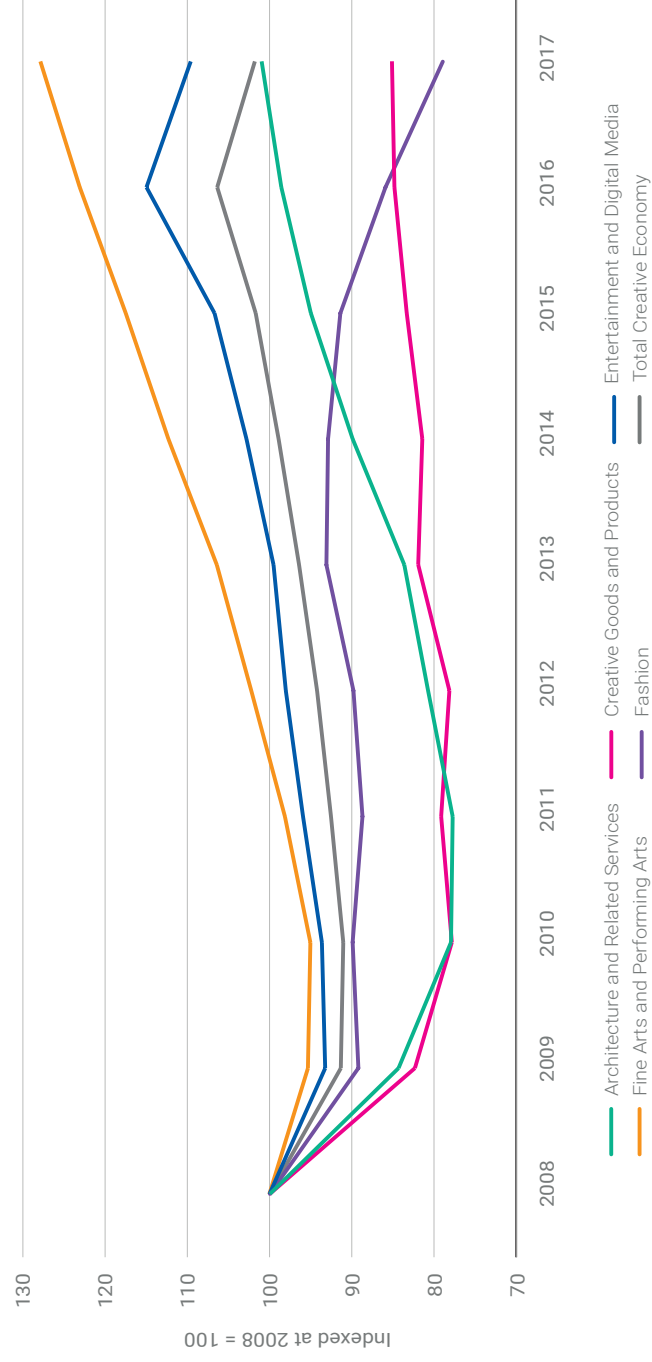


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW). Analysis by Beacon Economics

From 2008 to 2017, total employment (contract workers and wage and salary workers combined) in the L.A. County Creative Economy has increased modestly, growing 1.8% and adding 10,500 contract and wage and salary jobs. But employment growth varied substantially by industry. Leading the charge was growth in Fine Arts and Performing Arts, which increased 28% since 2008, followed by Entertainment and Digital Media (10%) and Architecture and Related Services (1%). Conversely, the Fashion sector and the Creative Goods and Products industry both sustained declines in total employment from 2008 to 2017, falling 21% and 15% respectively, a loss of 23,000 and 7,300 jobs.

Indexed Employment Change in L.A. County by Creative Sector (2008 to 2017)

Figure 5.2

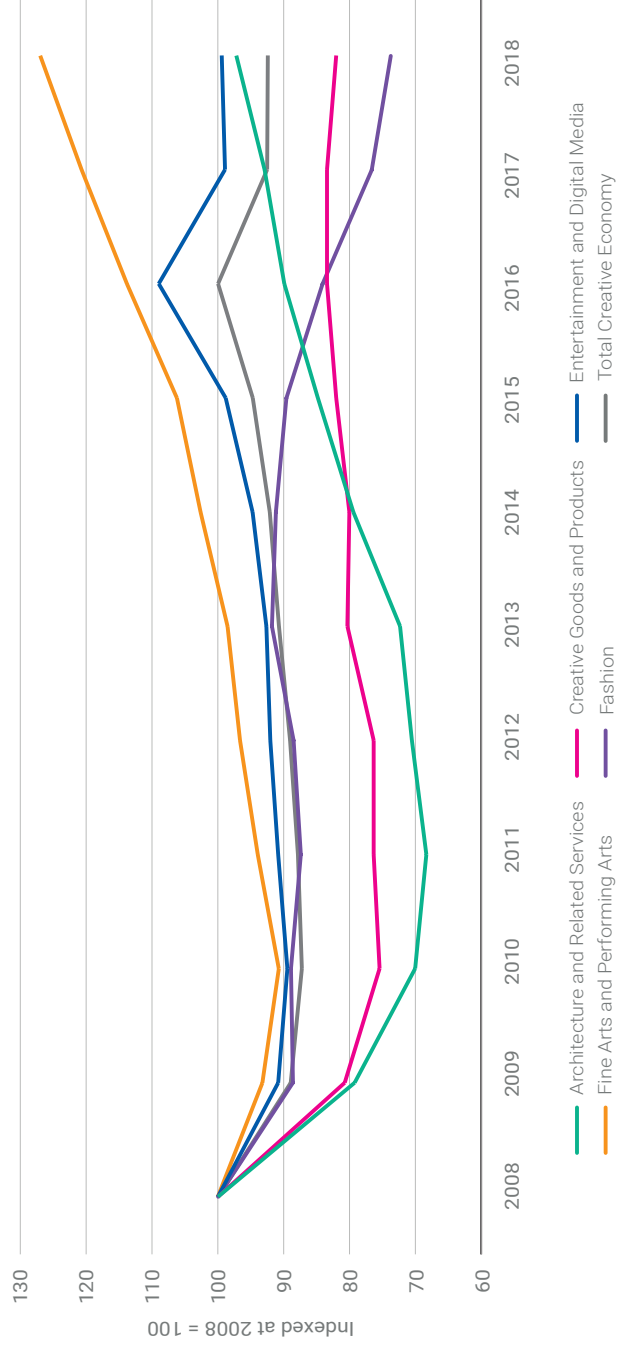


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Although the Creative Economy in L.A. County has grown since 2008, it has done so at a slower pace than statewide. Through 2017, the Creative Economy in Los Angeles employed 578,000 workers (wage and salary workers and contractors combined). Employment in the creative industries in Los Angeles accounted for 41% of the statewide employment in these industries. But L.A. County's share of total California employment in these industries has fallen from 44% in 2001, a decline of 3.0 percentage points. Driving this decline is the composition of L.A. County workers in these industries. From 2008 to 2017, L.A. County's share of statewide wage and salary employees declined from 46% to 39%, although the share of L.A. County contractors increased from 40% to 43%.

Indexed Wage and Salary Workers Employment Change in L.A. County by Creative Sector (2008 to 2018)

Figure 5.3

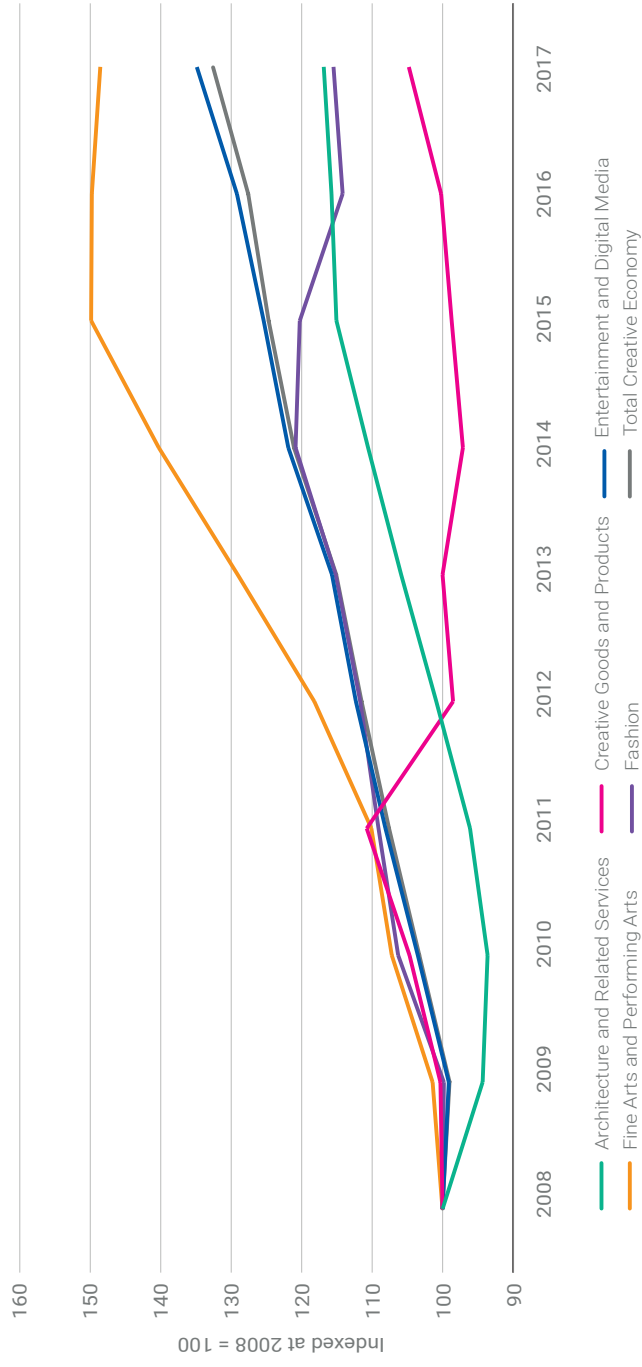


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW). Analysis by Beacon Economics

Two key points need to be addressed. The first is that the decline in wage and salary workers was greater than the offsetting increase in contractors in L.A. County. Additionally, contractors make up a significantly smaller share of L.A. County employment in these industries, although contractors have been making gains. From 2001 to 2017, the share of contract workers in L.A. County in these industries increased by 12.0 percentage points, and they now make up 30% of L.A. County employment in these industries. As a result of this shift, total employment in the creative industries remains largely unchanged from 2008 to 2017, as contract workers experienced stronger employment growth than wage and salary workers over the period.

Indexed Contract Worker Employment Change in L.A. County by Creative Sector (2008 to 2017)

Figure 5.4

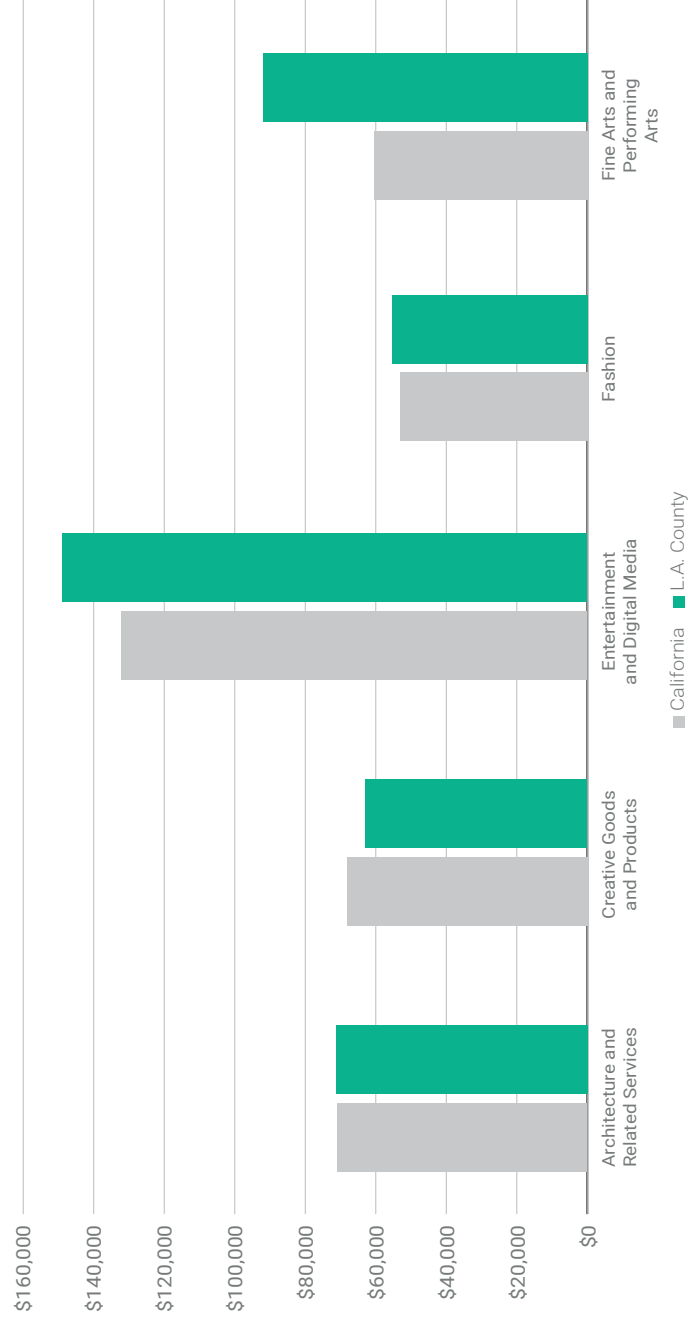


Source: Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics

Average wages in the L.A. County Creative Economy are well above average in the region, though they vary substantially across the creative industries. Entertainment and Digital Media is the highest-paying, \$148,000 on average. The lowest-paying sectors are the Creative Goods and Products industry and the Fashion industry, \$62,000 and \$55,000 respectively. Although wage discrepancies between California and L.A. County are minor in most industries, Fine Arts and Performing Arts is an exception. Employees in this sector earn an average of \$92,000 in L.A. County, compared with \$60,000 statewide.

Annual Average Wage by Creative Sector in L.A. County (2018)

Figure 5.5

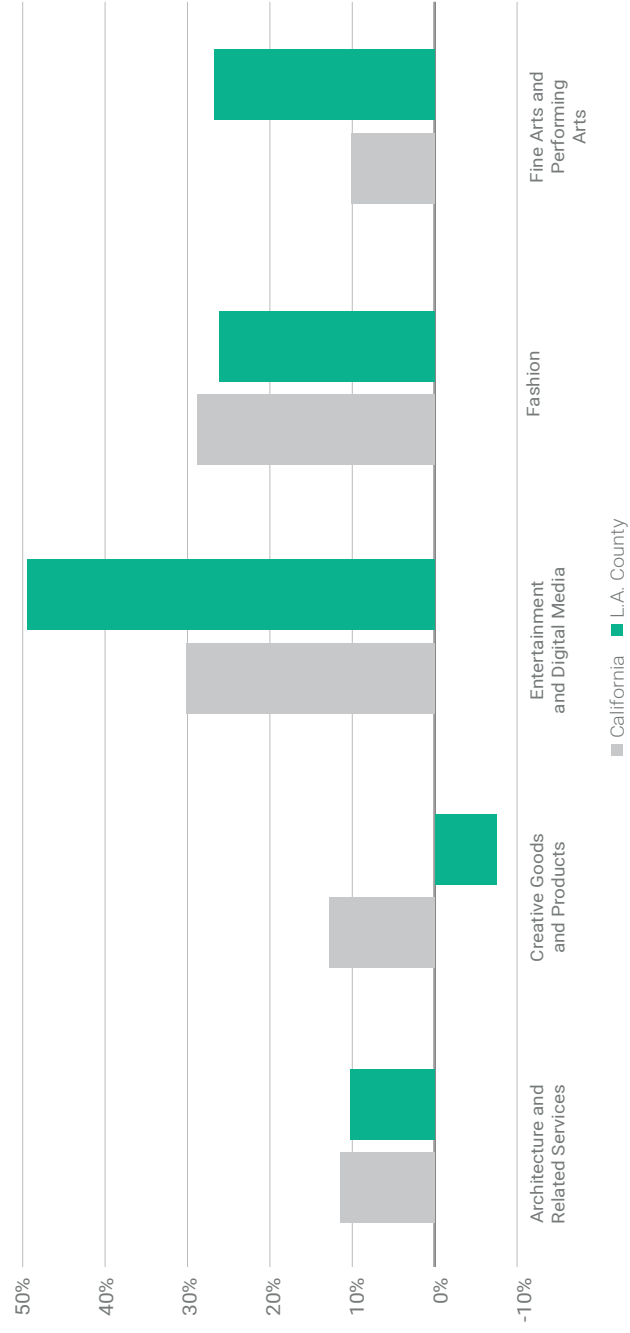


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

In addition to Entertainment and Digital Media's status as the highest-paying sector in the L.A. County Creative Economy, its wage growth has been substantial. From 2013 to 2018, average annual wages grew 49.4%. Wage growth in Fashion (26.2%) and Fine Arts and Performing Arts (26.8%) was also considerable over the five-year period, both increasing more than the County median of 25.9%. Architecture and Related Services grew 10.3%. Finally, wages in the Creative Goods and Products sector in L.A. County fell 7.5% from 2013.

Wage Growth by Creative Sector in L.A. County (2013 to 2018)

Figure 5.6



Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ARTS VIBRANCY

The Arts Vibrancy Index measures the supply, demand, and public support for the arts and culture per capita in metropolitan statistical areas (MSAs). As of 2019, the most art vibrant region was the New York MSA. Several regions have consistently been in the top five most art vibrant cities for the last five years. The San Francisco and New York MSAs have risen steadily since 2015, but art vibrancy has fallen in the Washington-Arlington-Alexandria and Nashville-Davidson-Murfreesboro-Franklin MSAs. In 2019, the Los Angeles MSA experienced a big leap to third in the ranks, having not been in the top five in the previous two years. It is important to note that ranking is relative and not weighted; the difference in degrees of art vibrancy among cities is not uniform.

Top 5 Art Vibrant Metropolitan Statistical Areas (2015 to 2019)
Table 3.2

Rank	2015	2016	2017	2018	2019
1	Washington-Arlington-Alexandria	Washington-Arlington-Alexandria	Washington-Arlington-Alexandria	San Francisco-Redwood City-South San Francisco	New York-Jersey City-White Plains
2	Nashville-Davidson-Murfreesboro-Franklin	Nashville-Davidson-Murfreesboro-Franklin	New York-Jersey City-White Plains	New York-Jersey City-White Plains	San Francisco-Redwood City-South San Francisco
3	New York-Jersey City-White Plains	New York-Jersey City-White Plains	San Francisco-Redwood City-South San Francisco	Washington-Arlington-Alexandria,	Los Angeles-Long Beach-Glendale
4	Boston	San Francisco-Redwood City-South San Francisco	Nashville-Davidson-Murfreesboro-Franklin	Nashville-Davidson-Murfreesboro-Franklin	Minneapolis-St. Paul-Bloomington
5	San Francisco-Redwood City-South San Francisco	Los Angeles-Long Beach-Glendale	Minneapolis-St. Paul-Bloomington	Minneapolis-St. Paul-Bloomington	Washington-Arlington-Alexandria

Source: SMU DataArts; Analysis by Beacon Economics

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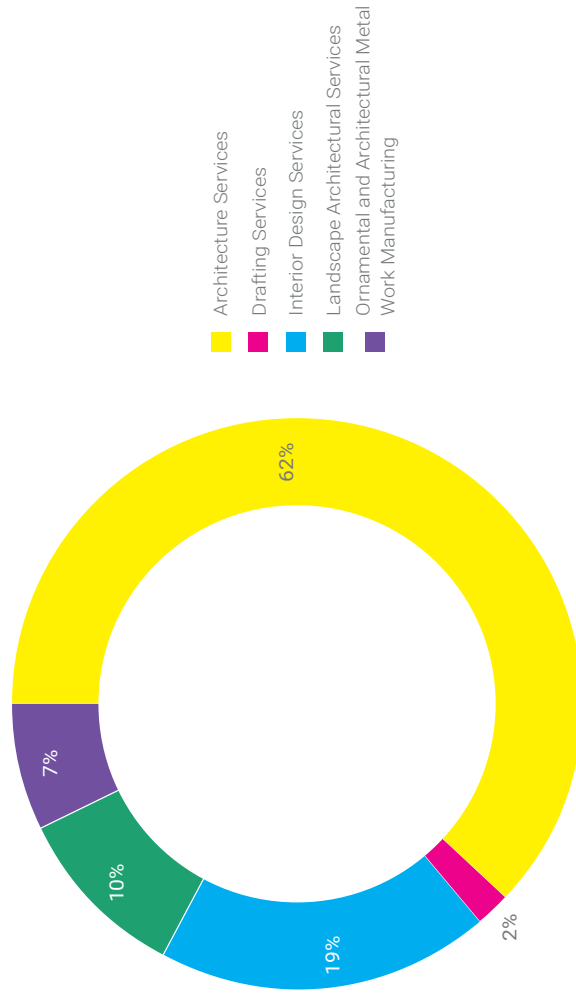
The Architecture and Related Services sector remains the smallest of the creative industries in L.A. County, with 14,000 wage and salary employees in 2018, or around 3.4% of the County's creative workers. But employment growth in this sector has been substantial, outpacing every other creative industry and growing 35% since 2013, adding 3,500 new wage and salary employees. This small but vibrant industry accounted for nearly half of the net job gains in the L.A. County creative industries from 2013 to 2018. But despite the sector's significant role in the growth of the Creative Economy over the five-year period, its wage growth has trailed. From 2013 to 2018, average annual wages in the Architecture industry increased 10%. Despite this, employees in this sector earn more than the average annual wage in the County.

EMPLOYMENT

The Architecture and Related Services sector is divided into five subsectors: (1) Architectural Services; (2) Drafting Services; (3) Interior Design Services; (4) Landscape Architectural Services; and (5) Ornamental and Architectural Metal Work Manufacturing. The Architectural Services subsector accounts for the largest share of employment, at 62%. Similarly, it makes up the largest share of the statewide Architecture and Related Services employment.

Architecture and Related Services Employment Share by Subsector in L.A. County (2018)

Figure 5.7

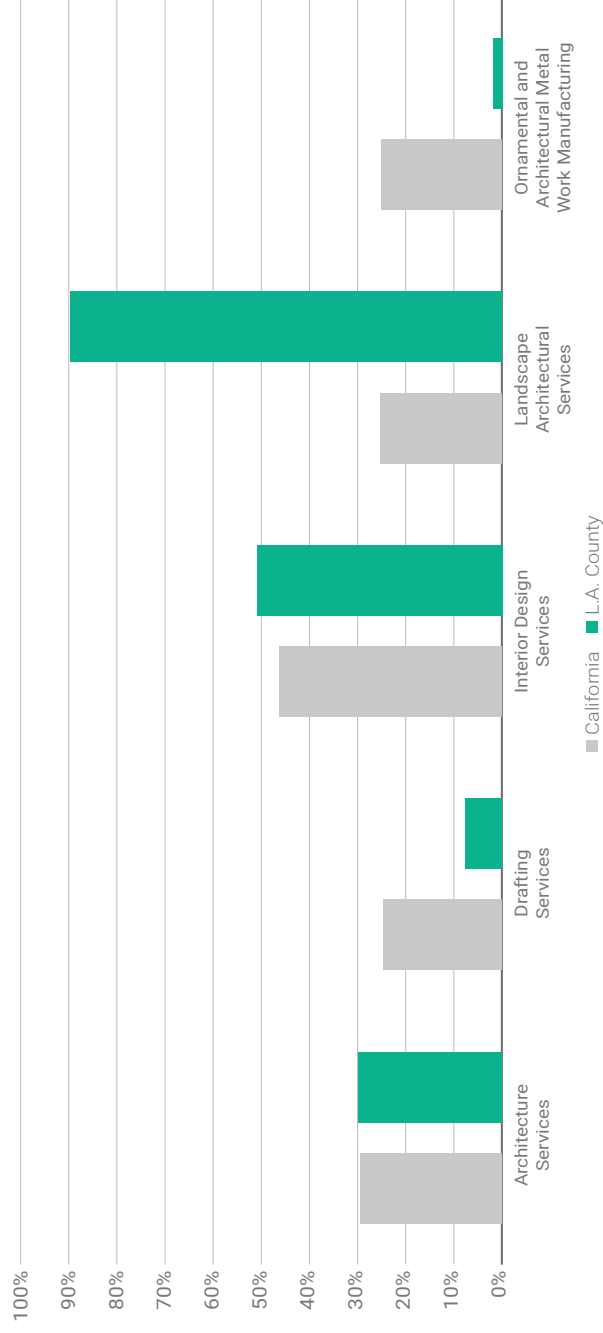


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

From 2013 to 2018, the Architecture and Related Services industry in L.A. County added 3,500 jobs. Most employment gains came in the Architectural Services subsector, which added 2,000 jobs. But in percentage terms, Interior Design Services and Landscape Architectural Services grew the most, increasing 51% and 90% respectively. This substantial employment growth has led to minor changes in the share of employment by subsector. From 2013 to 2018, Interior Design Services and Landscape Architectural Services both increased their share of total Architecture employment, increasing by 2.0 percentage points and 2.9 percentage points respectively, while Architectural Services (-2.3 percentage points), Drafting Services (-0.5 percentage points), and Ornamental and Architectural Metal Work Manufacturing (-2.2 percentage points) fell.

Employment Growth by Architecture and Related Services Subsector in L.A. County (2013 to 2018)

Figure 5.8



Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ESTABLISHMENTS

In L.A. County, there were nearly 2,200 establishments in the Architecture and Related Services industry in 2017. About 1,900 of them had fewer than 10 employees. In fact, firms with fewer than 50 employees made up 78% of the Architecture industry in California.

Architecture and Related Services Establishments by Size in L.A. County (2017)

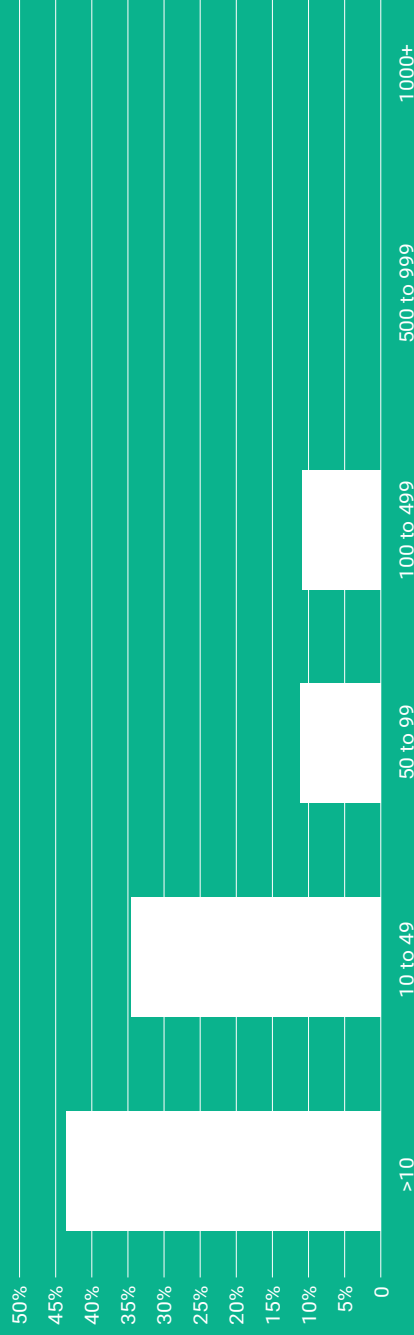
Table: 5.1

Size Category	Number of Establishments
>10	1,958
10 to 49	223
50 to 99	22
100 to 499	9
500 to 999	0
1,000+	0
Total	2,212

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

Architecture and Related Services Employment Share by Establishment Size in L.A. County (2017)

Figure 5.9



Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics. Note: Beginning with 2017, if fewer than three establishments were recorded in any size category, they have been omitted from the CBP release to prevent disclosure.

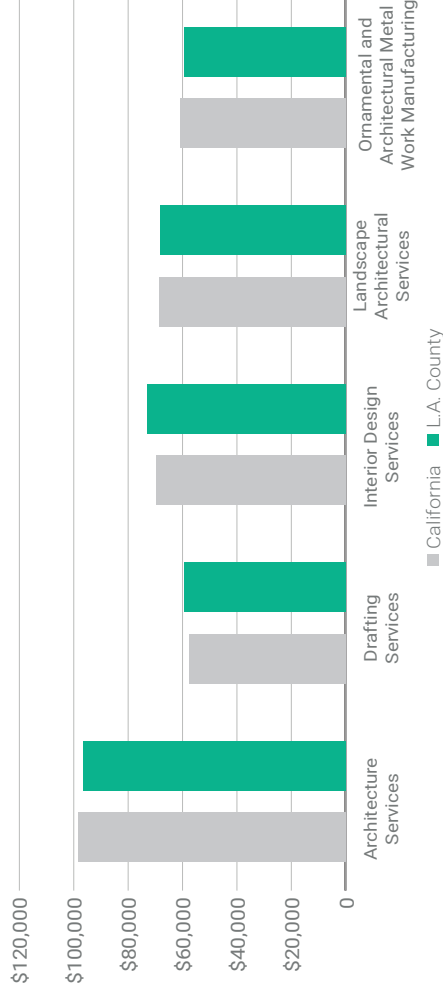
WAGES

The two largest subsectors in terms of employment, Architectural Services and Interior Design Services, recorded the highest average annual wages. In 2018, employees in the Architectural Services subsector earned \$96,000 on average, and Interior Design Services employees earned \$73,000. Wage growth in these sectors was also the highest, 13% in Architectural Services and 15% in Interior Design Services.

Interestingly, although wages in L.A. County are on par with California for each subsector, wage growth was considerably different. Landscape Architectural Services had larger wage gains in L.A. County than the statewide average, but the remaining subsectors in L.A. County fared worse.

Average Annual Wage by Architecture and Related Services Subsector in L.A. County (2018)

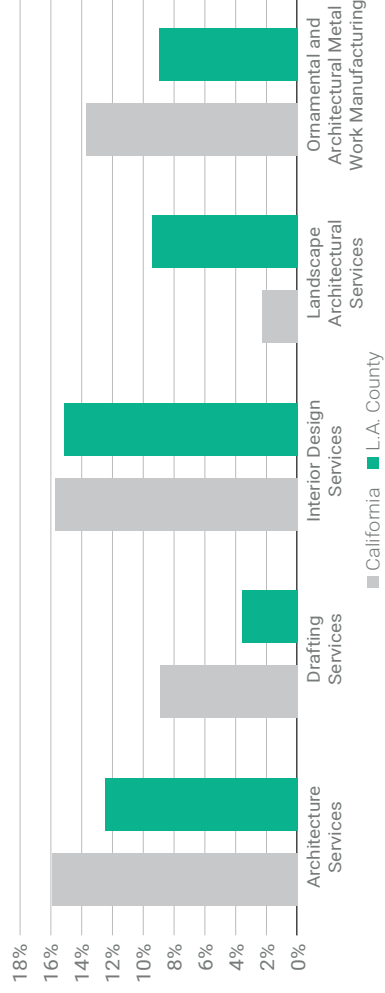
Figure 5.10



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Architecture and Related Services Subsector in L.A. County (2013 to 2018)

Figure 5.11



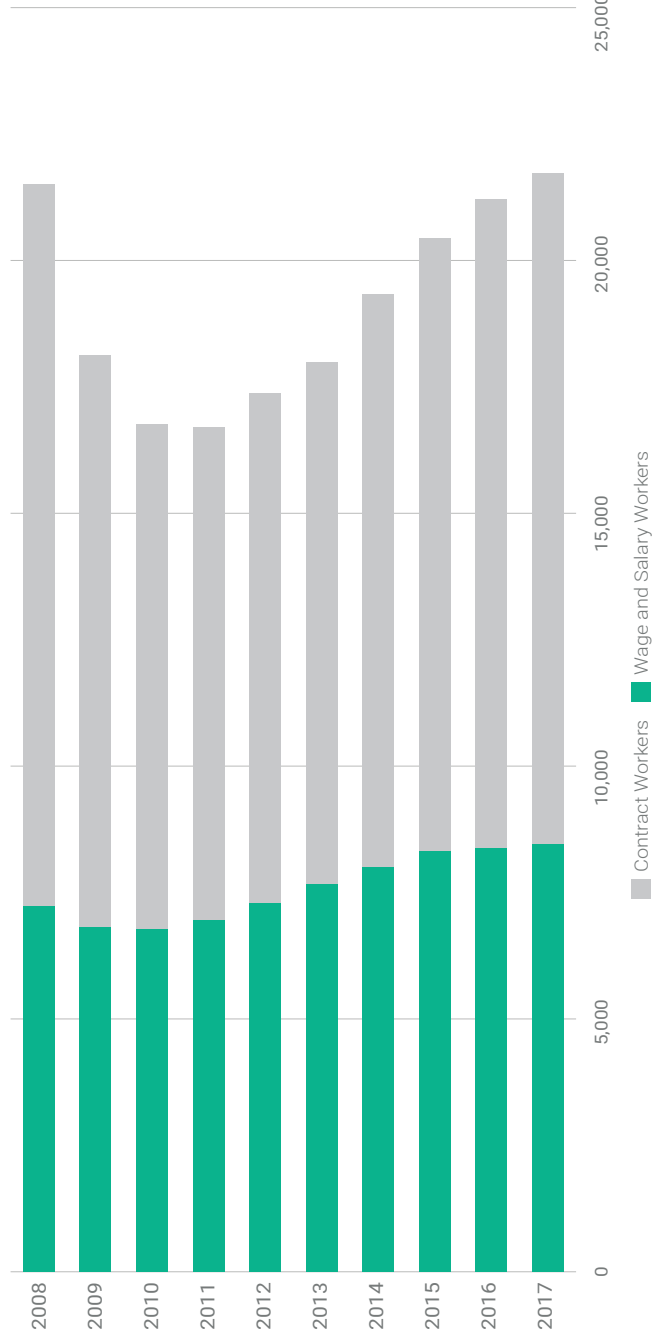
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

CONTRACT WORKERS

The Architecture and Related Services industry has the largest share of contract workers in the L.A. County Creative Economy. In 2017, 39% of employment in this industry was contract workers, up 5.0 percentage points from 2008. The change closely mirrors the change in wage and salary workers over time, albeit by a smaller magnitude.

Contract and Wage and Salary Workers in Architecture and Related Services in L.A. County (2008 to 2017)

Figure 5.12



Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

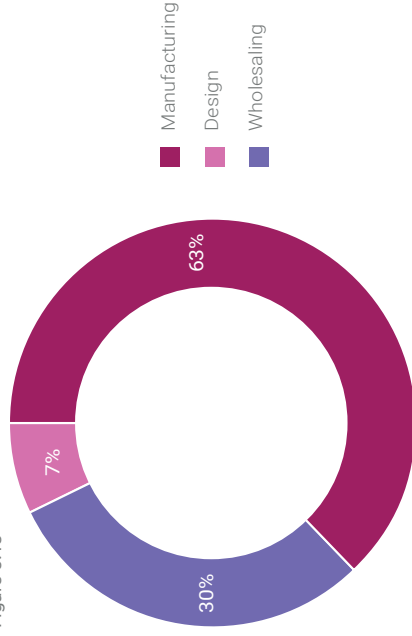


Employment in the Creative Goods and Products industry in L.A. County continued to advance in 2018, increasing 2% from 2013 and adding 750 jobs. But aside from the Fashion industry, which has fallen considerably in L.A. County, the Creative Goods and Products industry has advanced at the slowest pace relative to the other creative sectors. As a result, the share of total L.A. County Creative Economy employment in this sector remained largely unchanged, increasing 0.2 percentage points from 2013 to 2018 and resting at 9.2%. Despite the stagnating growth, the Creative Goods and Products sector in L.A. County employed 37,000 wage and salary workers in 2018. But wages for these workers fell 8% from 2013 to 2018, the only creative industry to experience decreasing wages. Nonetheless, employees in the sector have wages of \$62,000 on average, roughly on par with the average in the County.

EMPLOYMENT

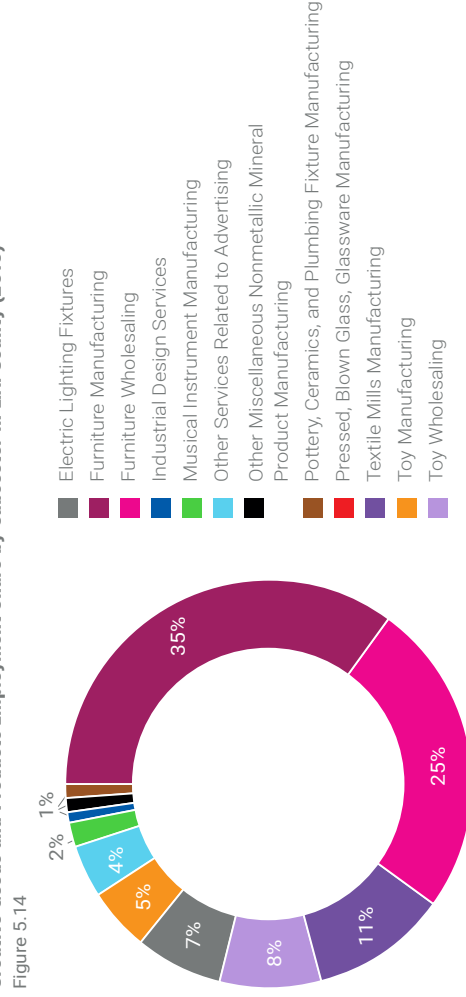
There are three primary functional segments of the Creative Goods and Products industry: manufacturing-related activities, wholesale-related activities, and design-related activities. Employment in manufacturing-related subsectors accounts for 63% of total L.A. County employment in this industry, followed by employment in wholesale-related subsectors (30%) and design-related subsectors (7%). The production and manufacturing of furniture and related products represent the largest share of the market, accounting for 50% of the total workforce in the Creative Goods and Services sector.

Creative Goods and Products Employment Share by Functional Group in L.A. County (2018)
Figure 5.13



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Creative Goods and Products Employment Share by Subsector in L.A. County (2018)
Figure 5.14

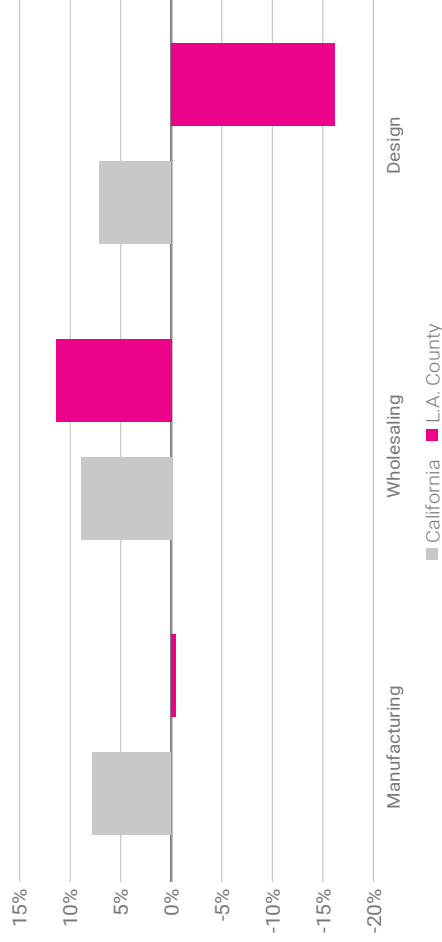


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics
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From 2013 to 2018, the Creative Goods and Products industry added 750 jobs, an increase of 2%. But employment growth was mixed, with subsectors recording higher or lower employment over the period. Furniture Manufacturing, the industry's largest subsector in terms of employment, fell 5%, shedding 600 jobs since 2013. But the second-highest employing subsector, Furniture Wholesaling, grew 16% and added 1,300 new jobs. Looking at functional groups in the industry, employment in subsectors related to wholesaling increased 11% from 2013 to 2018, while employment in subsectors related to manufacturing and design declined 0.4% and 16% respectively.

Employment Growth by Creative Goods and Products Functional Group in L.A. County (2013 to 2018)

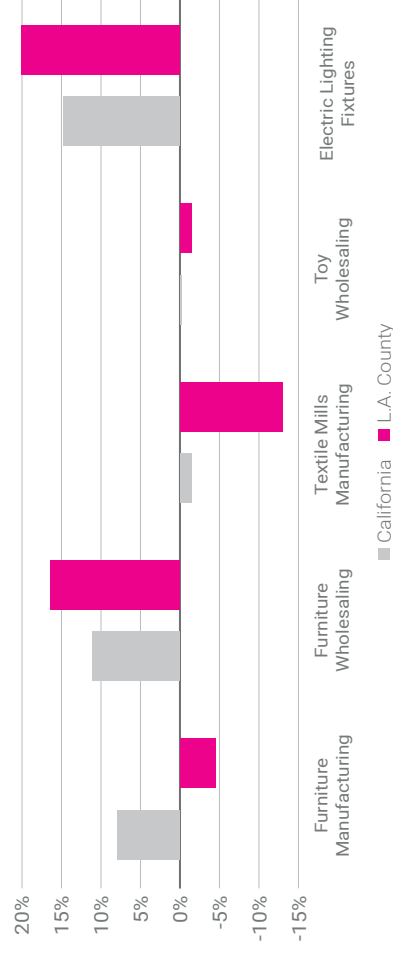
Figure 5.15



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth in Largest Creative Goods Subsectors in L.A. County (2013 to 2018)

Figure 5.16



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ESTABLISHMENTS

There were nearly 2,800 establishments in the L.A. County Creative Goods and Products industry in 2017. Most were relatively small; around 1,900 had fewer than 10 employees. But these accounted for only 17% of total employment. Firms with 10 to 99 employees captured 56% of industry employment, and larger establishments (over 100 employees) accounted for 27%.

Creative Goods and Products Establishments by Size in L.A. County (2017)

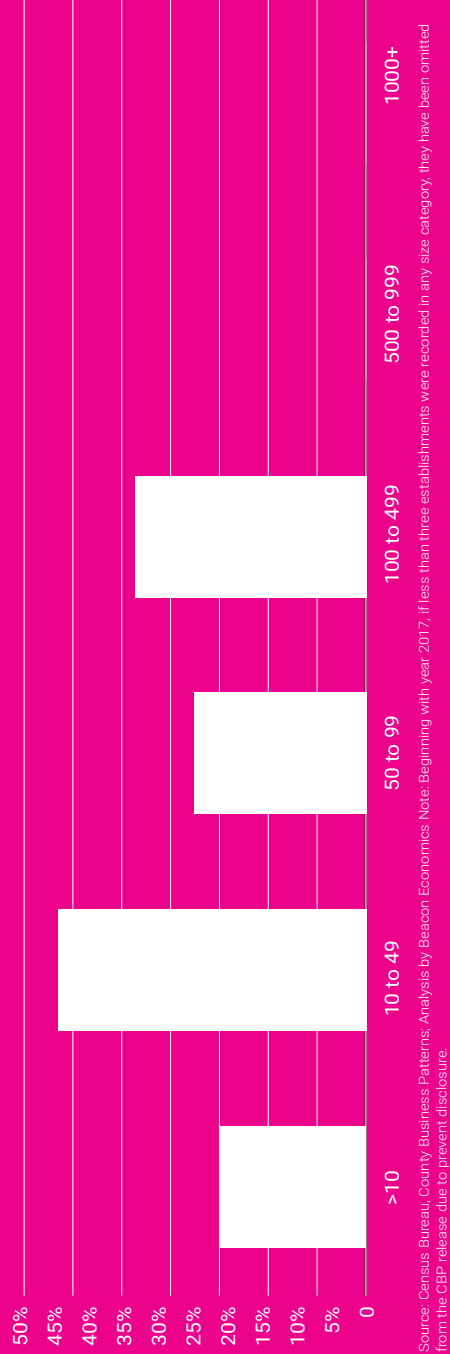
Table: 5.2

Size Category	Number of Establishments
>10	1,927
10 to 49	643
50 to 99	110
100 to 499	54
500 to 999	0
1,000+	0
Total	2,734

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

Creative Goods and Products Employment Share by Establishment Size in L.A. County (2017)

Figure 5.17



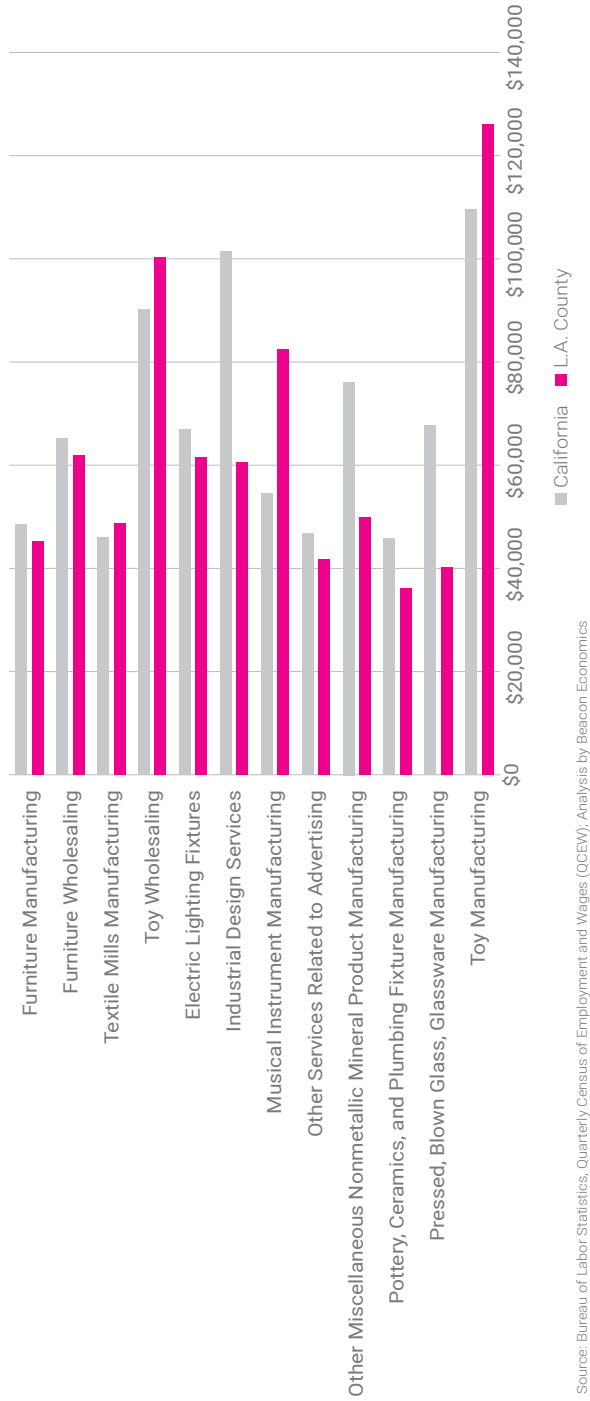
Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

WAGES

Toy Manufacturing is the highest-paying subsector in the Creative Goods and Products industry in L.A. County, paying an average annual wage of \$125,000 in 2018. Workers in the Toy Wholesaling subsector earn the second-highest average annual wage at \$100,000. But these subsectors constitute only 5% of the workforce in the Creative Goods and Products industry in L.A. County. The two largest subsectors in terms of total employment, Furniture Manufacturing and Wholesaling, pay significantly lower wages, \$45,000 and \$61,000 respectively. Although Furniture Manufacturers and Wholesalers had strong wage growth over the five-year period, increasing 20% in each subsector, wages for Toy Manufacturers declined 19%.

Annual Average Wage by Creative Goods and Products Subsector in L.A. County (2018)

Figure 5.18



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Creative Goods and Products Subsector in L.A. County (2013 to 2018)

Figure 5.19



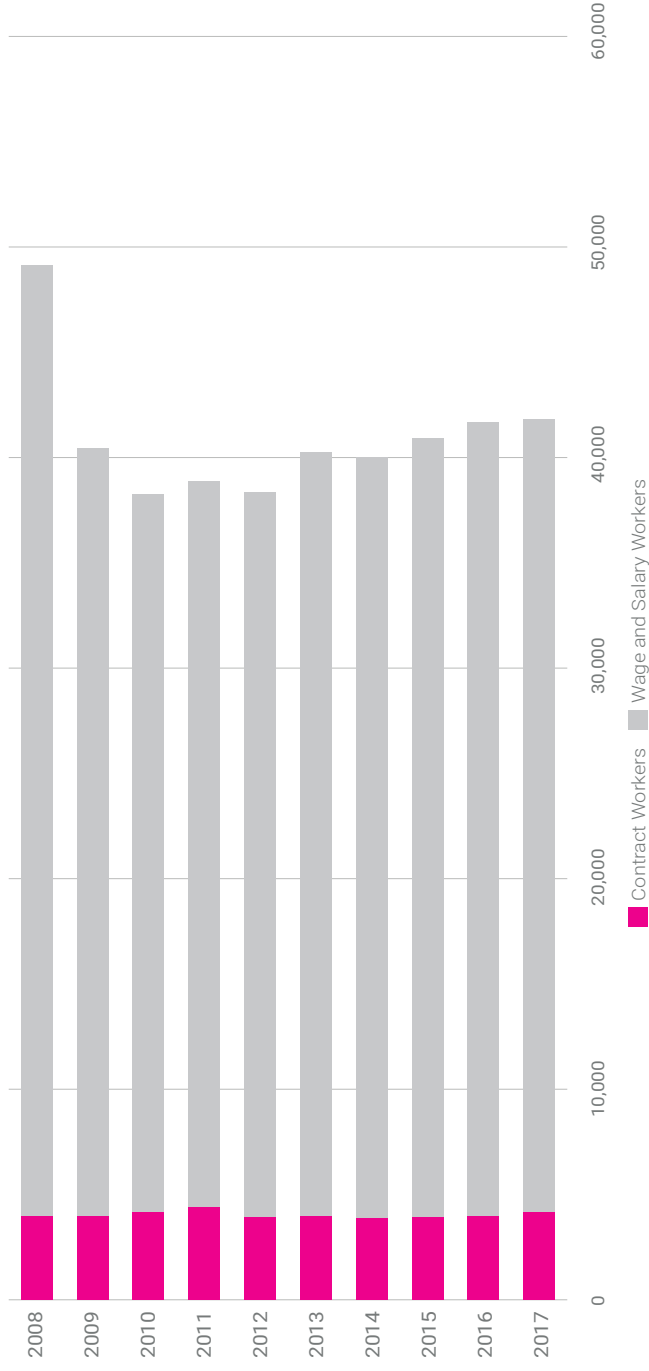
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

CONTRACT WORKERS

Unlike the Architecture and Related Services industry, the Creative Goods and Products industry in L.A. County has a small number of contract workers. In 2017, 10% of the industry's workforce were contract workers, up 2.0 percentage points from 2008. Although the number of wage and salary workers fell considerably during the Great Recession, the number of contract workers was much less affected.

Contract and Wage and Salary Workers in Creative Goods and Products in L.A. County (2008 to 2017)

Figure 5.20



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics





CREATIVE SECTOR 3 ENTERTAINMENT AND DIGITAL MEDIA

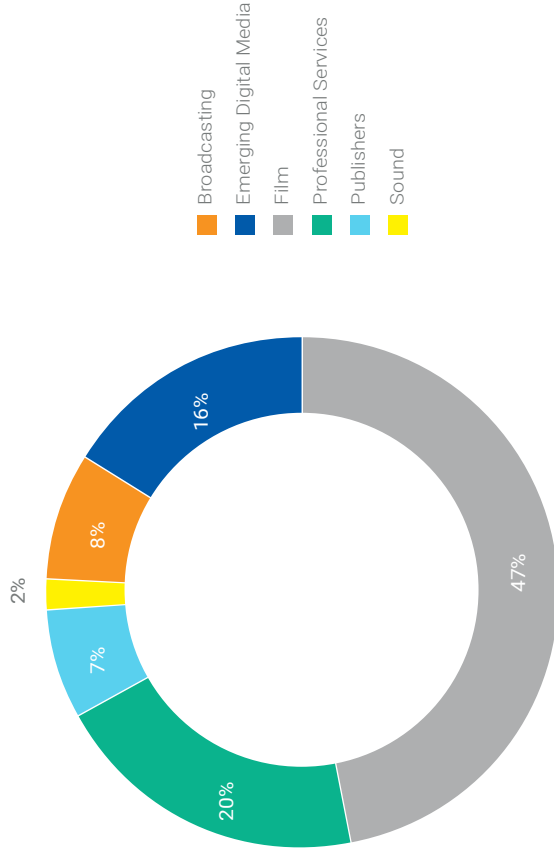
Entertainment and Digital Media is the largest industry in L.A. County's Creative Economy, with 64% of total employment. It grew the most, adding 18,000 jobs from 2013 to 2018. Employing 258,000 wage and salary employees in 2018, the County's Entertainment and Digital Media workforce represents 67% of California's total employment in this industry. The Entertainment and Digital Media sector includes both legacy and emerging entertainment and media sectors, whose many subsectors fall into six primary categories: Broadcasting, Emerging Digital Media, Film, Professional Services, Publishers, and Sound.

EMPLOYMENT

By far, the subsector with the most workers is Film, which had 47% of the total Entertainment and Digital Media employment in 2018. Professional Services employs the second-largest number of workers at 20%, followed by the Emerging Digital Media category. Interestingly, the two largest subsectors in terms of total employment declined from 2013 to 2018, falling 0.5% in Film and 1% in Professional Services. Employment in Emerging Digital Media increased the most at 32%, and Broadcasting (30%), Publishers (25%), and Sound (15%) all had robust employment growth as well.

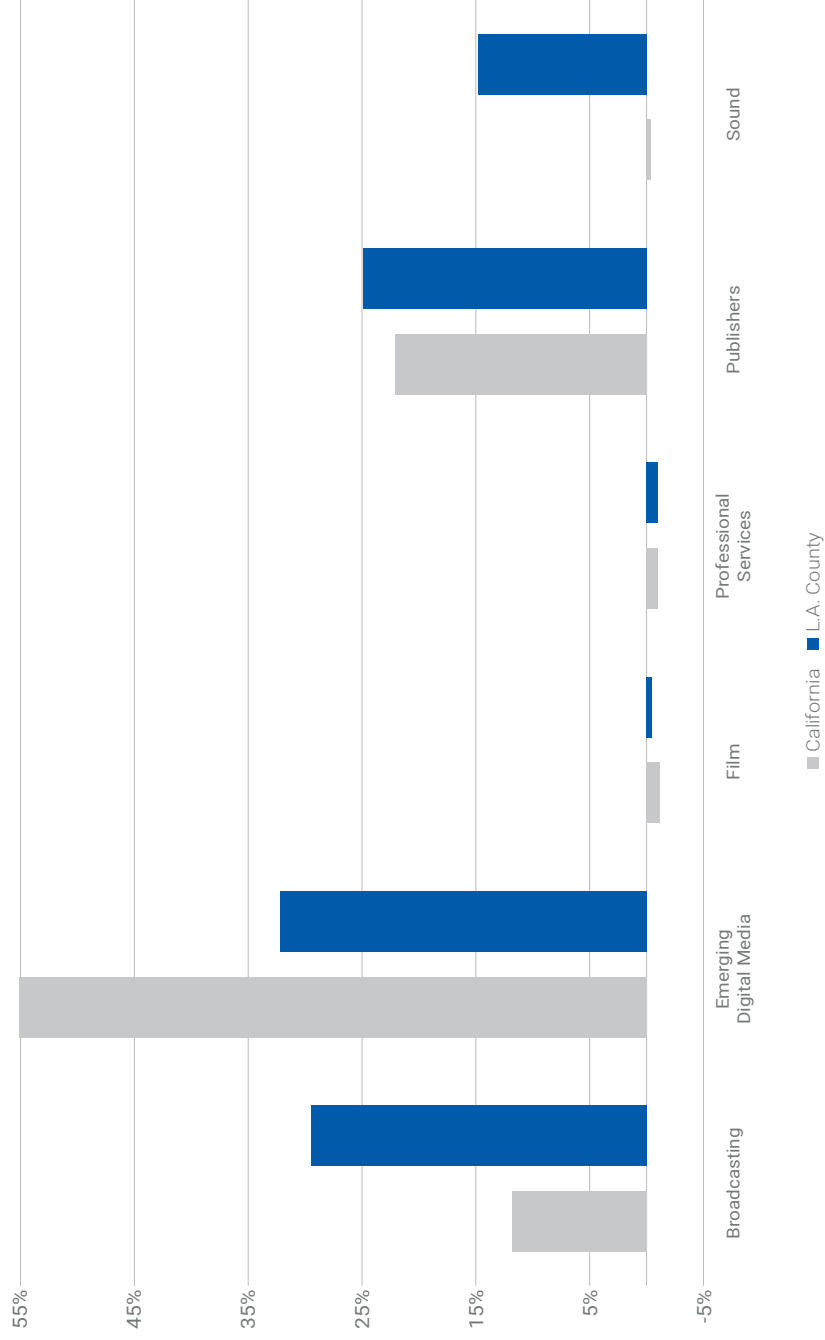
Entertainment and Digital Media Employment Share by Subsector in L.A. County (2018)

Figure 5.21



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

Employment Growth by Entertainment and Digital Media Subsector in L.A. County (2018)
 Figure 5.22



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

ESTABLISHMENTS

The largest-employing creative industry in L.A. County is home to the largest number of establishments. In 2017, there were roughly 28,000 in the Entertainment and Digital Media Industry in L.A. County. Most were small: 26,000 had fewer than 10 employees. But these small establishments represented only 30% of total industry employment in the County. Midsized firms (from 10 to 99 employees) represented 29% of total employment, and larger firms (over 100 employees) accounted for 42%.

Entertainment and Digital Media Establishments by Size in L.A. County (2017)

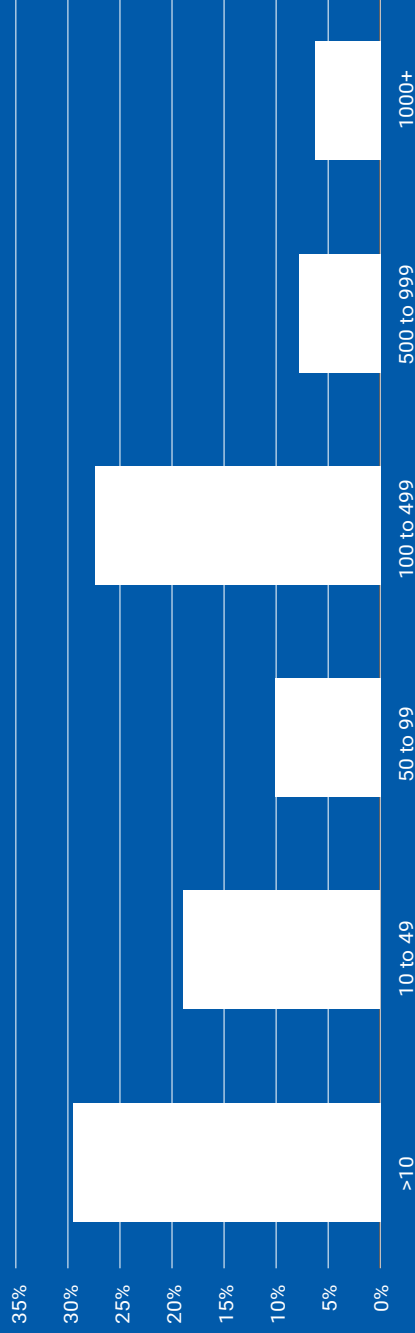
Table: 5.3

Size Category	Number of Establishments
>10	25,896
10 to 49	2,063
50 to 99	336
100 to 499	307
500 to 999	26
1,000+	22
Total	28,650

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

Entertainment and Digital Media Employment Share by Establishment Size in L.A. County (2017)

Figure 5.23



Source: Census Bureau County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

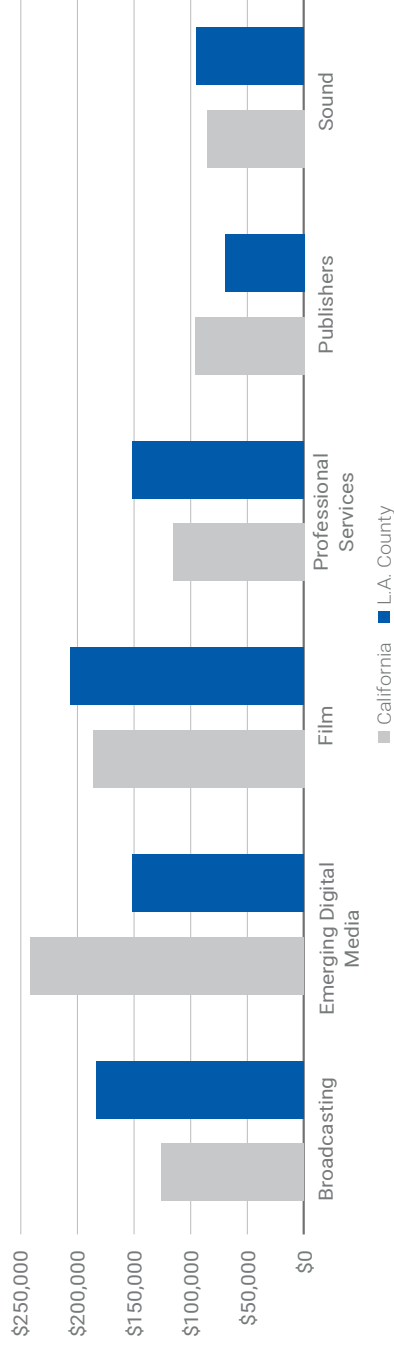
WAGES

The Entertainment and Digital Media industry provides L.A. County with a substantial amount of high-paying jobs, a good sign for the County because job growth in this sector has been robust. On average, this sector pays \$148,000, much higher than the \$68,000 average wage in the County. Additionally, workers in Entertainment and Digital Media earn higher wages in L.A. County than their counterparts in other areas of the State. From 2013 to 2018, the average annual wage in the Entertainment Industry increased 49%, compared with the 31% statewide wage increase for the sector.

Film workers earn more than the industrywide average of \$148,000, with independent artists and writers at the top. But wage increases in the Film subsector increased much less than the overall industry average, growing 11% over the five-year period. Average annual wages in the Broadcasting subsector remain the second highest, increasing 63% over the period to \$183,000 in 2018. The Emerging Digital Media subsector has gained momentum in the Entertainment Industry in recent years, as internet-based communication and entertainment platforms continue to increase. At \$151,000, average annual wages in Emerging Digital Media grew 50% from 2013 to 2018, outpacing average wage growth in the Entertainment and Digital Media Industry. In particular, wages in the Data Processing, Hosting and Related Services, Internet Publishing, and Broadcasting subsectors have risen substantially.

Average Annual Wage by Entertainment and Digital Media Subsector in L.A. County (2018)

Figure 5.24

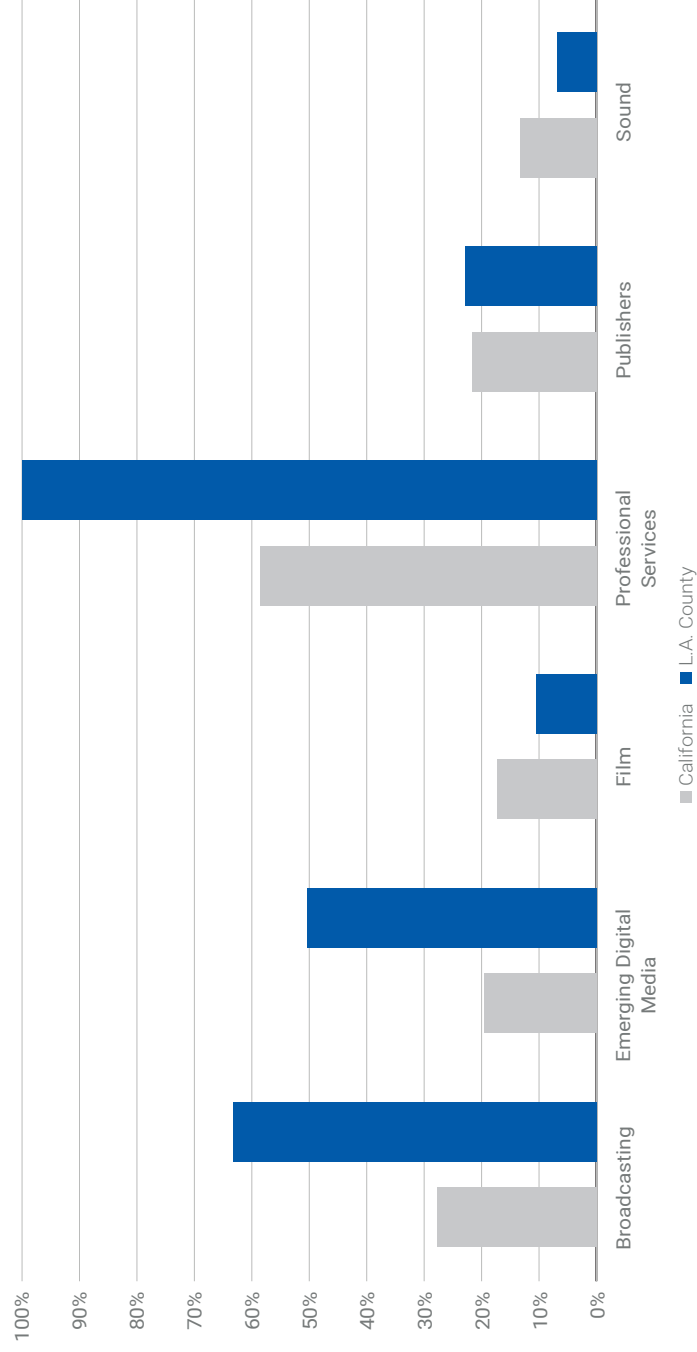


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

By contrast, wages haven't grown as much in more traditional news and media platforms. Average annual wages in the Publishing subsector have risen 23% over the period and, at \$69,000 in 2018, were considerably lower than the Entertainment and Digital Media industry average. In particular, Book Publishers and Book, Periodical and Newspaper Wholesalers pay less than the average County wage.

Wage Growth by Entertainment and Digital Media Subsector in L.A. County (2013 to 2018)

Figure 5.25



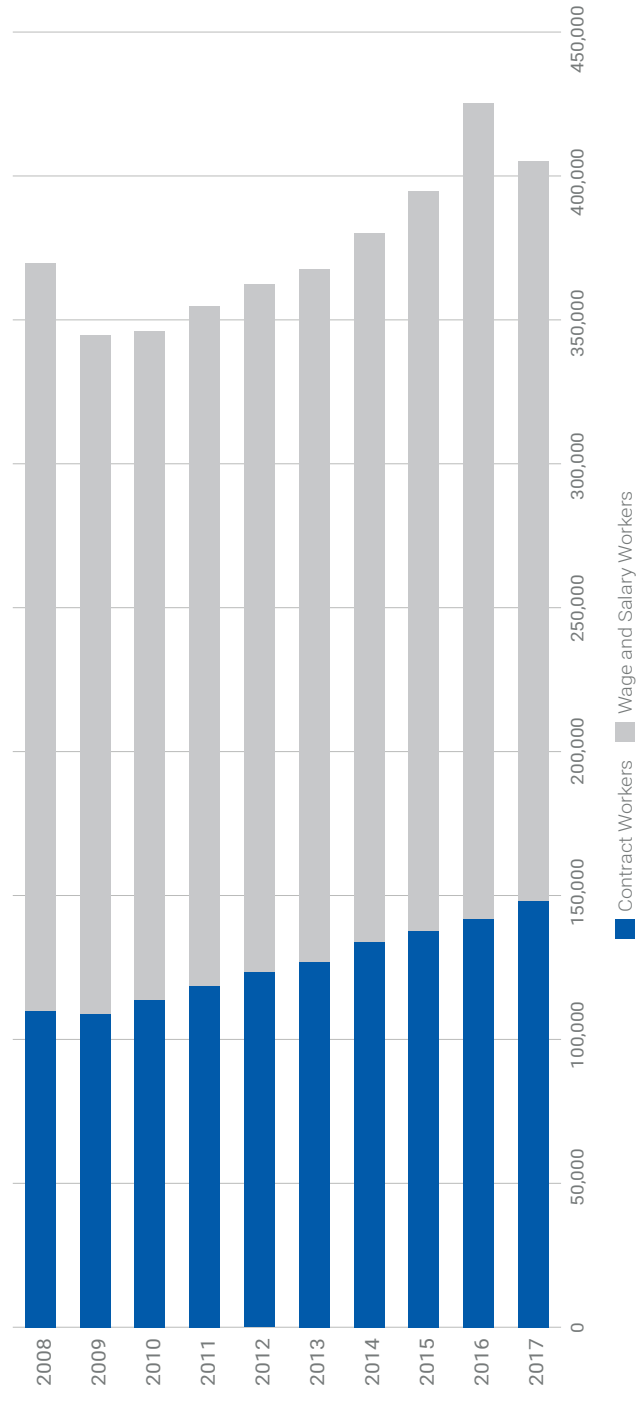
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

CONTRACT WORKERS

Much like the Architecture and Related Services industry, the Entertainment and Digital Media industry in L.A. County employs a large share of contract workers. In 2017, they made up about 37% of the industry workforce. Contract workers have steadily increased their share of employment, increasing 7.0 percentage points from 2008 to 2017.

Contract and Wage and Salary Workers in Entertainment and Digital Media in L.A. County (2008 to 2017)

Figure 5.26







CREATIVE SECTOR 4 FASHION

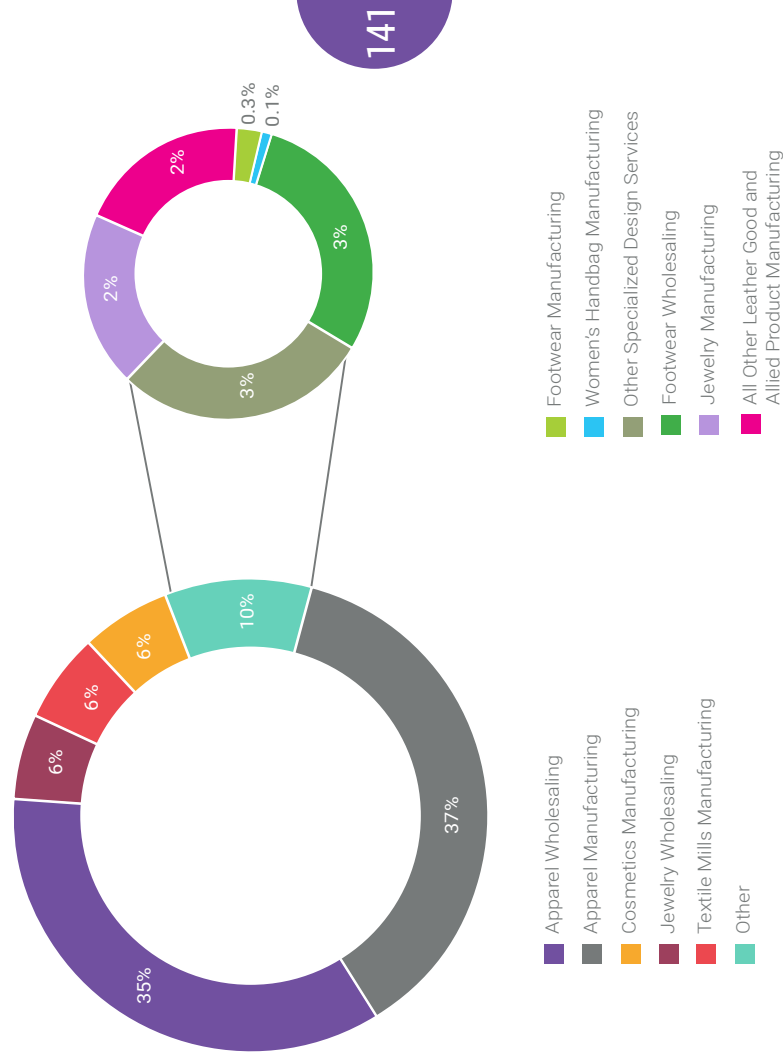
With L.A. County the nation's largest film hub, demand for creative fashion products and designs remains alive and well. The Fashion industry in L.A. County is the second-largest creative sector, employing 19% of the County's Creative Economy. Although this share declined steadily from 2013 to 2018, the industry still employs 75,000 workers throughout L.A. County. In 2018, two of the Fashion Industry's subsectors, Apparel Manufacturing and Apparel Wholesaling, accounted for 71% of total employment in the L.A. County Fashion industry, a total of 54,000 jobs.



EMPLOYMENT

As manufacturing costs across the nation have become less competitive than other countries, the Fashion industry in L.A. County has undergone a structural transition. Employment in Apparel Manufacturing, the largest subsector, fell 40% from 2013 to 2018, a loss of 18,000 jobs. The high margin sensitivity of the Apparel Manufacturing subsector and reduced competitiveness in L.A. County are expected to continue to place pressure on easily outsourced jobs in L.A. County.

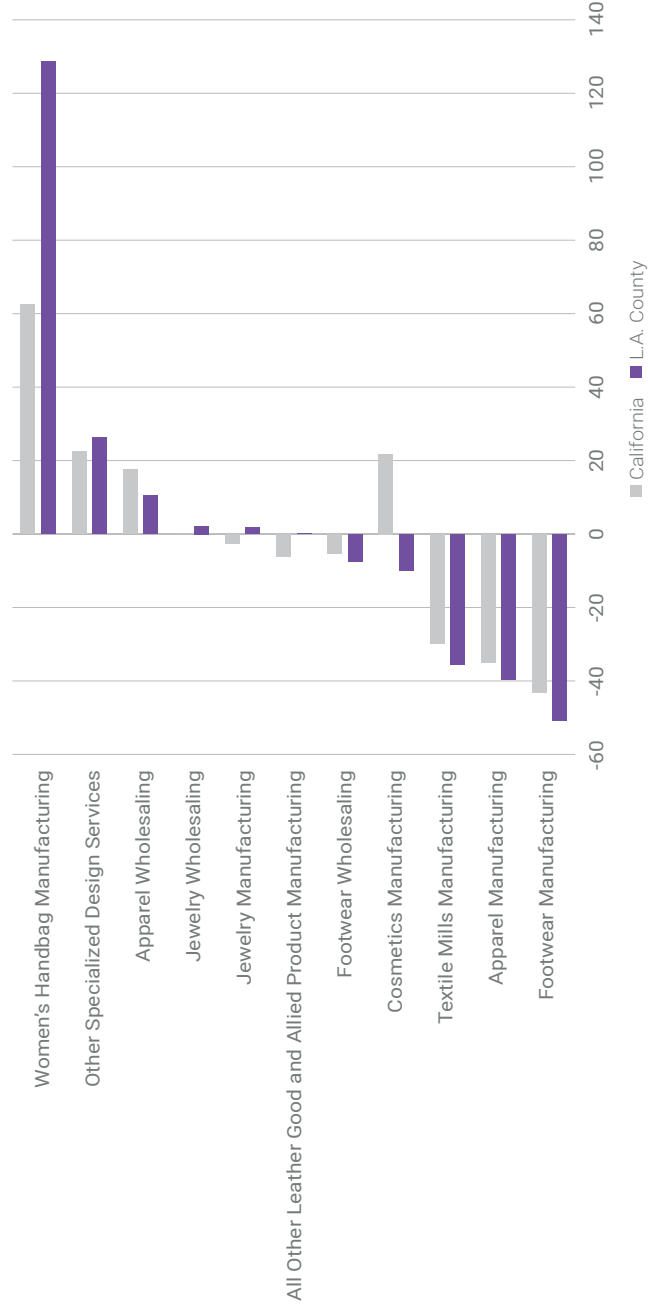
Fashion Employment Share by Subsector in L.A. County (2018)
Figure 5.27



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Fashion Subsector in L.A. County (2013 to 2018)

Figure 5.28



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Another transition is a shift from production and manufacturing to distribution. Two major contributors to L.A. County's role as a leading apparel distribution center are the twin ports of Los Angeles and Long Beach, the two largest in the nation. From 2017 to 2018, total imports of apparel products through these ports increased 6%. Apparel imports through October 2019 continue this trend, having risen 3.9% over the same period a year earlier. The Apparel Wholesaling subsector in the County has continued to advance, increasing employment 11% from 2013 to 2018 and adding 2,500 jobs.

ESTABLISHMENTS

The Fashion industry comprised nearly 8,000 firms in 2017, the second-largest number of establishments in the L.A. County Creative Economy. Most (78%) had fewer than 10 employees. But these accounted for only 25% of total employment; firms with 10 to 99 employees accounted for 51% of total employment, and larger firms accounted for 24%.

Fashion Establishments by Size in L.A. County (2017)

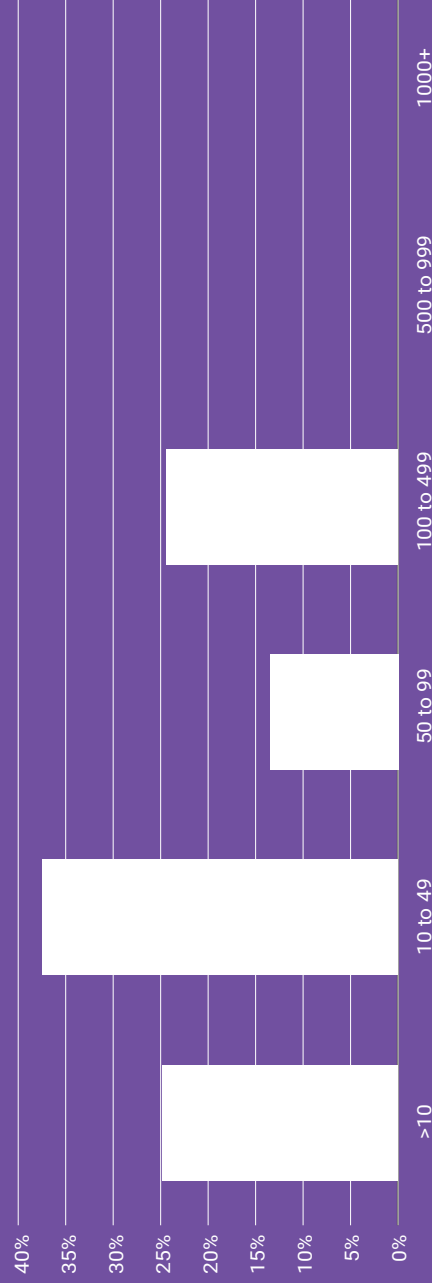
Table: 5.4

Size Category	Number of Establishments
>10	6,475
10 to 49	1,512
50 to 99	165
100 to 499	107
500 to 999	0
1,000+	0
Total	8,259

Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the GBP release due to prevent disclosure.

Fashion Employment Share by Establishment Size in L.A. County (2017)

Figure 5.29



Source: Census Bureau, County Business Patterns; Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the GBP release due to prevent disclosure.

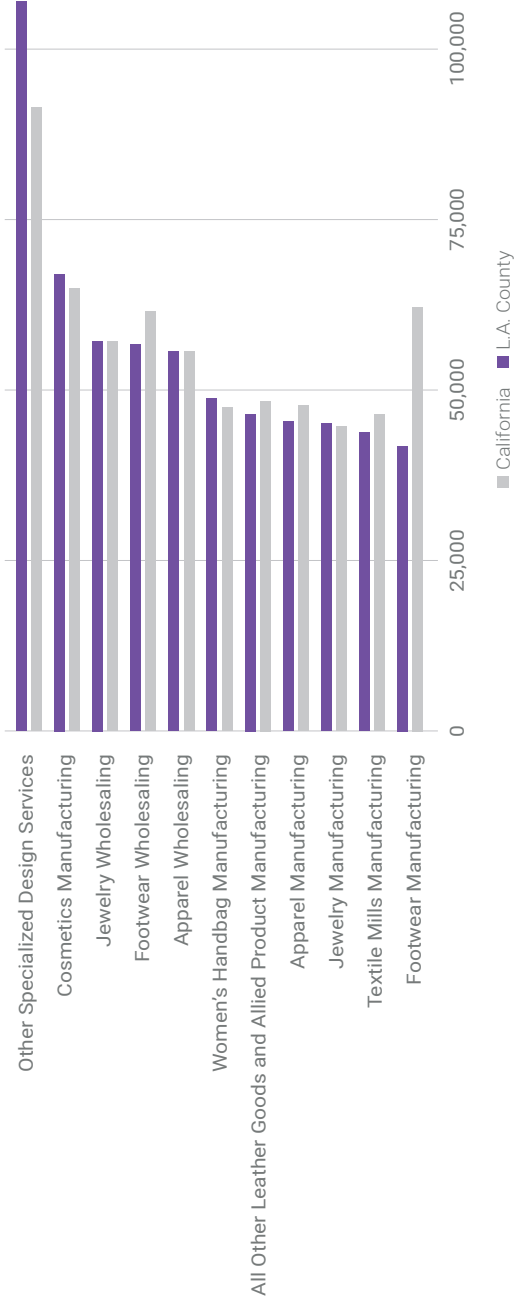
WAGES

The Fashion industry in both L.A. County and the State pays lower wages than other creative industries. On average, employees earn \$55,000 per year, considerably less than the average L.A. County worker's \$68,500. The Other Specialized Design Services subsector stands out, with an average wage of \$106,000 in L.A. County and \$90,000 statewide. On the opposite end, employees in the various manufacturing subsectors earn less than \$50,000 per year.

Despite the low wages in the L.A. County Fashion industry, pay rose 28% from 2013 to 2017. In some subsectors, such as Apparel Manufacturing, Footwear Manufacturing, and Leather Goods Manufacturing, annual wage growth exceeded 40%. With employment in the L.A. County Fashion Industry declining, mainly driven by the drop in Apparel Manufacturing, wages on average have been rising.

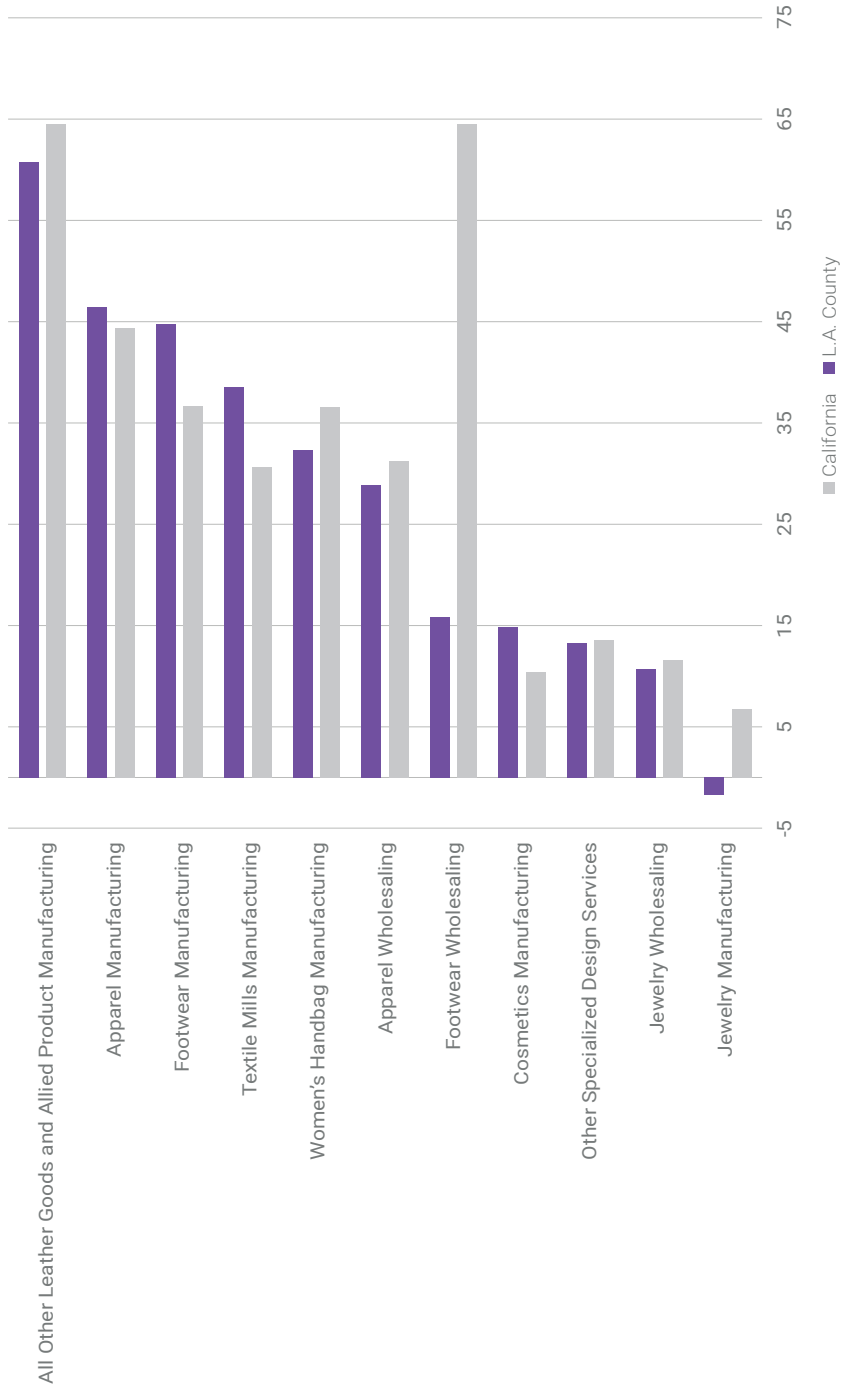
Annual Average Wage by Fashion Subsector in L.A. County (2018)

Figure 5.30



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Fashion Subsector in L.A. County (2013 to 2018)
 Figure 5.31



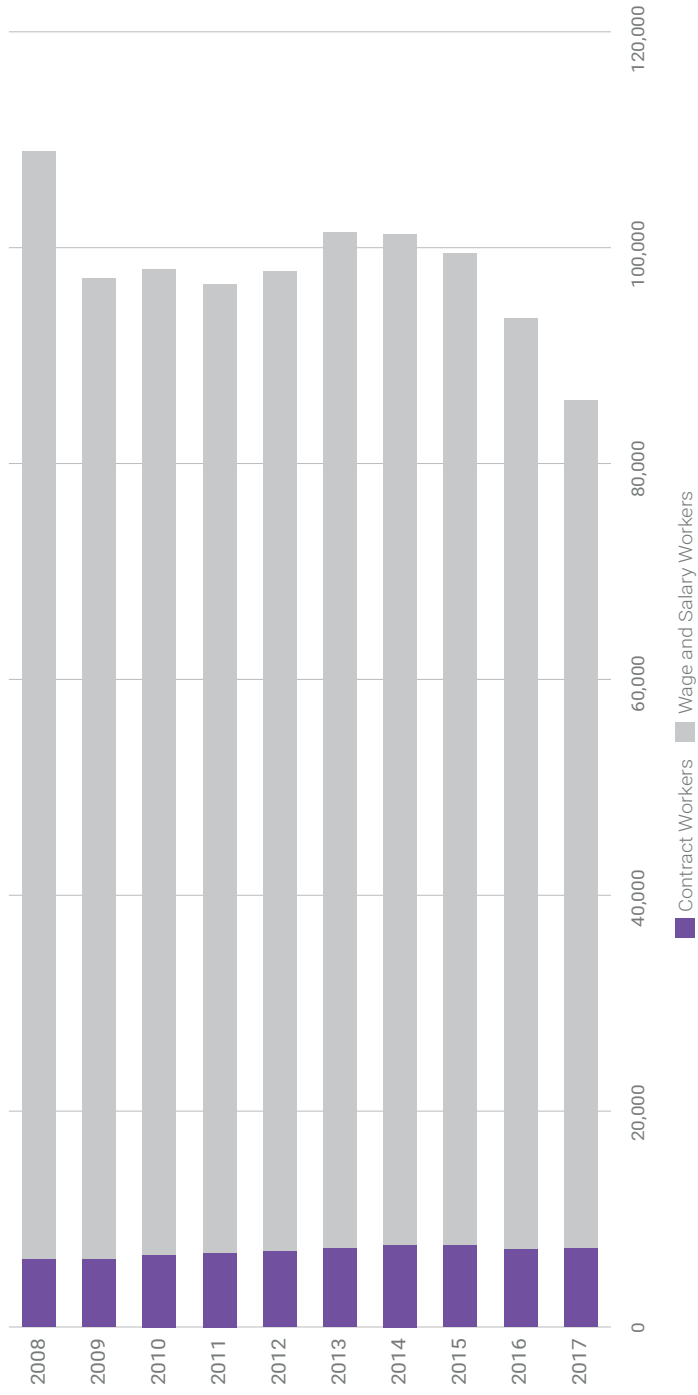
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

CONTRACT WORKERS

The Fashion industry has the smallest share of contract workers in L.A. County's Creative Economy. In 2017, they made up 9% of Fashion Industry employment, up 3.0 percentage points from 2008. But this was primarily due to a substantial decline in the number of wage and salary workers rather than an increase in contract workers.

Contract and Wage and Salary Workers in Fashion in L.A. County (2008 to 2017)

Figure 5.32



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics





CREATIVE SECTOR 5 FINE ARTS AND PERFORMING ARTS

The Fine Arts and Performing Arts industry remains one of the smallest creative industries in L.A. County – second only to Architecture and Related Services – with 17,500 wage and salary employees in 2018, or around 4.4% of the County's creative workers. Although the sector represents a relatively small share of the Creative Economy in L.A. County, its growth has been substantial. From 2013 to 2018, employment in the County increased 30%, adding 4,000 jobs over the period. Along with the Architecture and Related Services industry, this sector is the fastest-growing in L.A. County's Creative Economy in percentage terms, vastly outpacing the other industries. Although this sector makes up a smaller share of employment in L.A. County's creative industries than the sector does in statewide creative employment, its wages are higher in L.A. County than the statewide average for this industry.

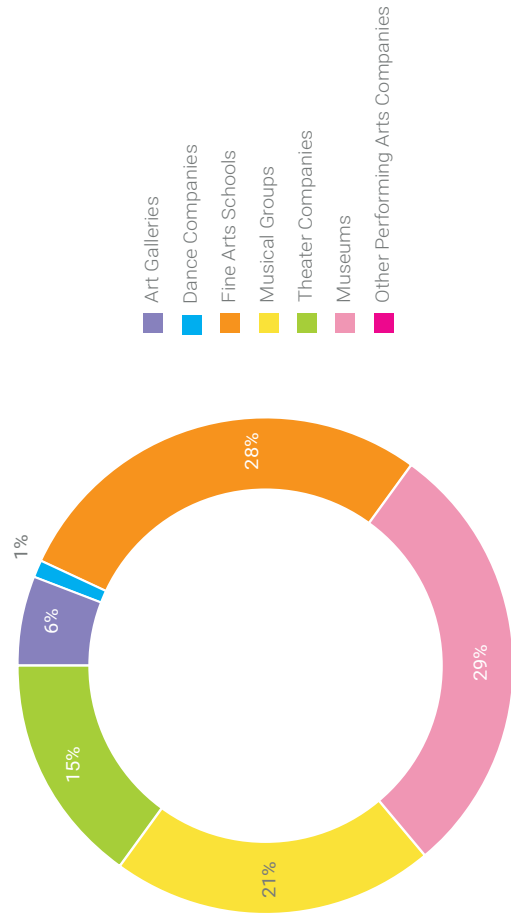


EMPLOYMENT

Three subsectors in the Fine Arts and Performing Arts industry represent 80% of the total employment in L.A. County: Museums (29%), Fine Art Schools (28%), and Musical Groups (21%). Theater companies have the next largest share of employment at 18%. Employment growth in the Fine Arts industry has been robust in recent years. Dance Companies had the largest increase in employment, doubling in size and adding 104 workers from 2013 to 2018. The industry's largest-employing subsectors grew substantially over the five-year period with a 30% increase in Museums employment, 33% in Fine Arts Schools, and 24% in Musical Groups. Employment in Other Performing Arts Companies declined 78%, however, shedding 111 jobs during the period.

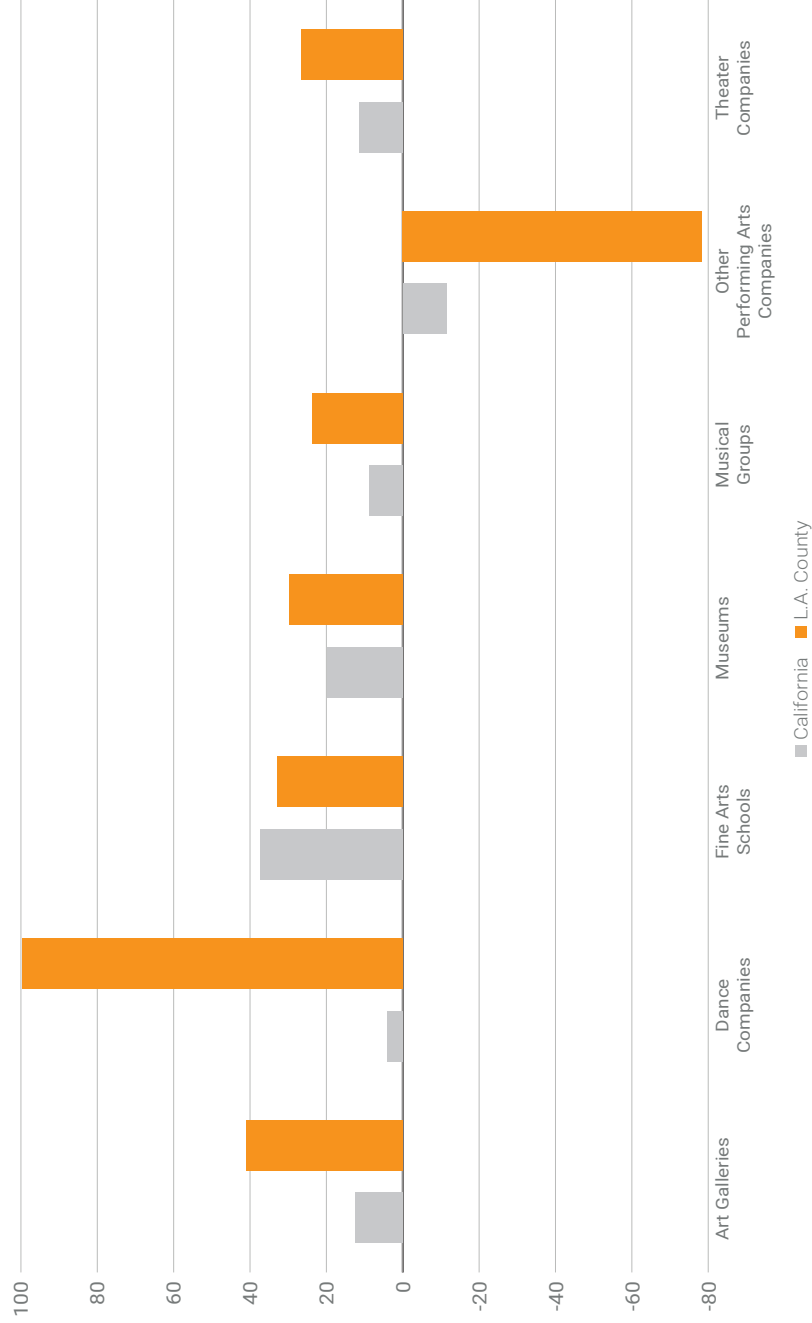
Fine Arts and Performing Arts Employment Share by Subsector in L.A. County (2018)

Figure 5.33



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW). Analysis by Beacon Economics

Employment Growth by Fine Arts and Performing Arts Subsector in L.A. County (2013 to 2018)
 Figure 5.34



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics

ESTABLISHMENTS

In L.A. County, nearly 1,800 establishments constituted the Fine Arts and Performing Arts Industry in 2017, which makes it the smallest creative industry in terms of establishments. Most of these establishments were small; nearly 1,500 had fewer than 10 employees. But small establishments accounted for only 35% of employment in the industry; 41% of total industry employment was in firms with 10 to 99 employees.

Fine Arts and Performing Arts Establishments by Size in L.A. County (2017)

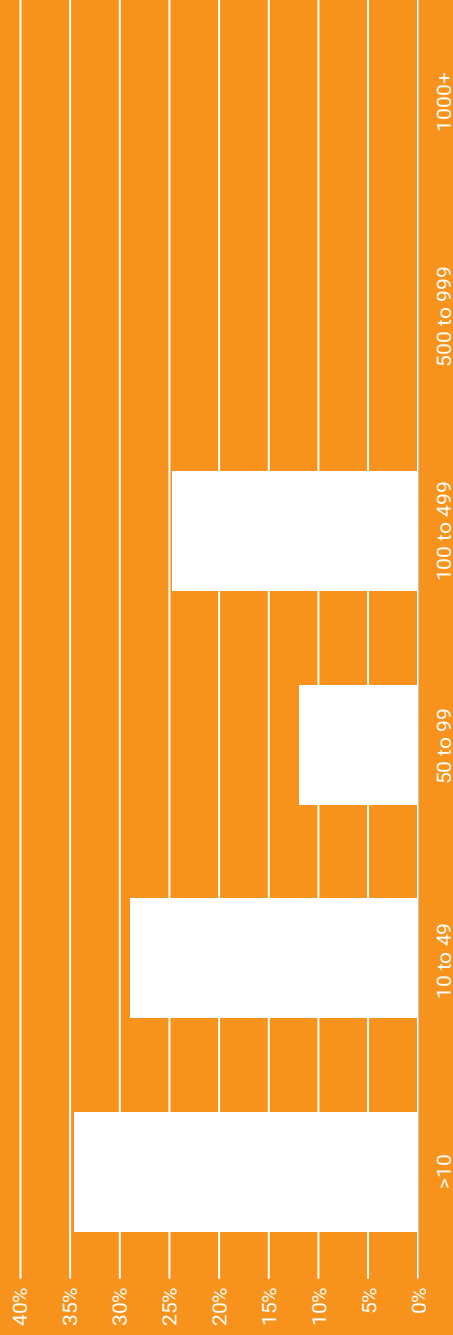
Table: 5.5

Size Category	Number of Establishments
>10	1,525
10 to 49	190
50 to 99	22
100 to 499	15
500 to 999	0
1,000+	0
Total	1,752

Census Bureau, County Business Patterns, Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

Fine Arts and Performing Arts Employment Share by Establishment Size in L.A. County (2017)

Figure 5.35



Source: Census Bureau, County Business Patterns, Analysis by Beacon Economics Note: Beginning with year 2017, if less than three establishments were recorded in any size category, they have been omitted from the CBP release due to prevent disclosure.

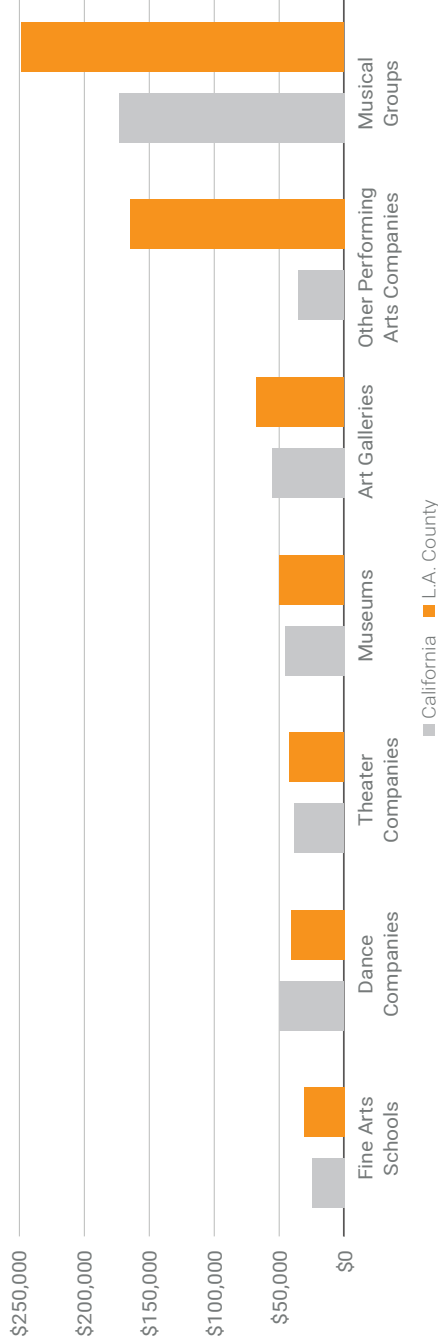
WAGES

The Fine Arts and Performing Arts industry in L.A. County pays relatively high wages: \$92,000 per year on average in 2018. But there is a vast discrepancy among the subsectors. Musical Groups employees earn \$248,000 per year on average. The Other Performing Arts Companies subsector follows with an average wage of \$164,000 in 2018. The industries' two largest subsectors pay substantially less than the average annual wage in L.A. County. Employees in the Museums subsector earn \$49,000 on average, and those in the Fine Arts Schools subsector earn \$30,000 on average per year.

Although employment growth has been strong across most Fine Arts and Performing Arts subsectors, wages have not increased at the same rates. The exception is the Other Performing Arts Companies subsector, where wages increased 161% from 2013 to 2018. Dance Companies' wages increased 24.9%, although this lags the countywide average of 27.8% across all industries. The remaining Fine Arts and Performing Arts subsectors had modest wage gains over the five-year period.

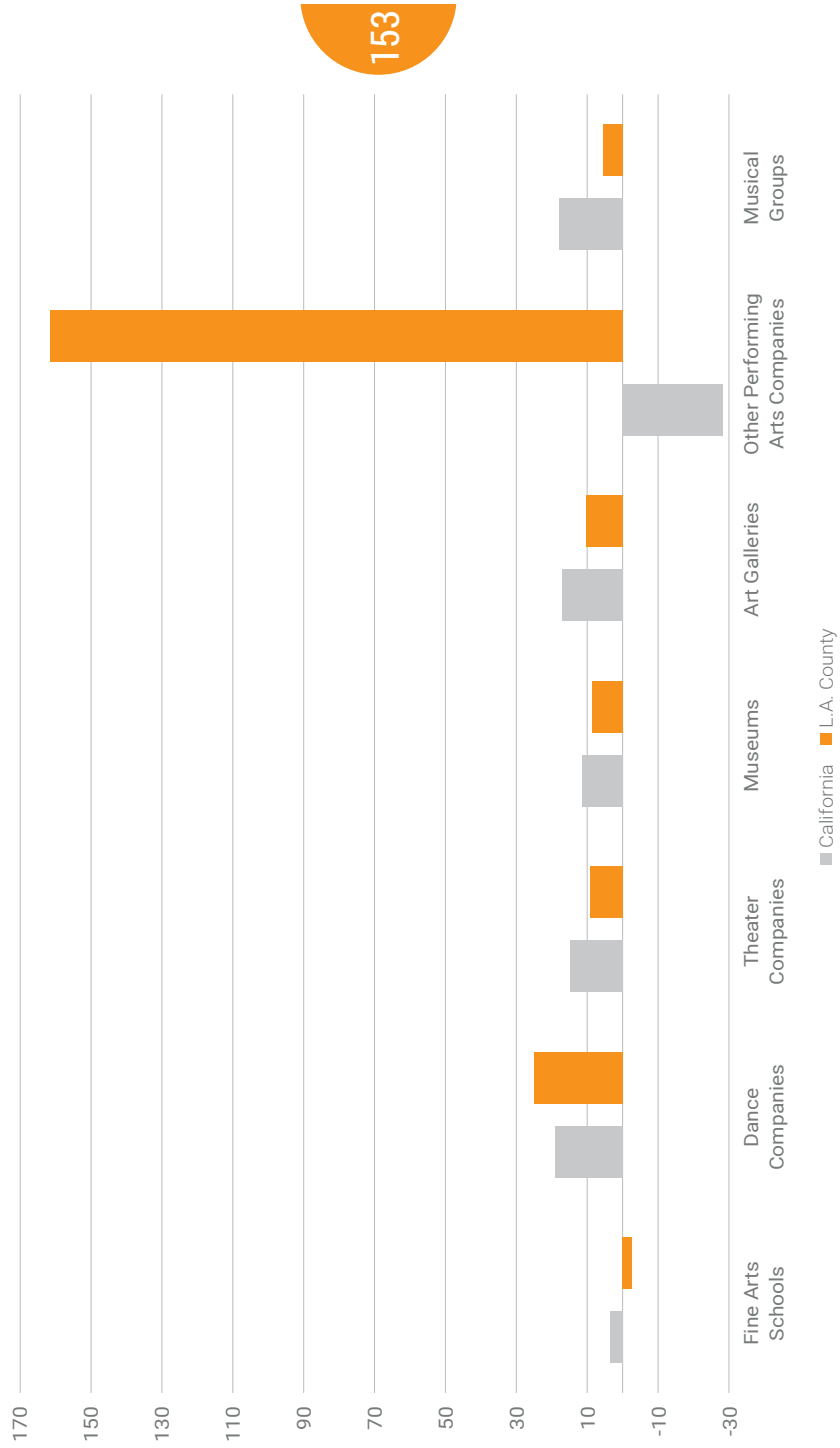
Average Annual Wages by Fine Arts and Performing Arts Subsector in L.A. County (2018)

Figure 5.36



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Fine Arts and Performing Arts Subsector in L.A. County (2013 to 2018)
 Figure 5.37



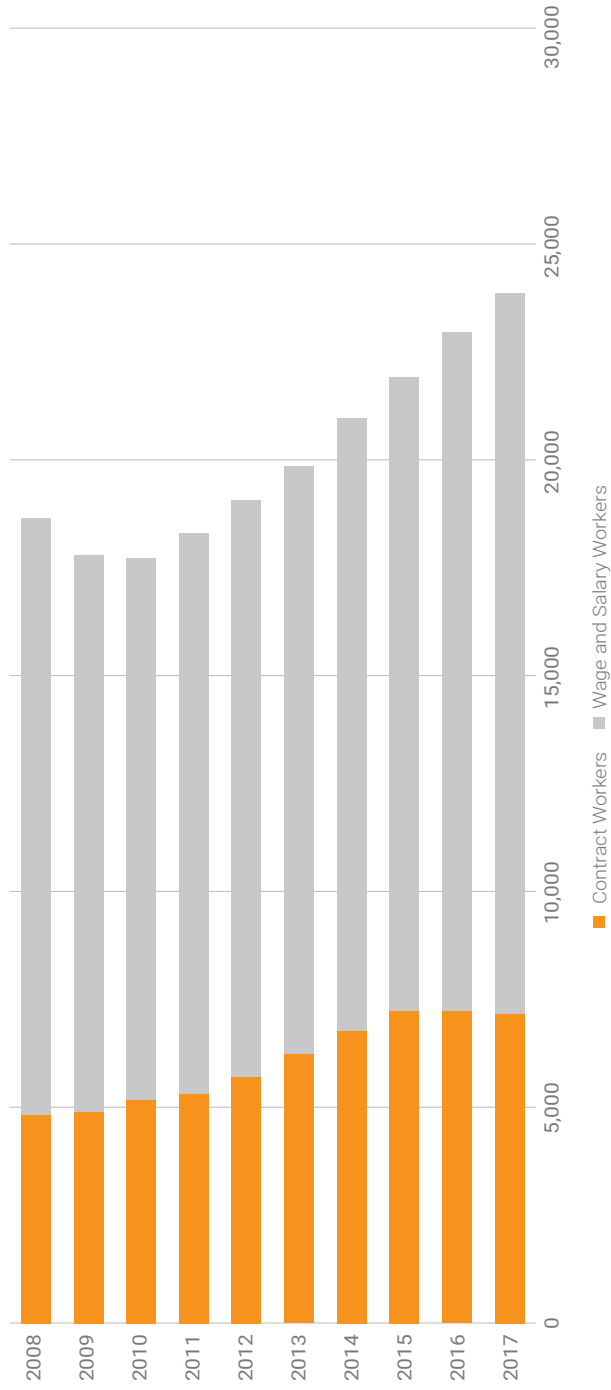
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

CONTRACT WORKERS

The Fine Arts and Performing Arts sector in L.A. County is another industry that makes wide use of contract workers. In 2017, contract workers made up roughly 30% of industry employment. The number rose substantially from 2008 to 2017: 49%, or 2,300, an increase of 4.0 percentage points in the share of contract workers relative to total industry employment over the period.

Contract and Wage and Salary Workers in Fine Arts in L.A. County (2008 to 2017)

Figure 5.38



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics



THE NONPROFIT SECTOR: LOS ANGELES COUNTY

The arts nonprofits in L.A. County include a diverse range of organizations with varied missions. These organizations have a larger footprint than traditional fiscal measures can capture. Through their provision of goods, services, and experiences to the residents of and visitors to L.A. County, the arts, culture, and humanities organizations generate earned revenue, which along with other forms of financial support, spills into the local economy through staff wages as well as through organizational purchasing of goods from local businesses. In 2018, assets of nonprofit organizations in the arts, culture, and humanities in Los Angeles County totaled \$7.9 billion. The groups also generated substantial revenue: just under \$1.8 billion in Los Angeles County in 2018.

In 2018, L.A. County was home to 18 arts nonprofits that had assets valued at over \$100 million. These assets represent a direct investment in the creative ecosystem of Los Angeles County. The Los Angeles County Museum of Art, the Huntington Library and Art Gallery, and the Broad each have assets of more than \$500 million.

Music facilities, including the Colburn School and the Music Center, also play a substantial role in asset creation on behalf of the County's creative ecosystem. Nonprofits focusing on the history of the region are also important actors, with the Los Angeles County Museum of Natural History Foundation and the Autry Museum of the American West each having assets valued in excess of \$200 million.

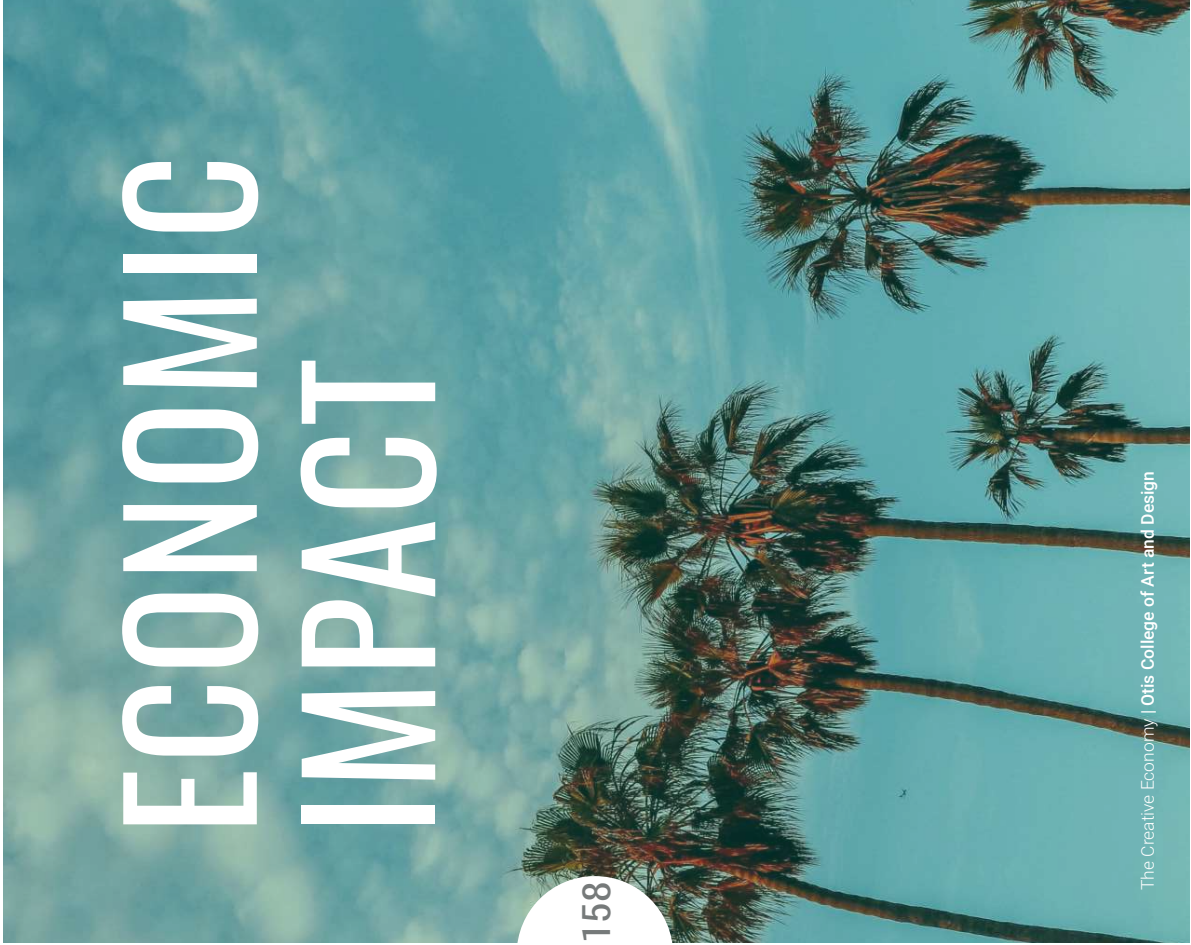
In 2018, 3,307 nonprofit organizations supported the arts, culture, and humanities in Los Angeles County.⁹ These included art museums, cultural awareness centers, theaters, arts education groups, and various performing arts centers and organizations. The world-class art collections supported by these organizations and made available to the public play an important role in L.A. County's creative ecosystem, lending the region its status as a world-renowned hub for art and culture.

⁹ See Footnote 3 for more information on methodology.

Largest Arts, Cultural, and Humanities Nonprofits in L.A. County
Table:5.6

Organization	Total Value of Assets
Museum Associates (Los Angeles County Museum of Art)	\$765,515,040
Henry E Huntington Library & Art Gallery	\$710,545,598
Broad Art Foundation	\$626,475,764
The Broad	\$558,551,286
Academy Museum Foundation	\$484,355,869
Skirball Cultural Center	\$400,073,953
The Colburn School	\$350,839,845
Music Center Foundation	\$302,721,044
Los Angeles County Museum of Natural History Foundation	\$283,987,827
Armand Hammer Museum of Art and Cultural Center Inc	\$276,868,740
California Institute of the Arts	\$256,160,907
Autry Museum of The American West	\$237,438,503
Petersen Automotive Museum Foundation	\$220,505,505
Museum of Contemporary Art	\$162,049,796
SWC Museum Corp	\$133,147,152
California Science Center Foundation	\$111,180,155
Frederick R Weisman Art Foundation	\$100,592,119
Academy Foundation	\$100,140,759

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics



ECONOMIC IMPACT

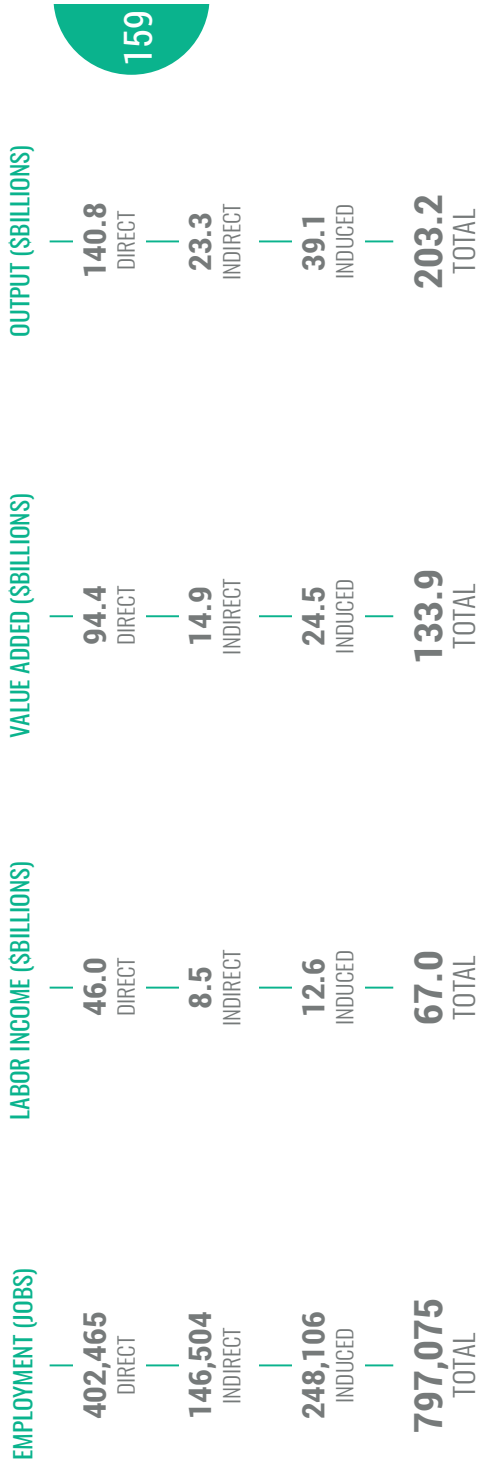
As this Report has detailed, the creative industries play a vital role in Los Angeles County's economy. The creative ecosystem not only supports significant employment in its own industries but also helps support hundreds of thousands of other jobs in L.A. County. In 2018, jobs supported by the Creative Economy totaled 797,075, of which 402,465 were supported directly by the creative industries. For example, the impact of the Creative Economy on the County's restaurants, bars, and food trucks illustrates its downstream effects. Indeed, the Creative Economy helps support just over 47,000 jobs at local restaurants and other food/drink businesses in the County. Many of these jobs are supported around creative workspaces and in artistic communities in the region. Moreover, food has become another creative outlet; Los Angeles was at the forefront of the food truck movement, with many chefs creating high-end cuisine in spaces never thought possible.

In 2018, the Creative Economy in Los Angeles County generated \$203.2 billion in economic output, of which \$140.8 billion was generated by the creative industries directly.

Additionally, in 2018 the direct, indirect, and induced labor income earned by these workers totaled \$67.0 billion in the County.¹⁰ The average income of these 797,075 jobs is just over \$84,000 annually. So not only does the industry support a significant number of jobs in the region, but the jobs are on the high end of the pay scale. In addition, these workers then spend these wages at establishments throughout the County, supporting industries outside the Creative Economy. The substantial economic activity generated by the County's Creative Economy is also a boon to state and local governments. In 2018, state and local tax revenue supported by the Creative Economy totaled \$9.7 billion. Of this, \$3.1 billion came from sales tax, \$2.3 billion came from income tax, \$2.6 billion came from property tax, and roughly \$1.7 billion came from other taxes and fees.

Economic Impact of the Creative Economy in L.A. County

Figure 5.39



Source: U.S. Internal Revenue Service; Exempt Organization Business Master File Extract; Analysis by Beacon Economics

¹⁰ *Direct Impact* refers to the initial spending by five creative industries in connection with industry operations; *Indirect Impact* refers to the spending that is generated at businesses and organizations down the supply chains of the five creative industries; and *Induced Impact* refers to spending by individuals/households that occurs when employment or income increases as a result of creative industry spending or spending by businesses or other individuals down the creative industry supply chain.

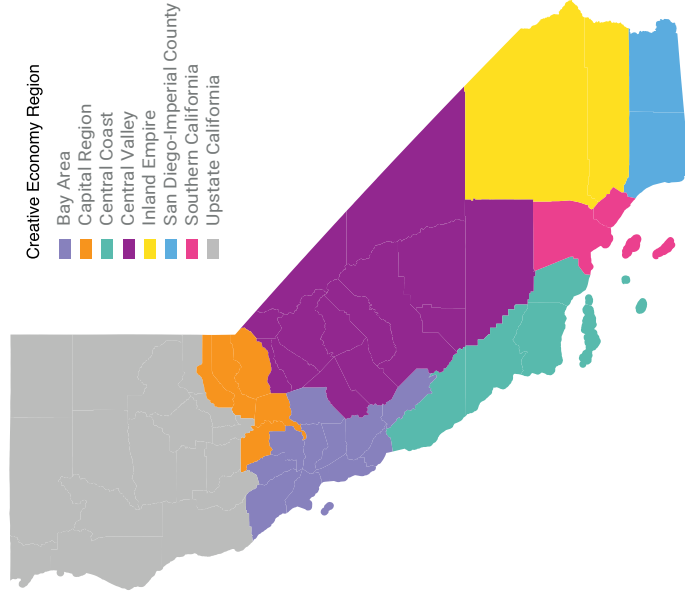
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REGIONAL SNAPSHOTS

REGIONAL SNAPSHOTS

California Creative Economy Regions
Figure 6.1



Slightly over 1 million wage and salary workers plus about 400,000 contract workers constitute the creative industry in California.¹¹ Statewide, Entertainment and Digital Media is the largest sector, representing about 7 of 10 wage and salary workers and about 8 of 10 contractors in the Creative Economy.

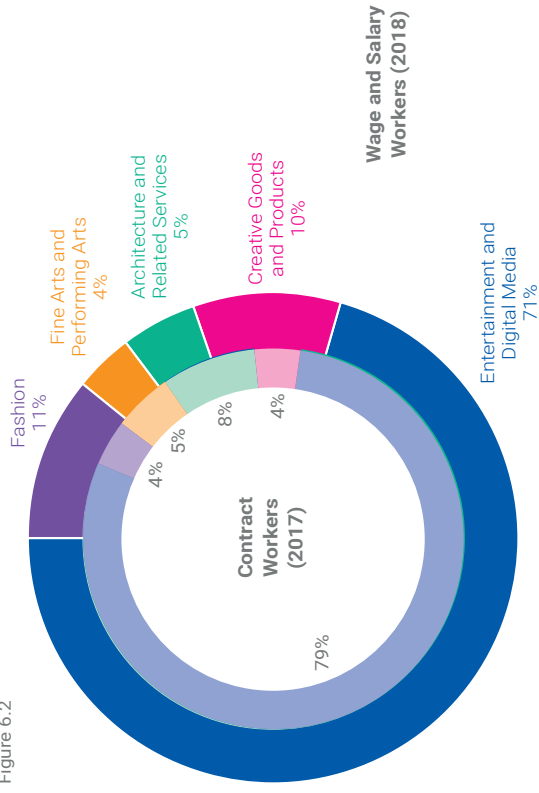
Outside of the three largest regions by Creative Industry employment—the Bay Area, San Diego and Imperial counties and Southern California (comprising Los Angeles and Orange counties)—the Creative Economy has a modest footprint. In these three regions, there are two to four wage and salary workers for every contract worker. Outside of these regions, contract workers are significantly more prevalent relative to employed workers.

Relative to wage and salary workers, contract workers in the creative industries are less prevalent in the Bay Area than in other regions in California. Although contract employment in the Creative Economy has risen significantly across all regions, the Bay Area is the only one where wage and salary employment has also risen significantly over time.

¹¹ The regional analysis is conducted at the county level. Due to confidentiality, there may be data suppression and thus the sum of the regional figures may be slightly less than the state-level figures.

Share of Creative Industry Jobs by Sector

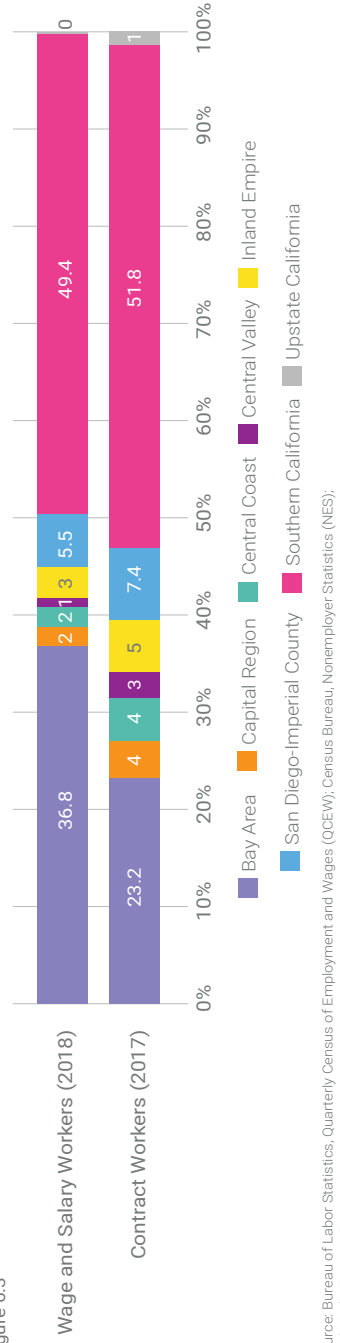
Figure 6.2



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Share of Creative Industry Jobs by Region

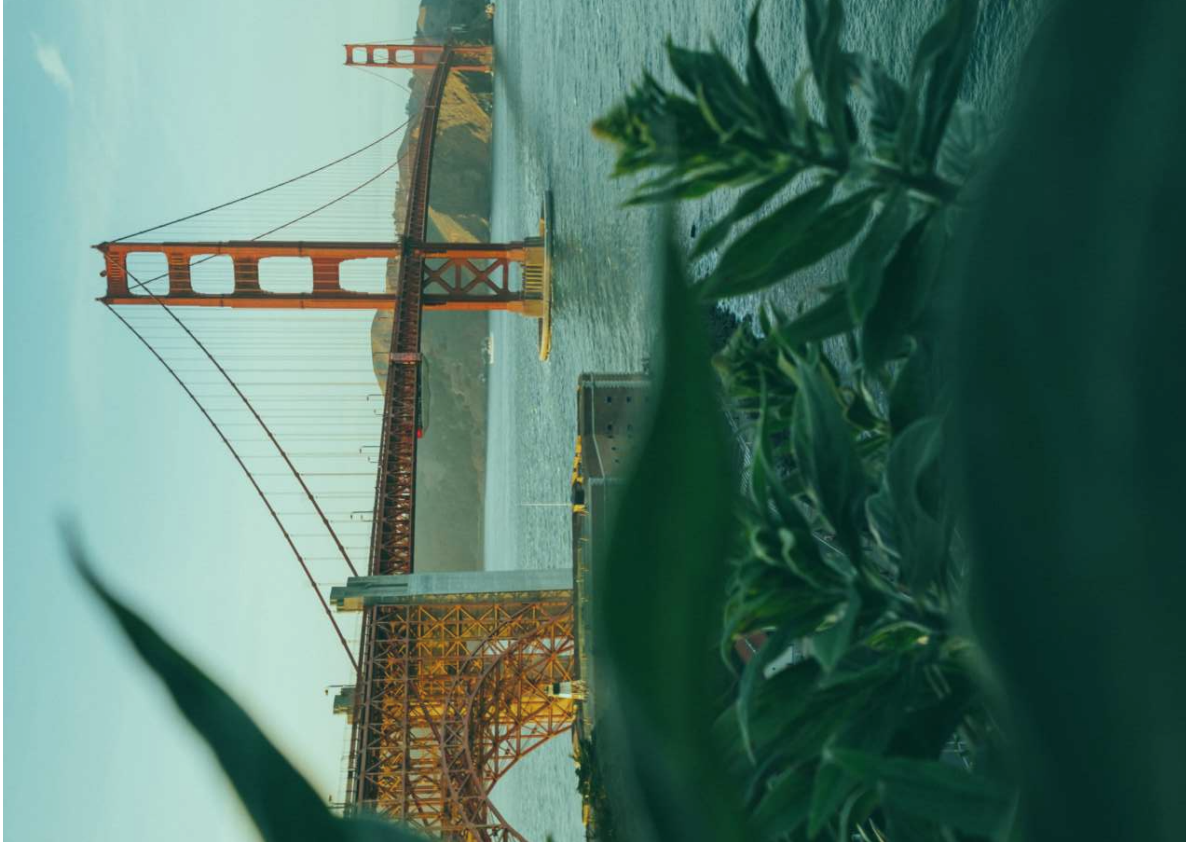
Figure 6.3



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

BAY AREA

The Creative Economy | Otis College of Art and Design

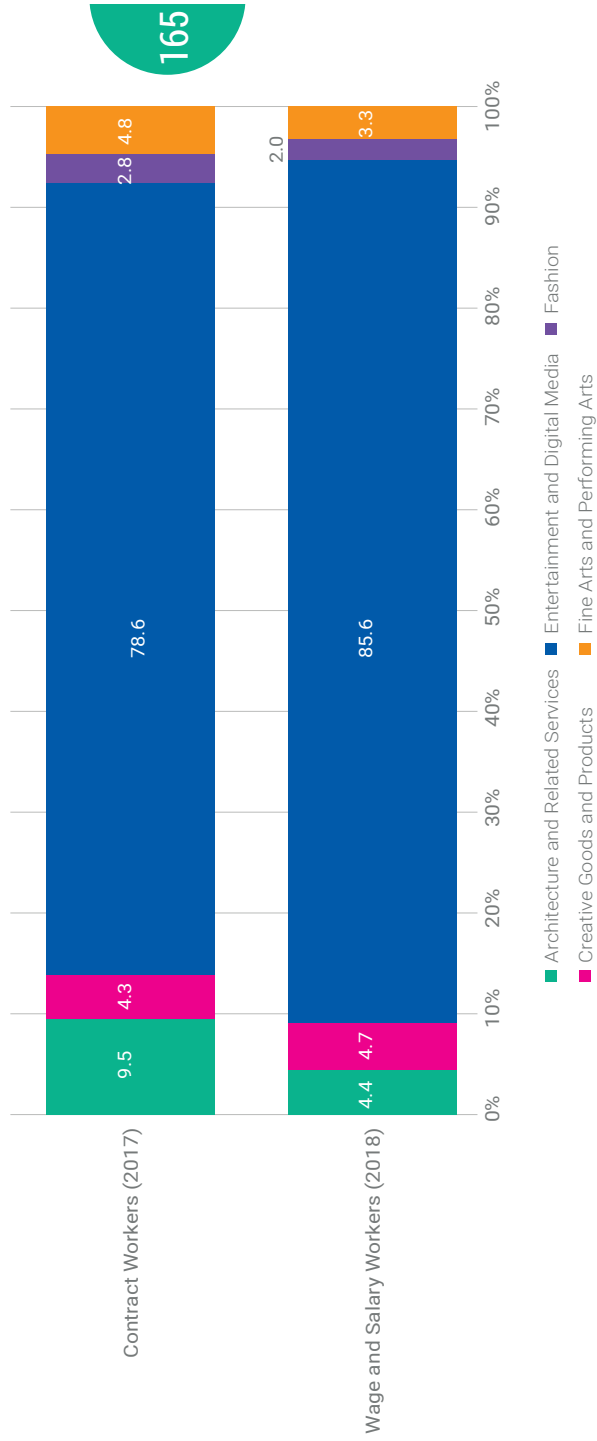


The Bay Area accounts for around 37% of wage and salary employment and 23% of contract jobs in California's creative industries. Employment in the region's creative industries accounts for 10% of all regional jobs.

Because of technology's dominating presence in the Bay Area, much of which is part of the Emerging Digital Media subsector, the Entertainment and Digital Media industry has the largest footprint. Among wage and salary workers in the Creative Economy, over 85% work in Entertainment and Digital Media. Among contract workers, almost 80% work in that industry. Architecture and Related Services has a notably larger share of contract workers (9.5%) than wage and salary workers (4.4%).

Share of Creative Industry Jobs in the Bay Area

Figure 6.4

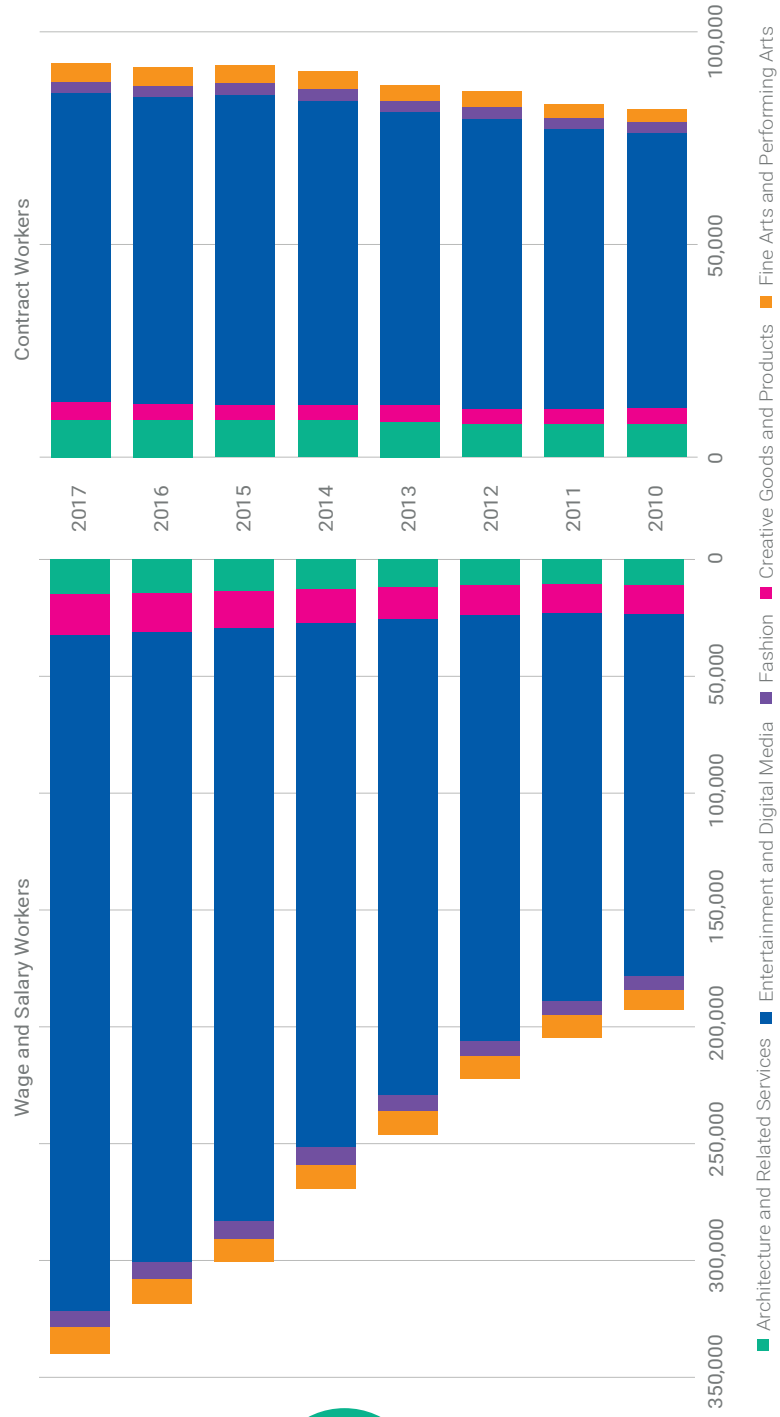


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

The Bay Area is the fastest-growing creative region in California. Over five years, wage and salary employment grew 46% (113,500 jobs) and contract employment grew 8% (6,700 positions).

Wage and Salary Employment vs. Contract Employment in the Bay Area (2010 to 2017)

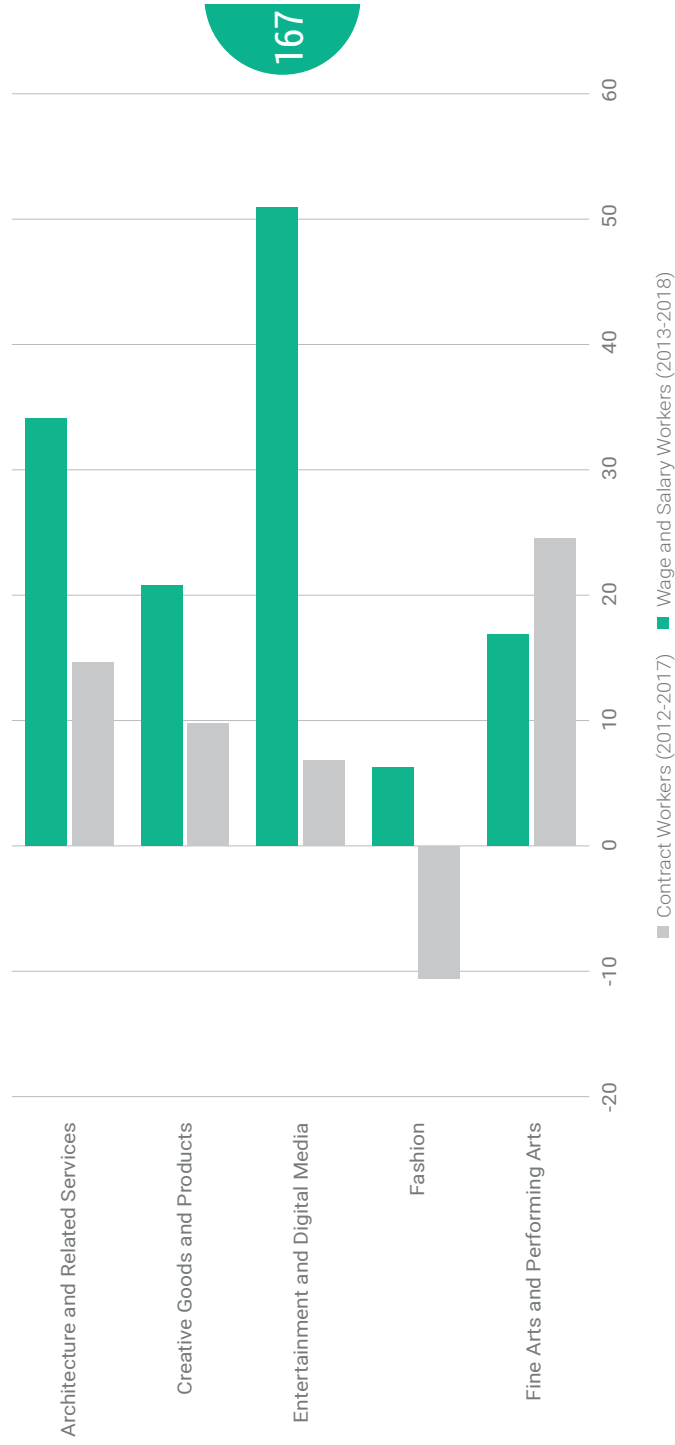
Figure 6.5



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

In wage and salary employment, Entertainment and Digital Media leads, logging in 51% job growth, followed by Architecture and Related Services, with 34% growth. Every Creative Economy industry grew from five years ago. Fine Arts and Performing Arts (25%) was the fastest-growing sector among contract workers.

Percentage Change in Employment by Creative Sector in the Bay Area
Figure 6.6

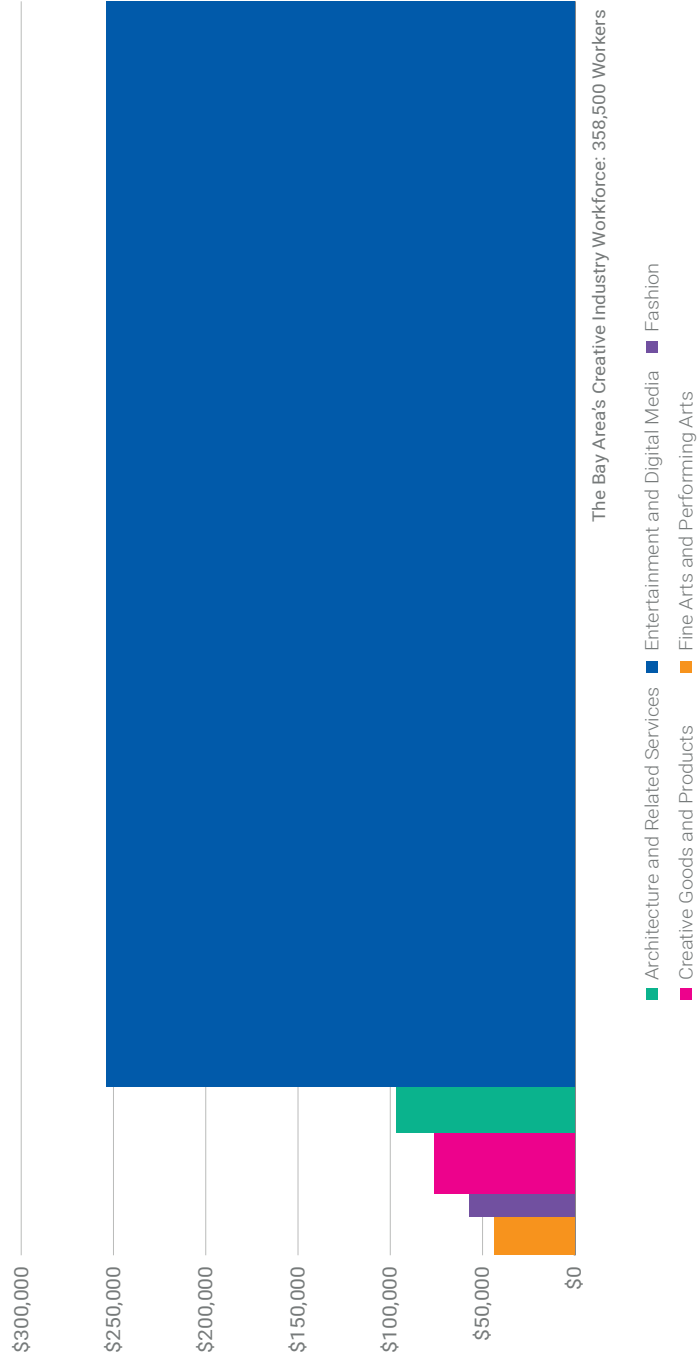


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics

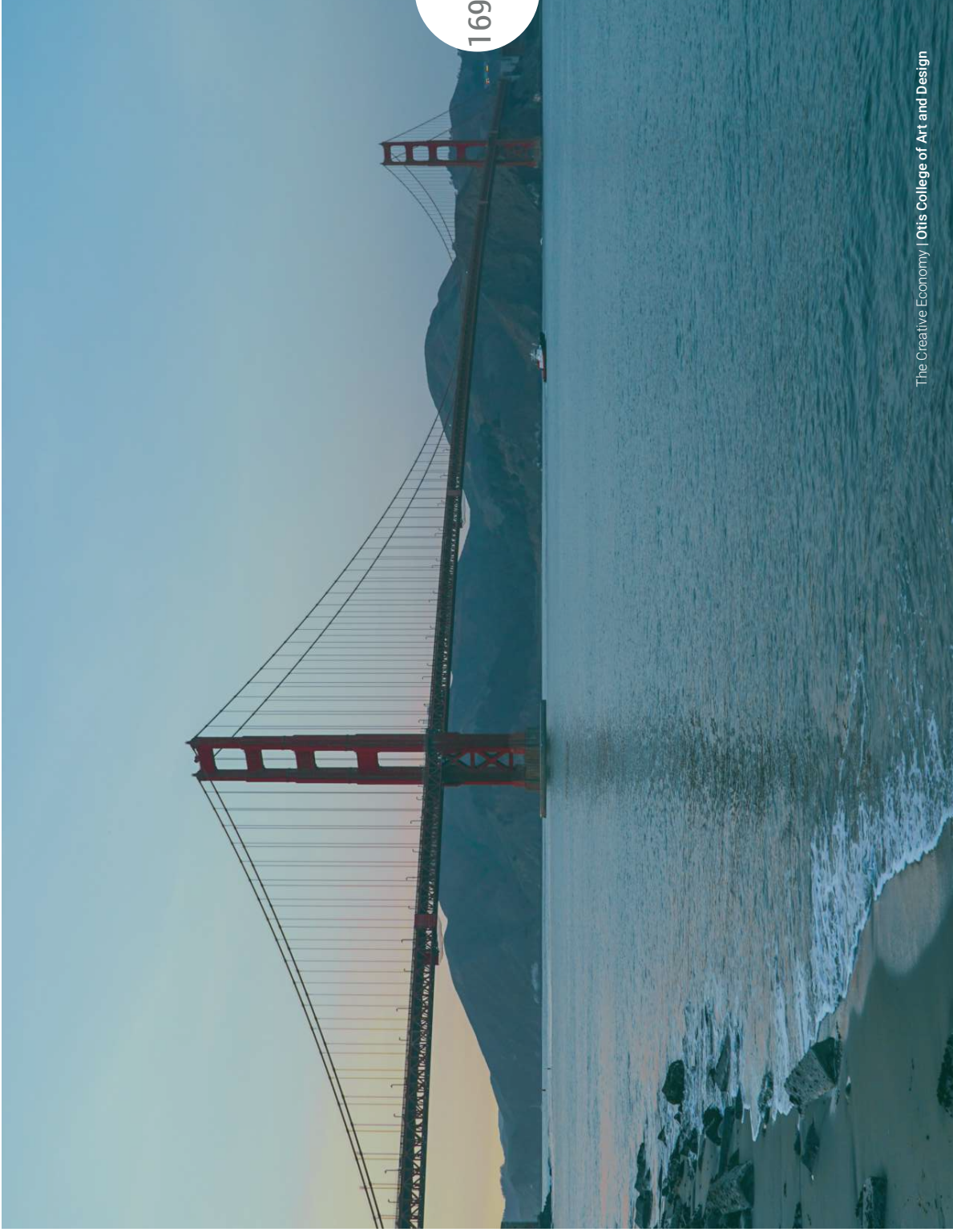
Entertainment and Digital Media's prominence is also seen in its average wages, exceeding \$250,000 per year. In the Bay Area's five largest creative subsectors by employment, workers in Software Publishers (\$277,700), Data Processing, Hosting and Related Services (\$267,300), and Internet Publishing and Broadcasting (\$382,400)—all of which are part of Entertainment and Digital Media—enjoy substantial pay.

Employment Share and Average Wage of Wage and Salary Workers in Creative Industries in the Bay Area (2018)

Figure 6.7

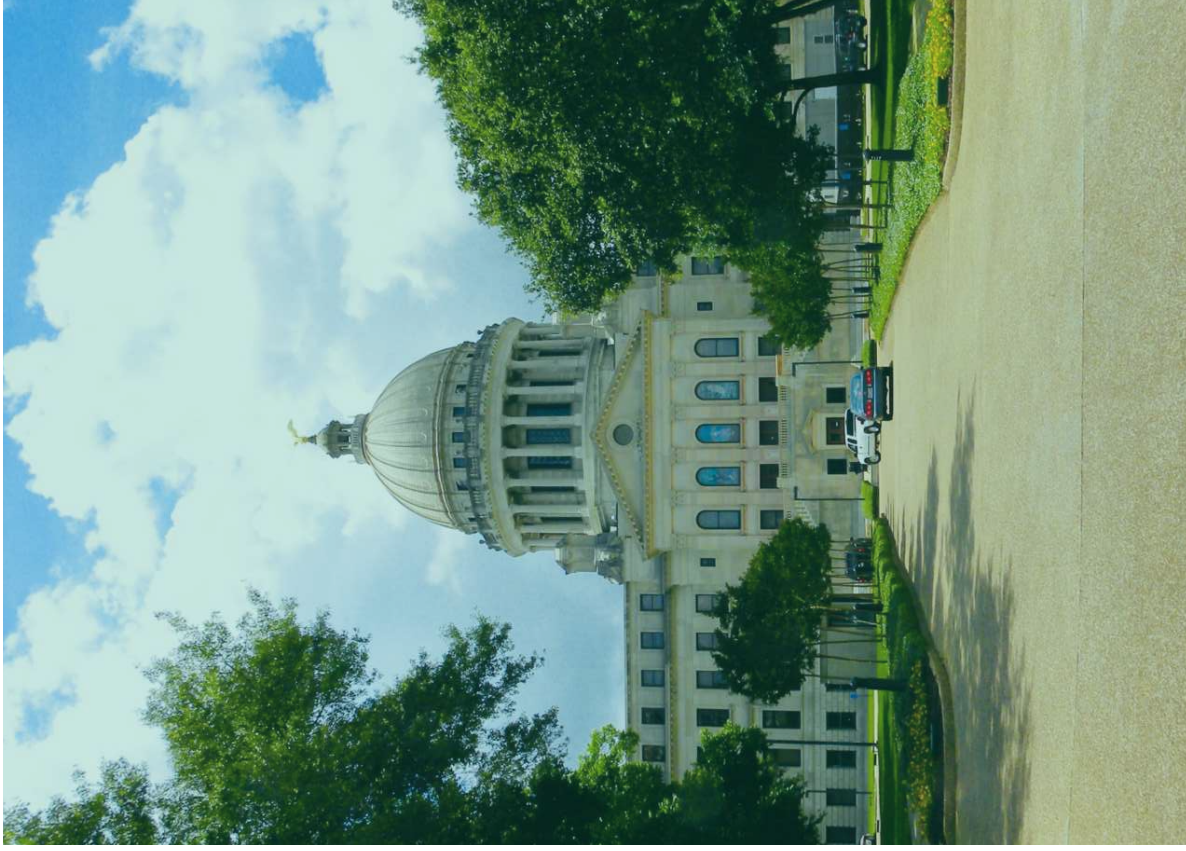


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Analysis by Beacon Economics



CAPITAL REGION

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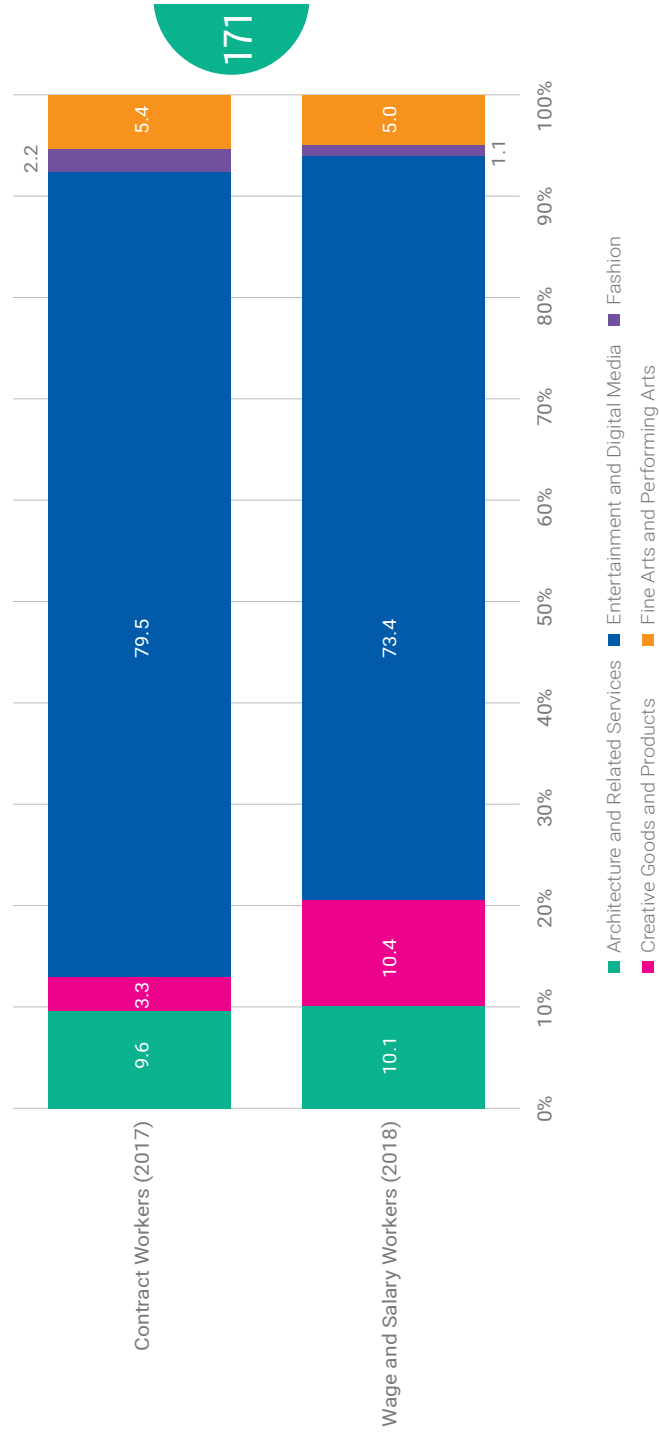


The Capital Region accounts for just 2% of wage and salary employment and 4% of contract jobs in California's creative industries. Employment in the region's creative industries accounts for 4% of regional employment.

Entertainment and Digital Media is the largest sector among both wage and salary workers and contract workers, accounting for over 7 in 10 jobs. Creative Goods and Products has a much larger share of wage and salary workers (10.4%) than contract workers (3.3%).

Share of Creative Industry Jobs in the Capital Region

Figure 6.8

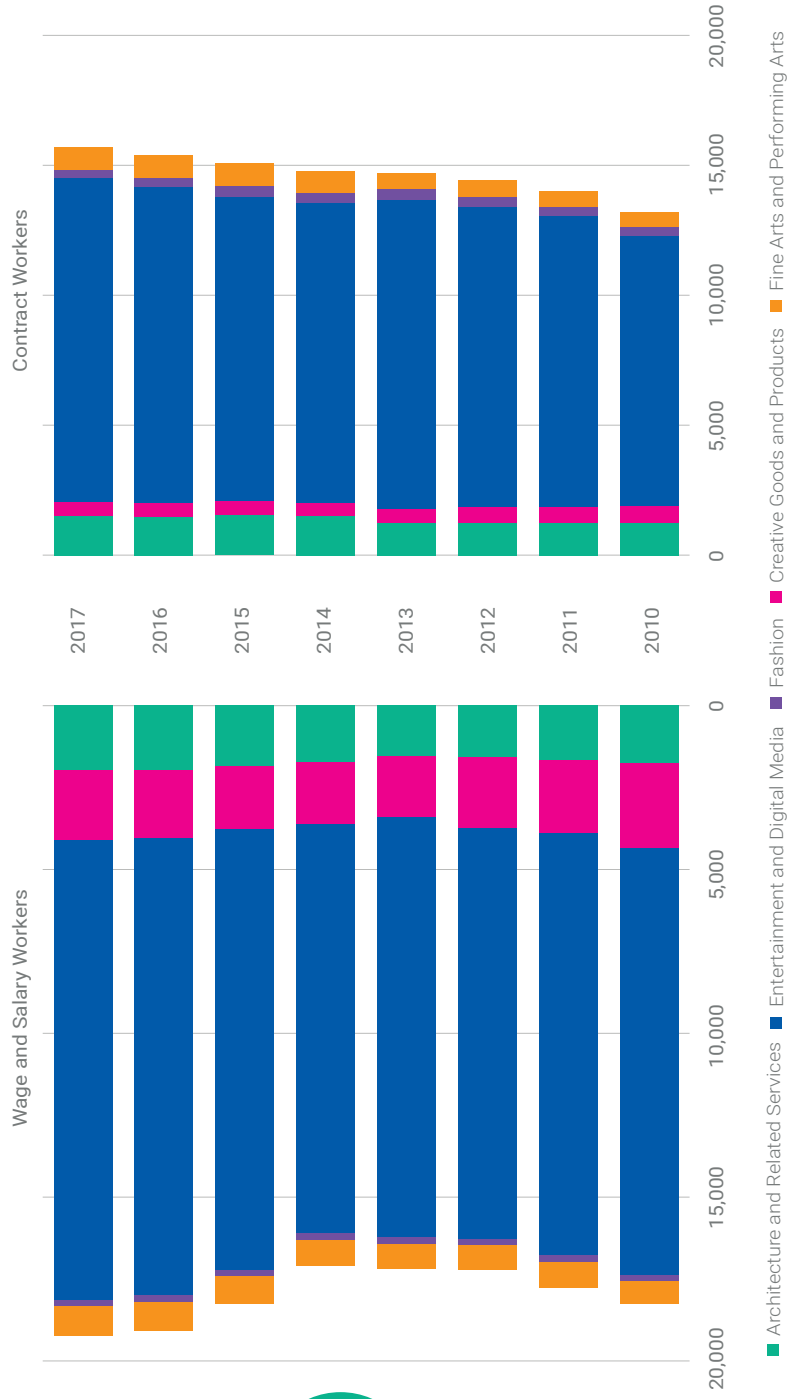


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Over five years, wage and salary work and contract employment grew 12% and 9% respectively. There are slightly more wage and salary professionals than contract professionals in the Capital Region's creative industries.

Wage and Salary Employment vs. Contract Employment in the Capital Region (2010 to 2017)

Figure 6.9

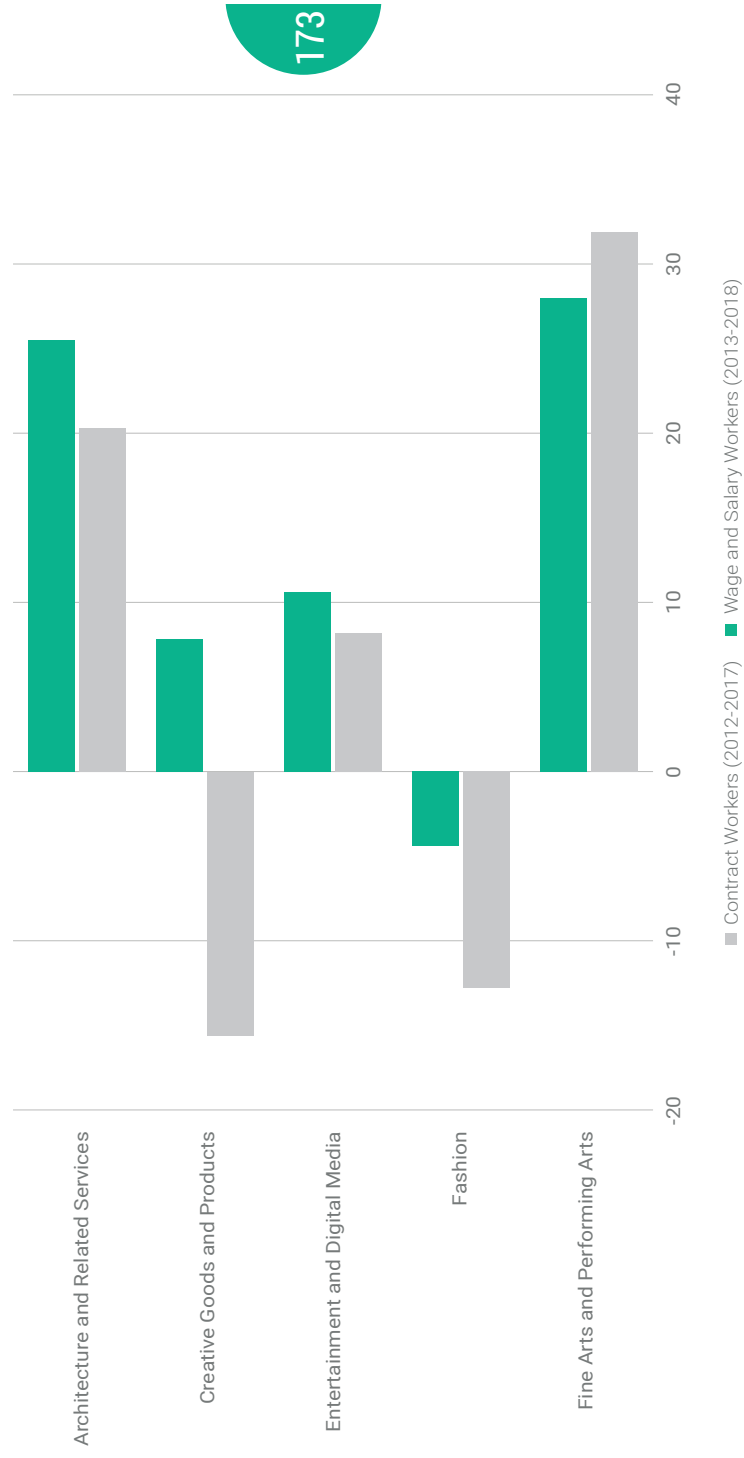


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

In the Capital Region, Architecture and Related Services and Fine Arts and Performing Arts are the fastest-growing sectors in both wage and salary jobs and contract employment. Employment in Fashion contracted in both types of work over five years.

Percentage Change in Employment by Creative Sector in the Capital Region

Figure 6.10

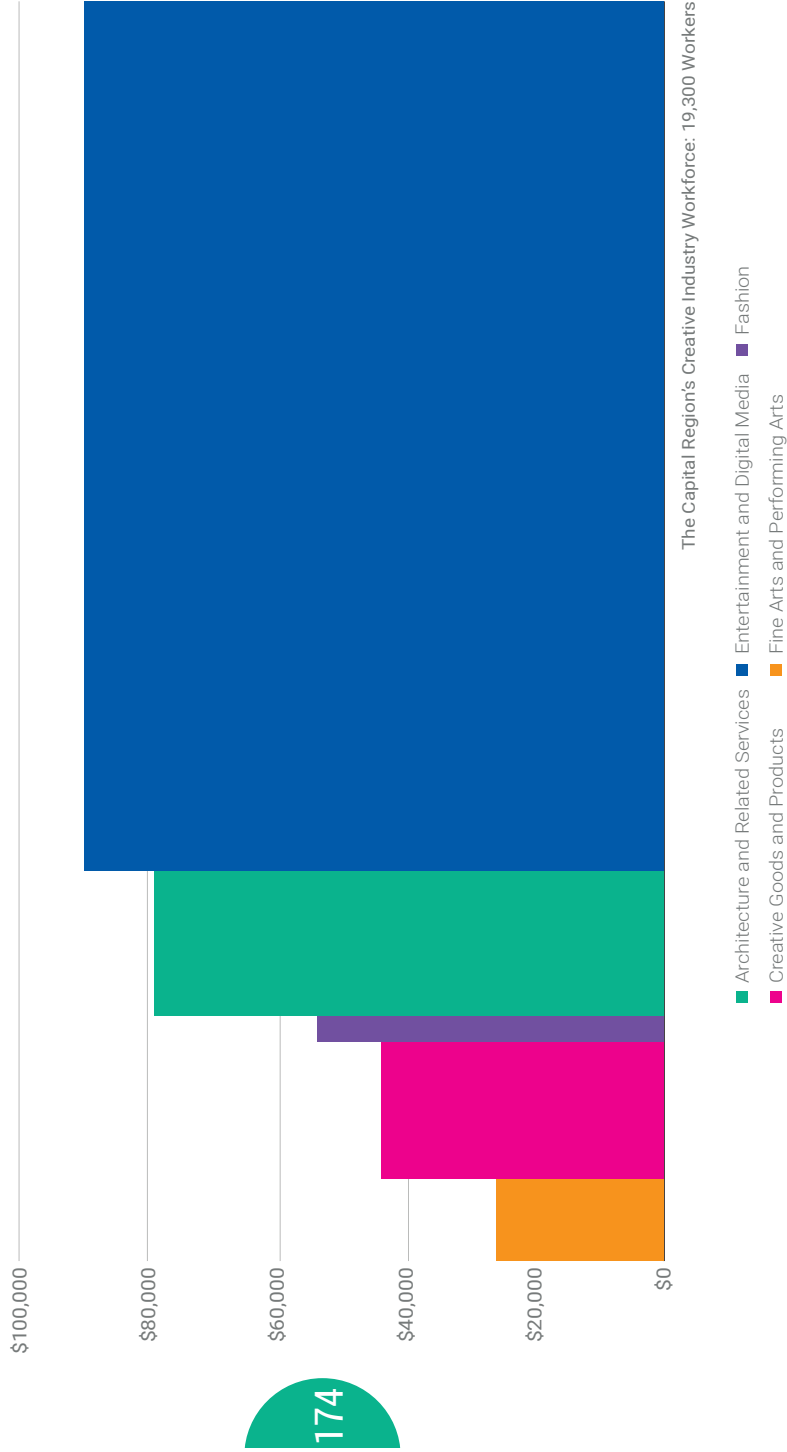


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Entertainment and Digital Media, the largest sector, is also the highest-paying sector in the Capital Region's creative industry, paying an average annual wage of around \$90,000 in 2018. Wage and salary workers in Fine Arts and Performing Arts earned just \$26,000 on average in 2018.

Employment Share and Average Wage of Salaried Workers in Creative Industries in the Capital Region (2018)

Figure 6.11

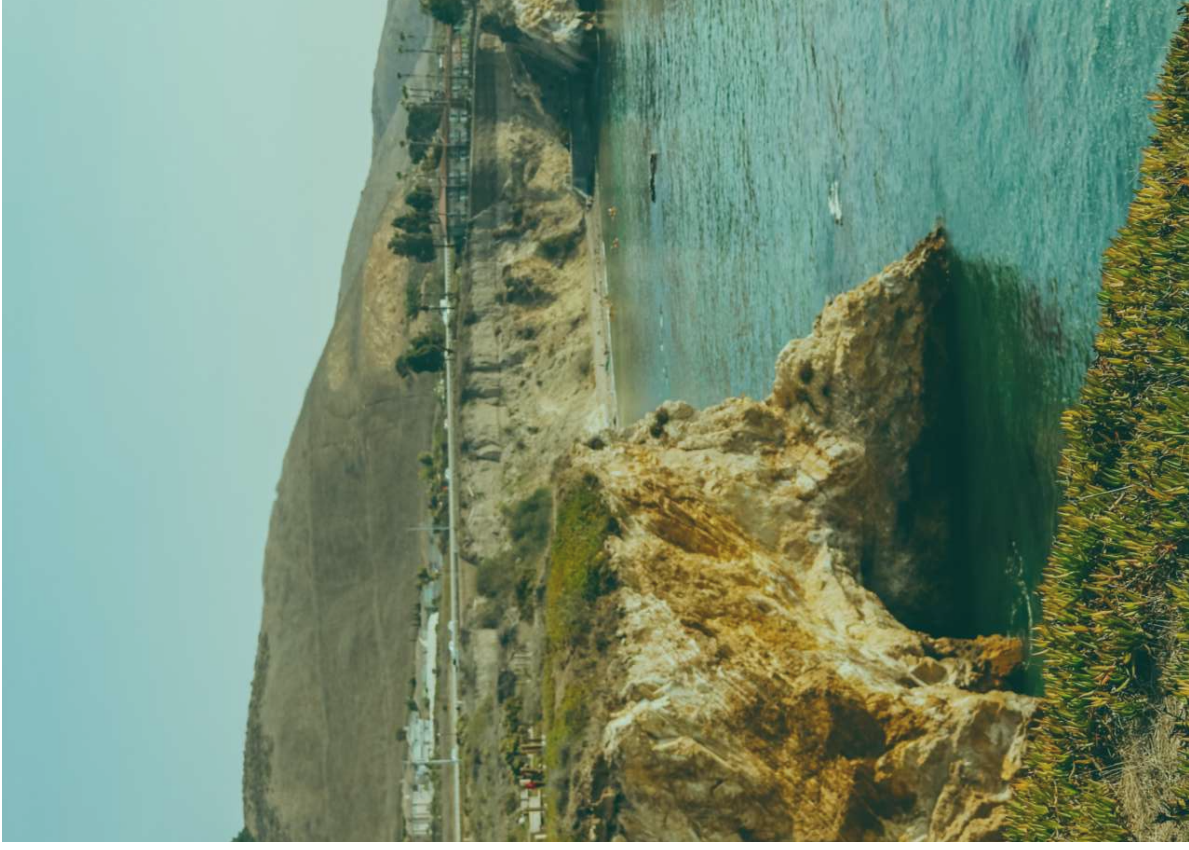


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



CENTRAL COAST

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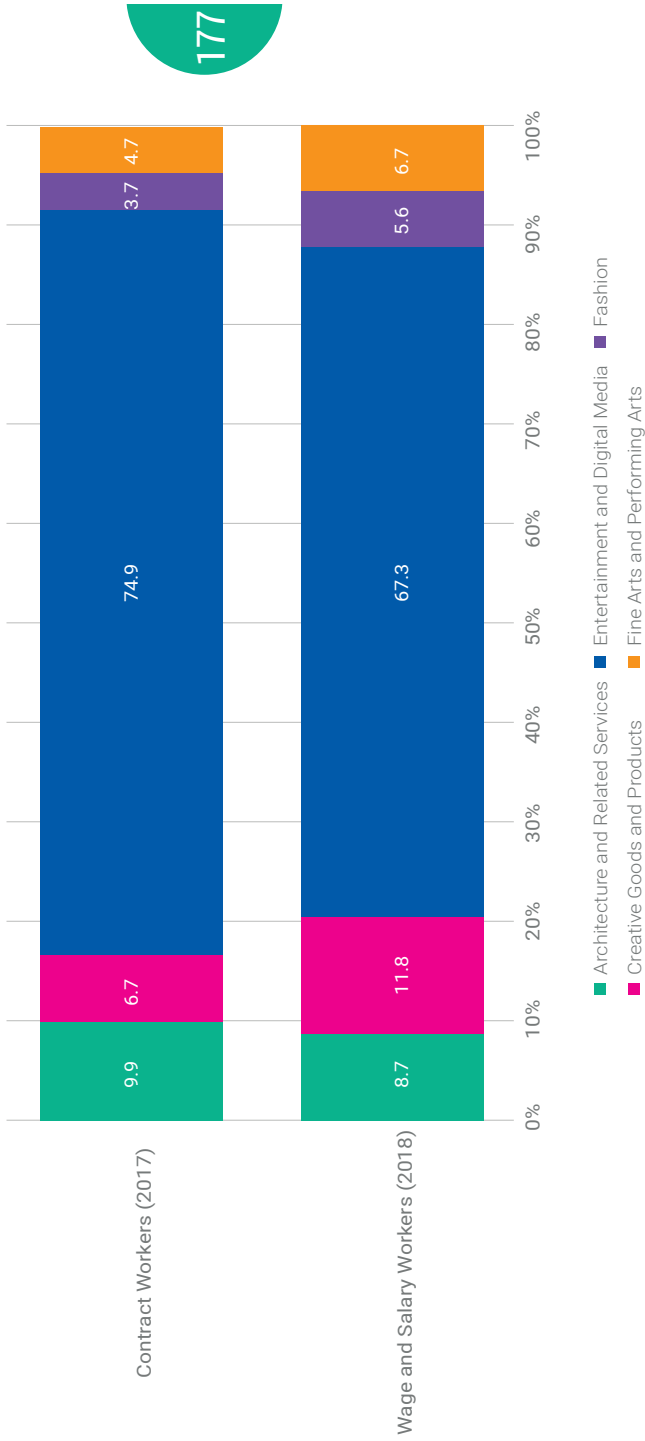


The Central Coast's Creative Economy is equal in size to that of the Capital Region, employing 2% of the State's wage and salary creative workers and 4% of the State's contract workers. Employment in the region's creative industries accounts for 5% of regional jobs.

The Central Coast's creative mix by employment is also similar to the Capital Region's. Entertainment and Digital Media is the largest sector among both wage and salary workers and contract workers, accounting for about 7 of 10 jobs. Creative Goods and Products has a much larger share of wage and salary workers (11.8%) than contract workers (6.7%).

Share of Creative Industry Jobs in the Central Coast

Figure 6.12

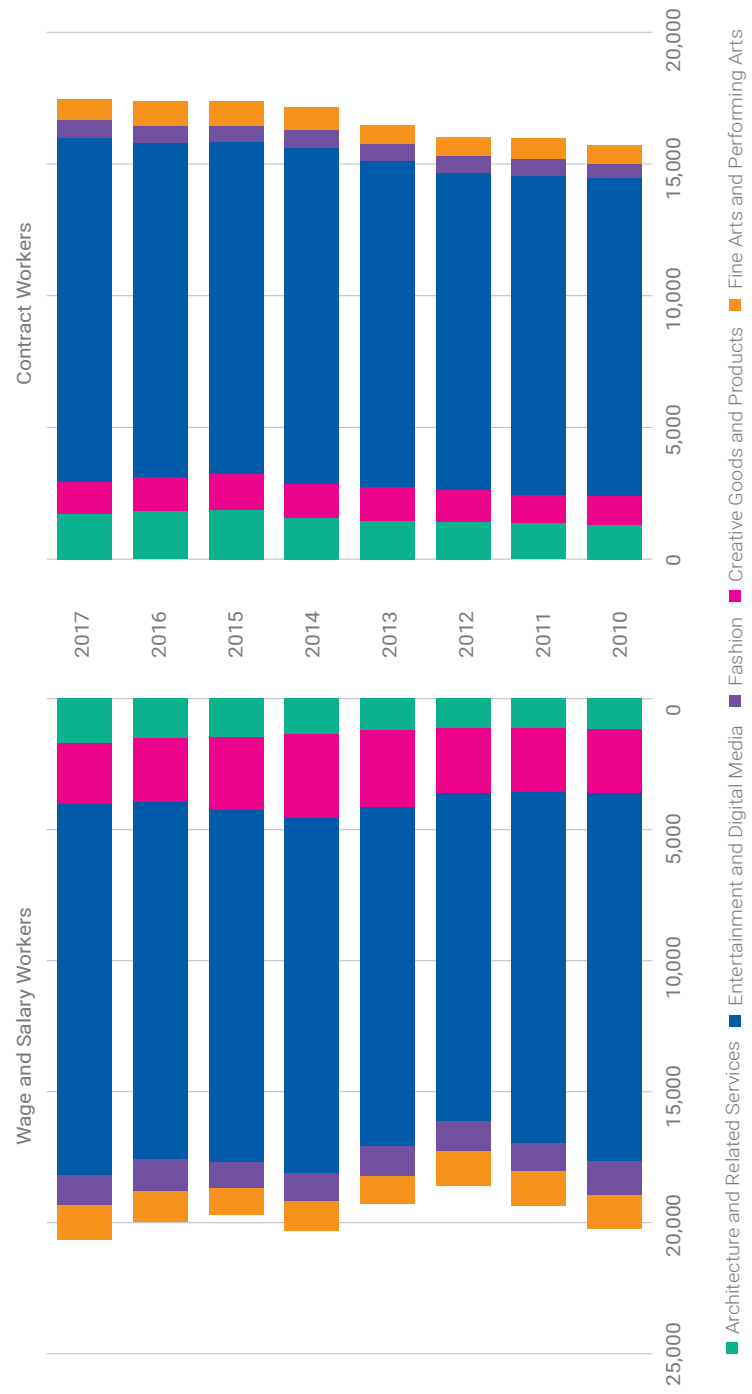


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Over five years, wage and salary employment remained almost unchanged (1.5%), and contract employment grew 9%. Similar to the Capital Region, there are slightly more wage and salary workers than contract workers.

Wage and Salary Employment vs. Contract Employment in the Central Coast (2010 to 2017)

Figure 6.13

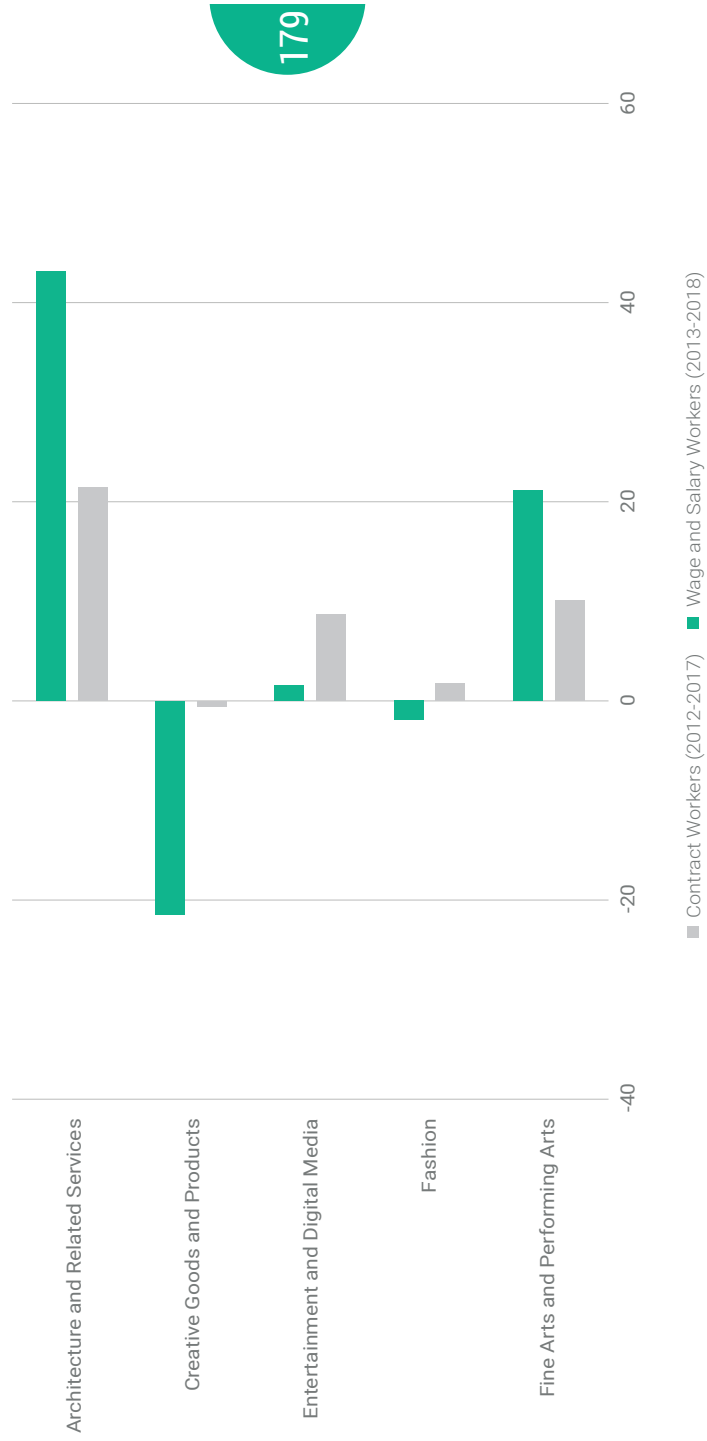


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Architecture and Related Services leads in both wage and salary employment and contract employment, growing 43% and 22% respectively. Employment in Fashion remained almost unmoved, and wage and salary employment in Creative Goods and Products contracted 22% during the five-year period.

Percentage Change in Employment by Creative Sector in the Central Coast

Figure 6.14

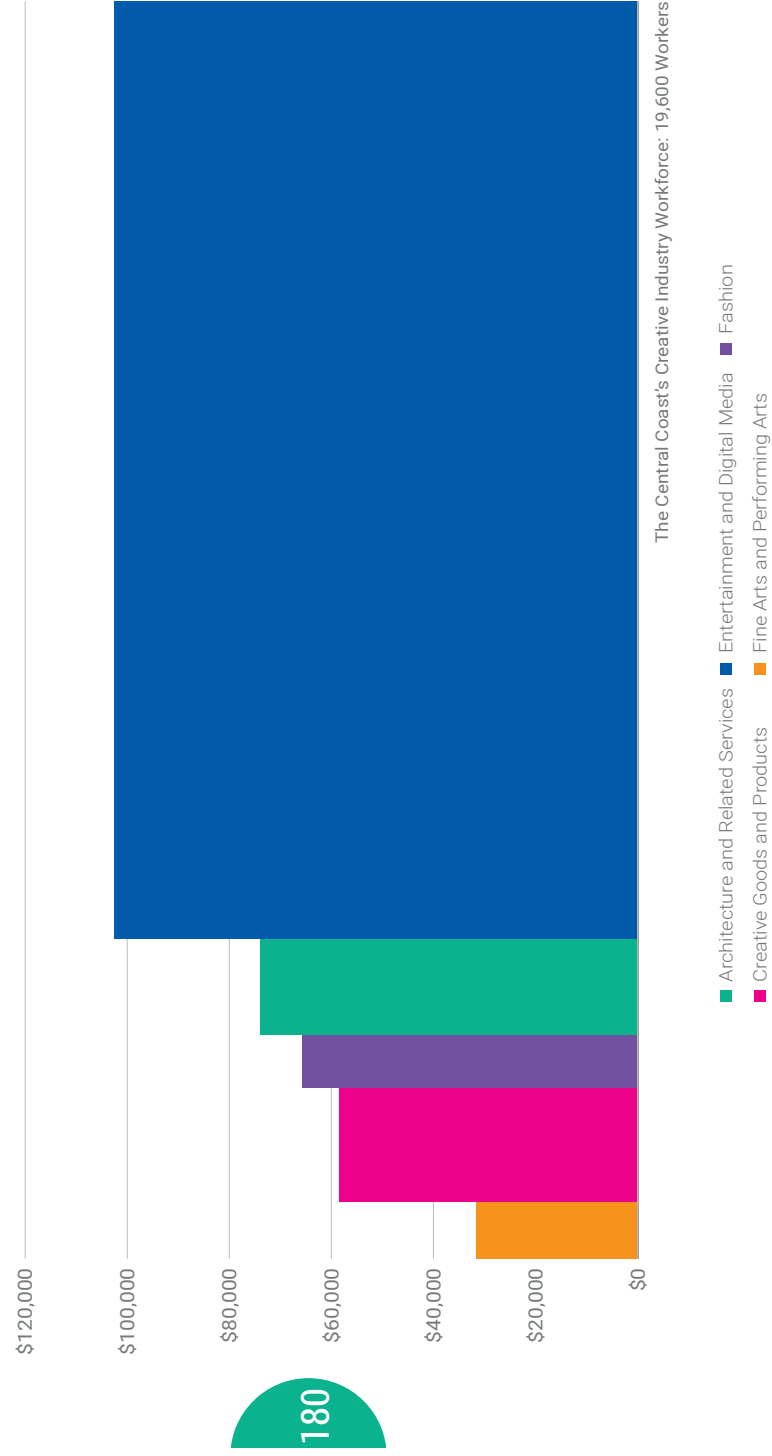


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics

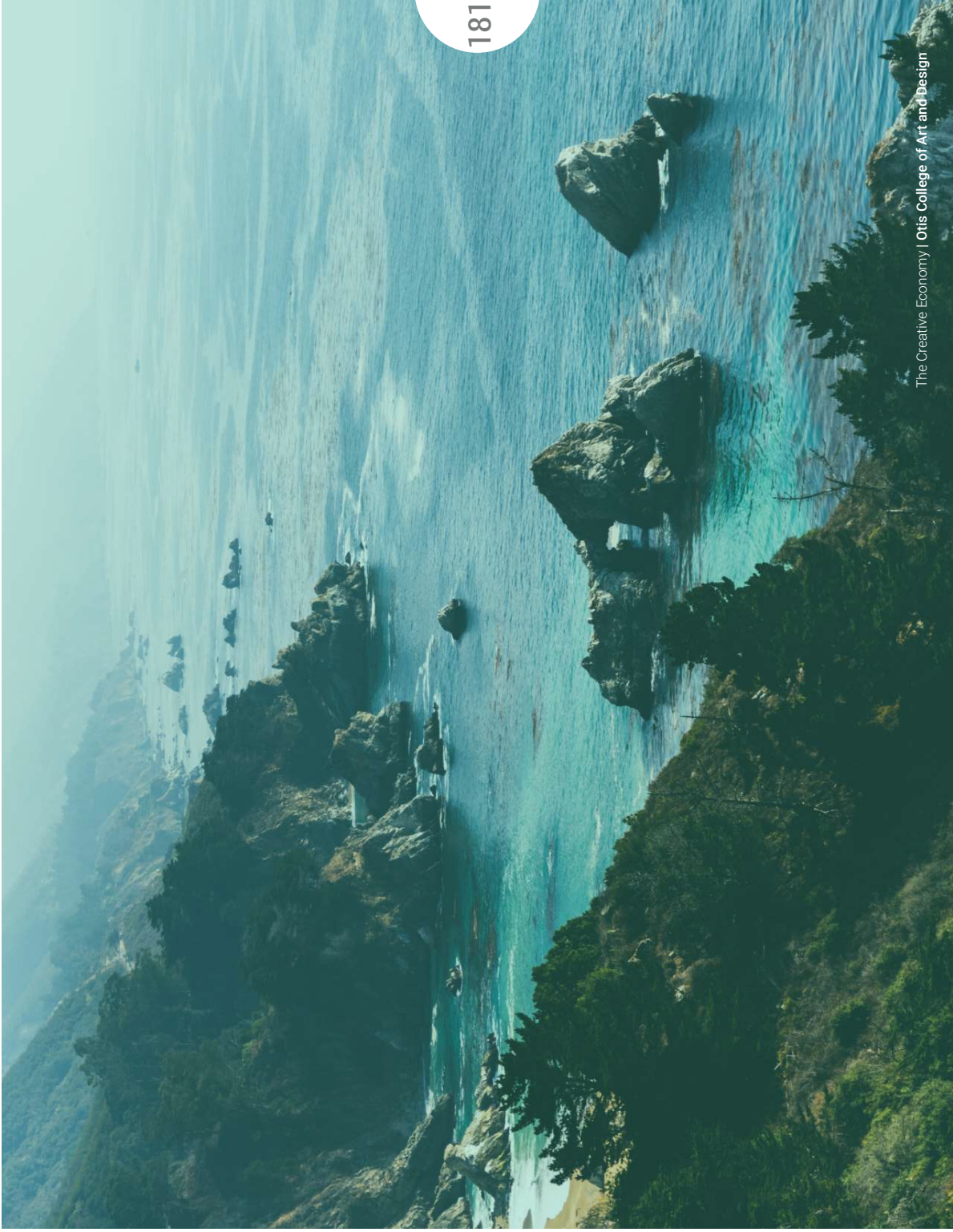
Entertainment and Digital Media, the largest sector, is also the highest-paying creative industry in the Central Coast, paying an average wage of slightly above \$100,000 per year in 2018. Wage and salary workers in Fine Arts and Performing Arts earned just \$31,500 on average in 2018.

Employment Share and Average Wage of Salaried Workers in Creative Industries in the Central Coast (2018)

Figure 6.15

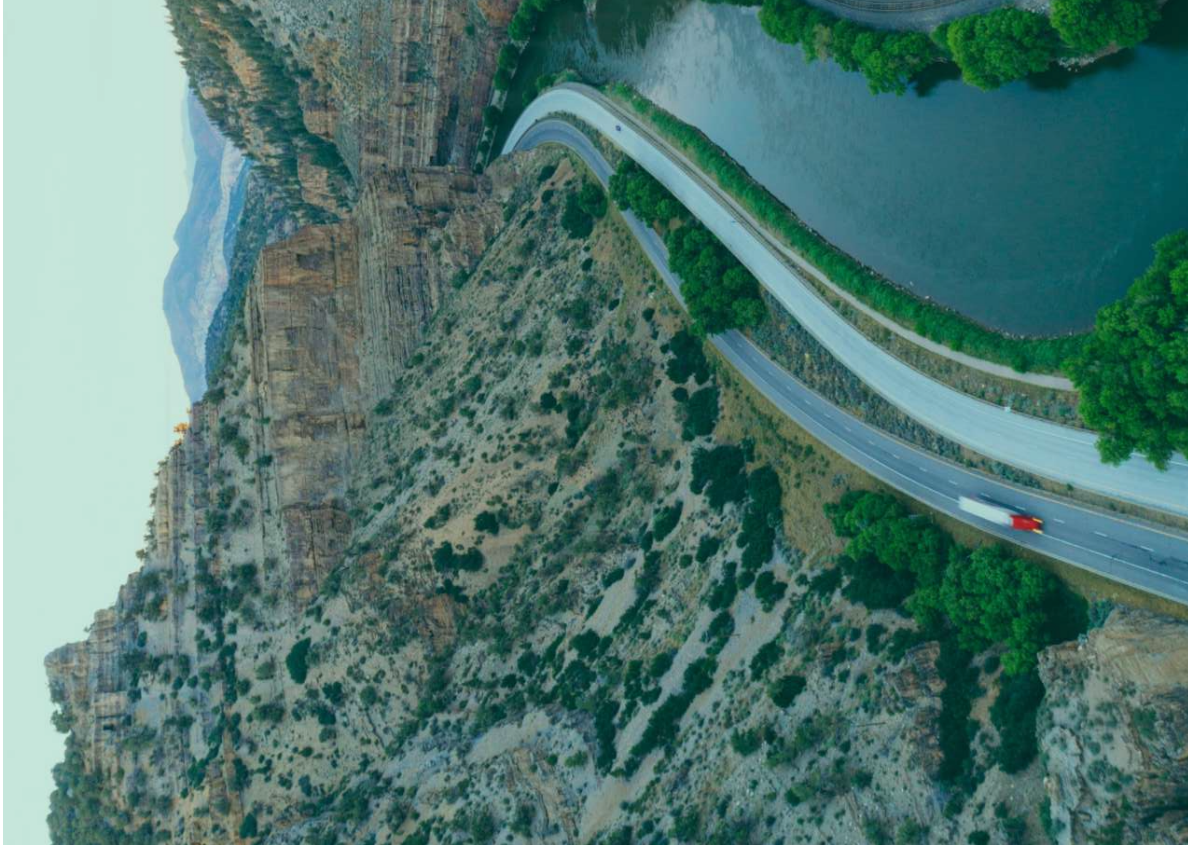


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



CENTRAL VALLEY

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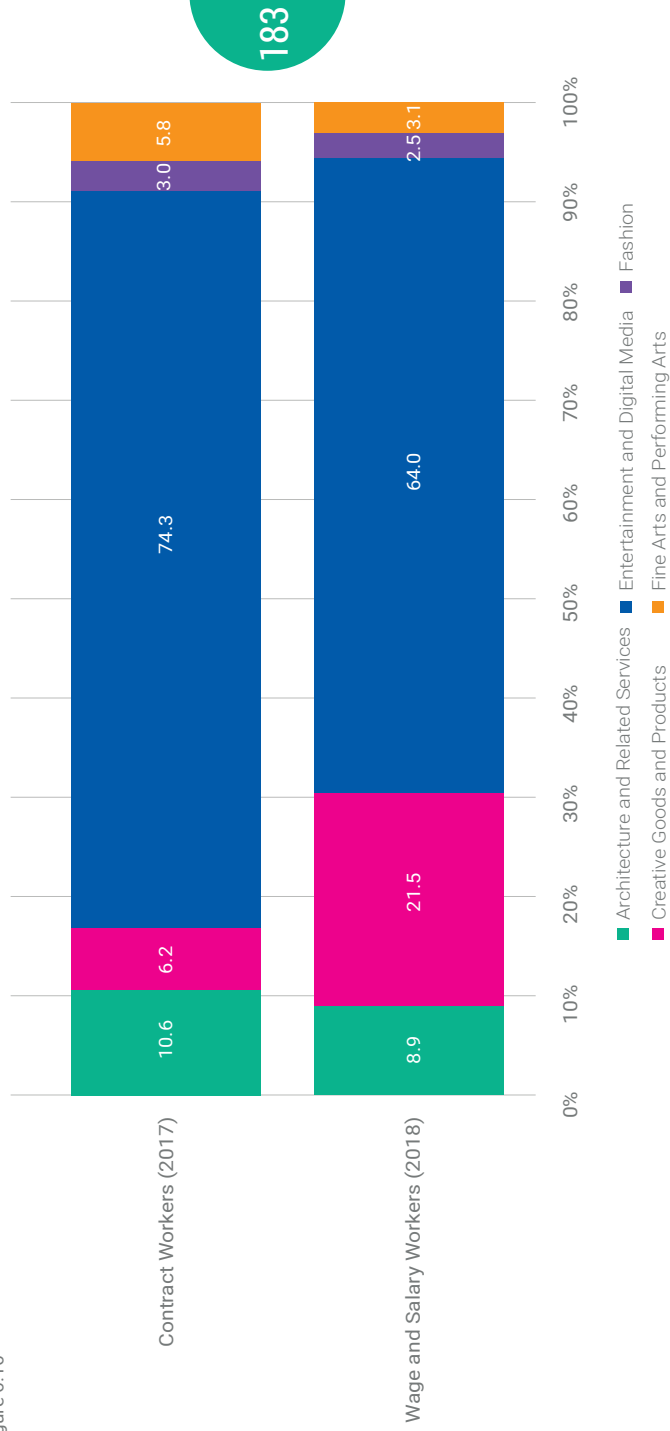


The Central Valley accounts for just 1% of the State's creative industries wage and salary employment but 3% of the contract employment. Employment in the region's creative industries accounts for 2% of regional jobs.

Entertainment and Digital Media is the largest creative sector among both wage and salary workers and contract workers, accounting for over 7 in 10 jobs. Creative Goods and Products has a much larger share wage and salary workers (21.5%) than contract workers (6.2%).

Share of Creative Industry Jobs in the Central Valley

Figure 6.16

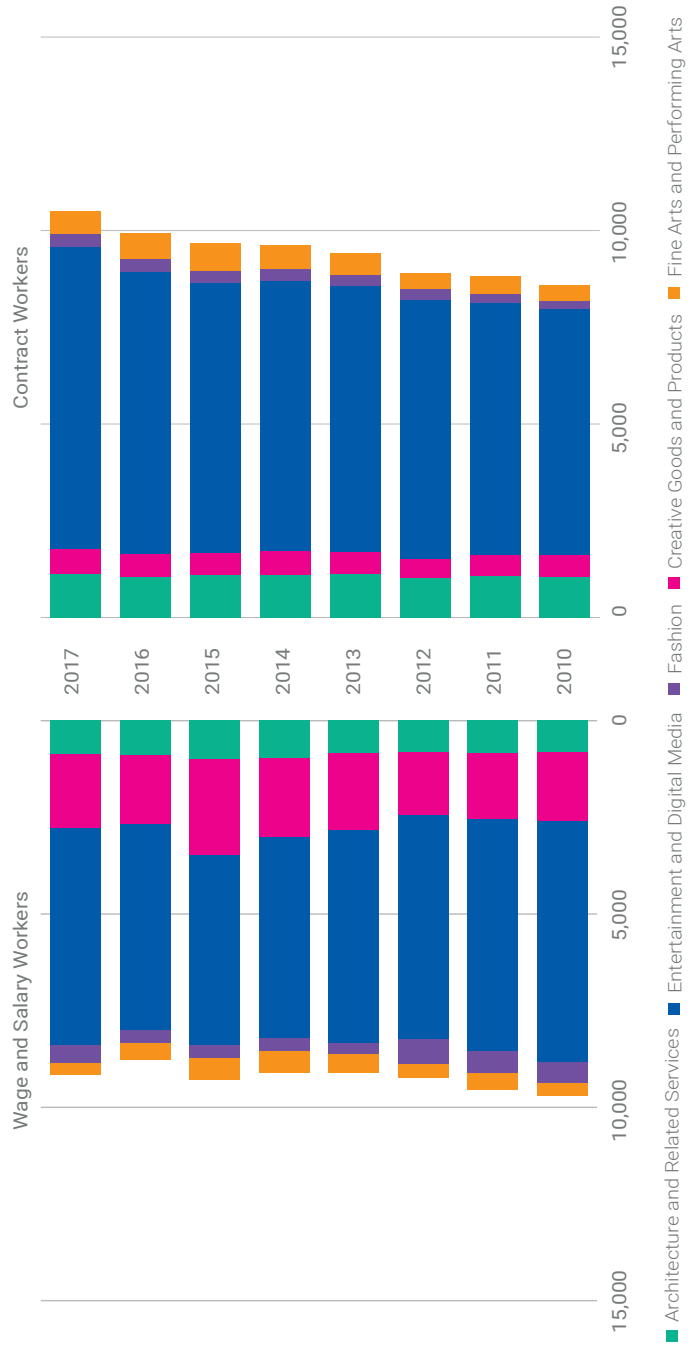


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Contract work was more prevalent than wage and salary employment in 2013, and through 2018 growth in contract jobs (18%) surpassed wage and salary employment (3%).

Wage and Salary Employment vs. Contract Employment in the Central Valley (2010 to 2017)

Figure 6.17

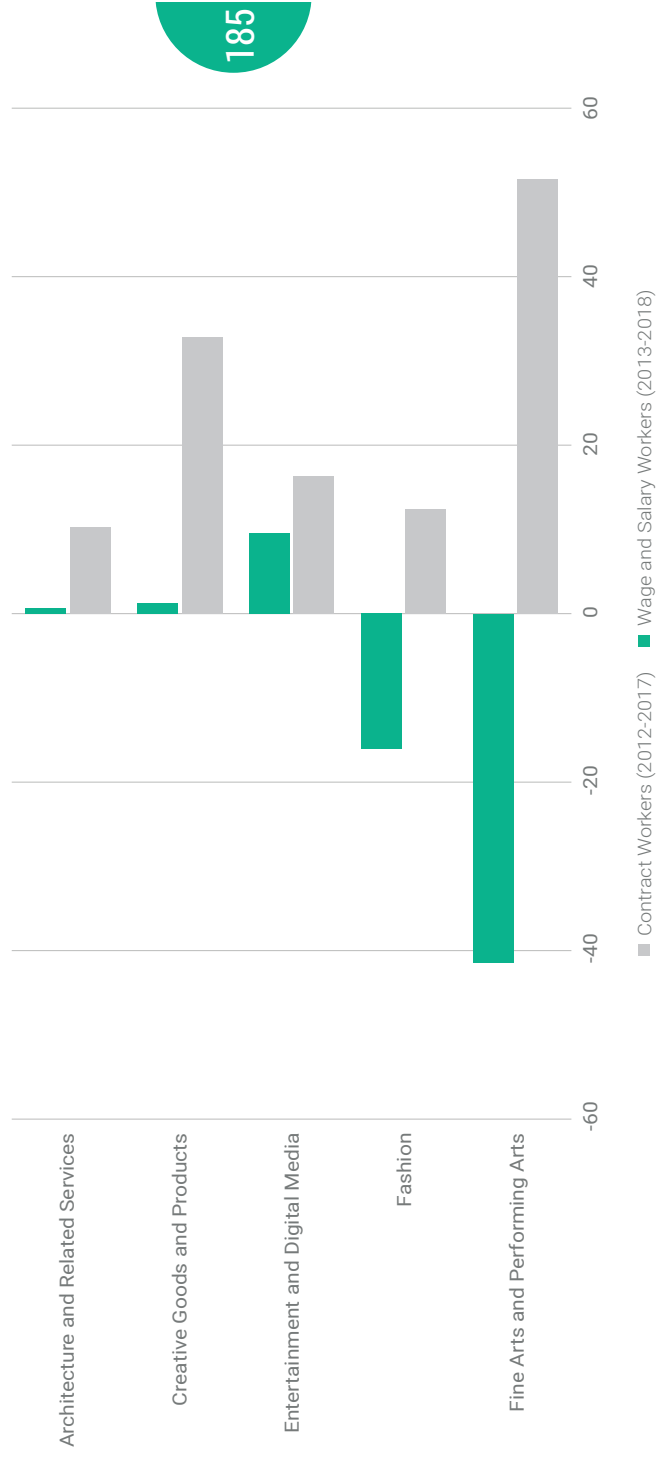


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

In wage and salary employment, only the Entertainment and Digital Media sector has posted a notable gain (9.5%), yet it is still below pre-recession levels. Wage and salary employment has been stagnant in Architecture and Related Services (0.7%) and Creative Goods and Products (1.2%) over the past five years and has fallen substantially in Fashion (-16.1%) and Fine Arts and Performing Arts (-41.4%). Contract employment's growth in Fashion (12.4%) and Fine Arts and Performing Arts (51.6%) balanced the steep declines in wage and salary employment. Contract employment in the Central Valley's Creative Economy grew substantially faster than wage and salary employment in every sector.

Percentage Change in Employment by Creative Sector in the Central Valley

Figure 6.18

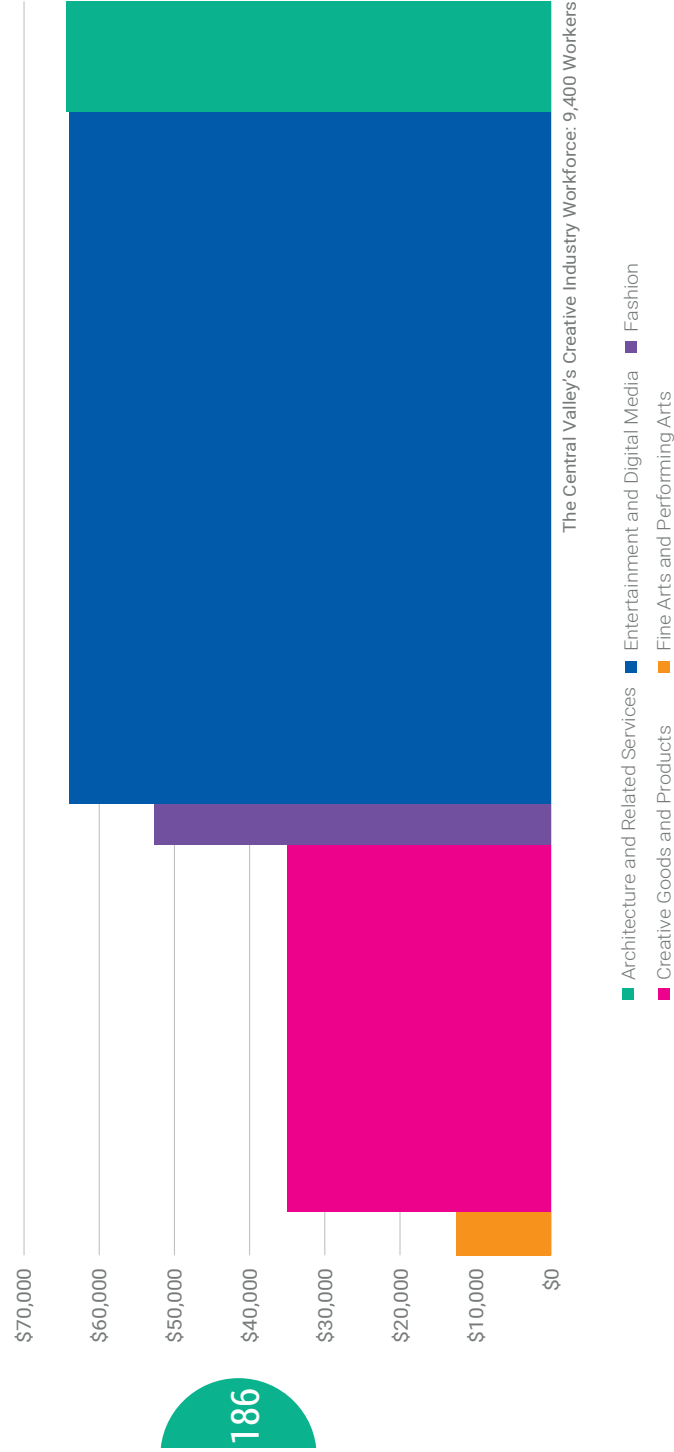


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

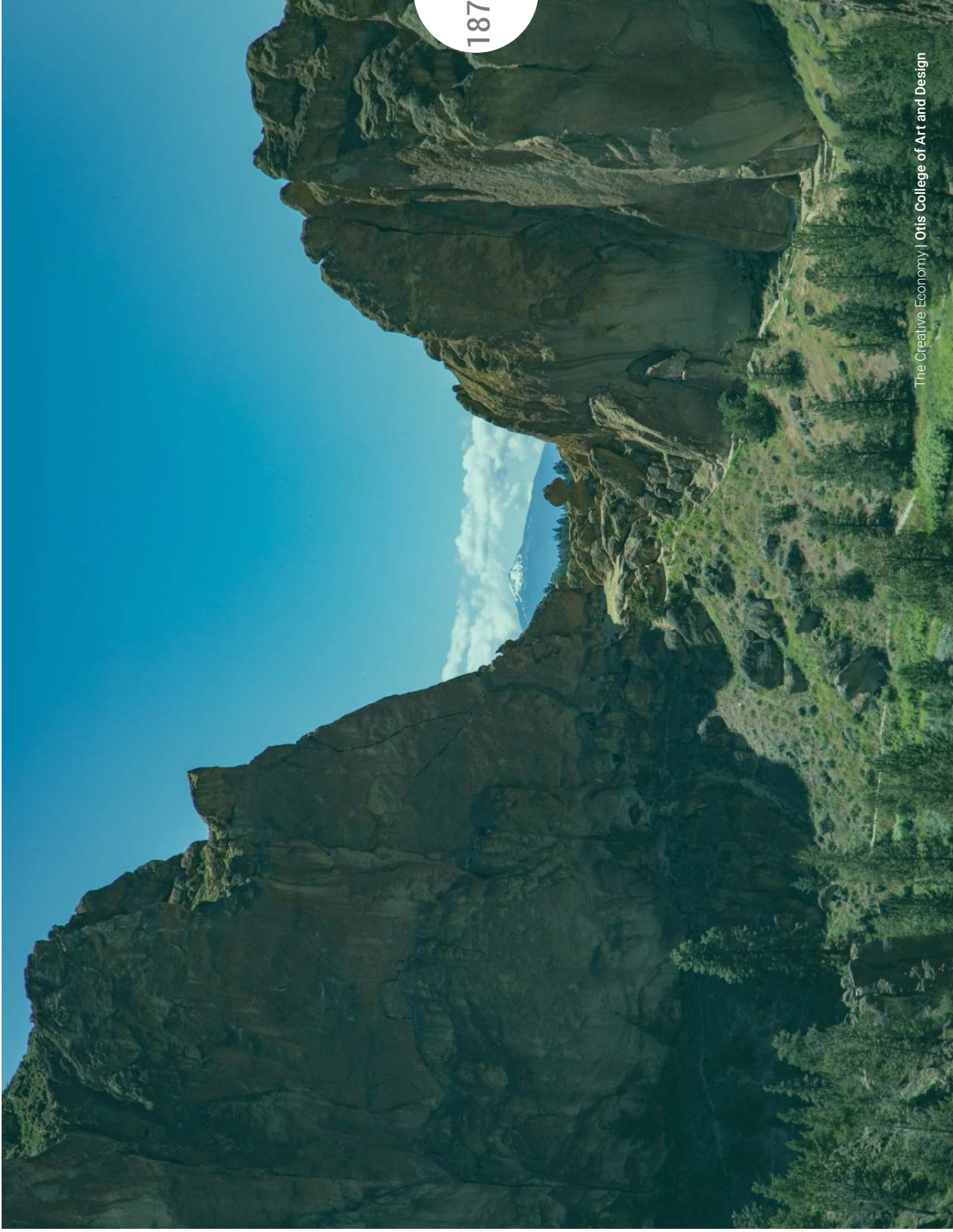
Architecture and Related Services is the highest-paying industry sector in the Central Valley's creative industry, averaging \$64,400 per year in 2018, followed closely by Entertainment and Digital Media (\$64,000). There were only about 300 wage and salary workers in Fine Arts and Performing Arts, and they earned just \$12,500 on average in 2018, or slightly above the Federal poverty guideline for a one-person household in 2018 (\$12,140).

Employment Share and Average Wage of Salaried Workers in Creative Industries in the Central Valley (2018)

Figure 6.19

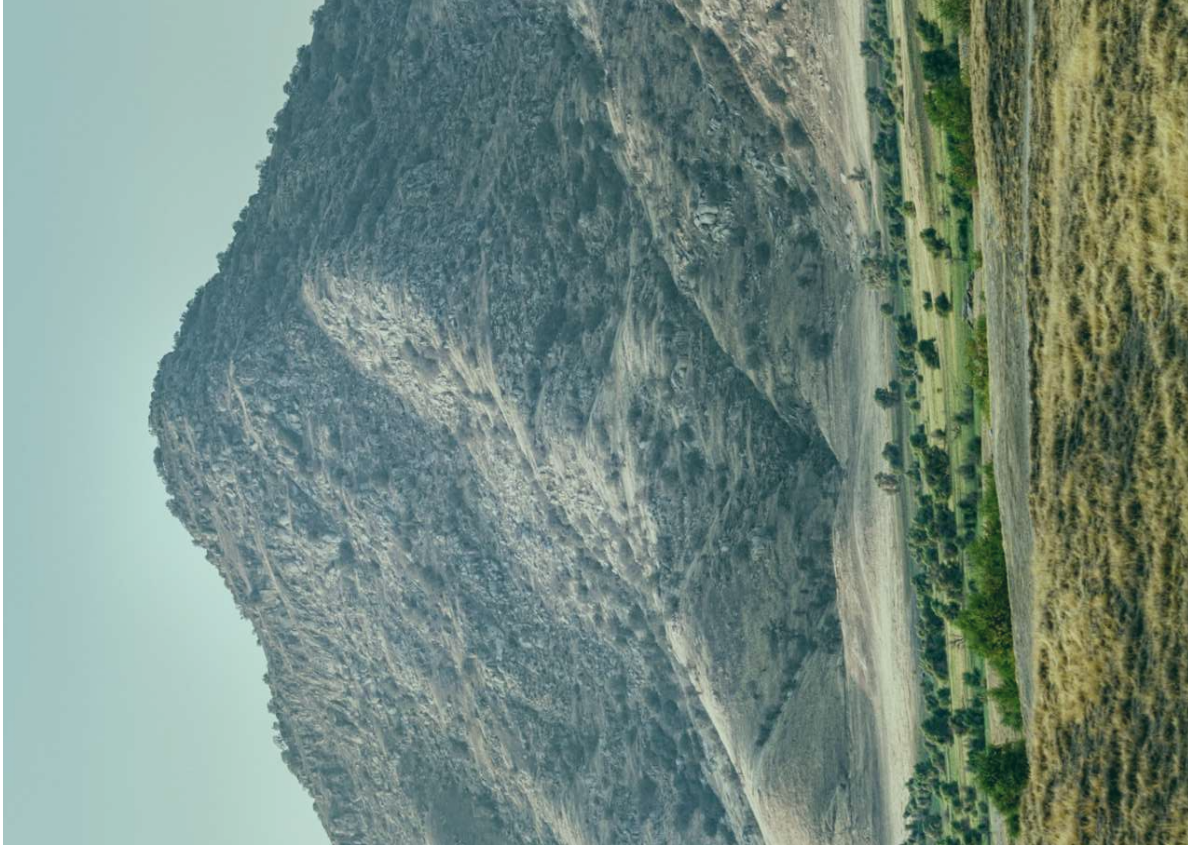


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



INLAND EMPIRE

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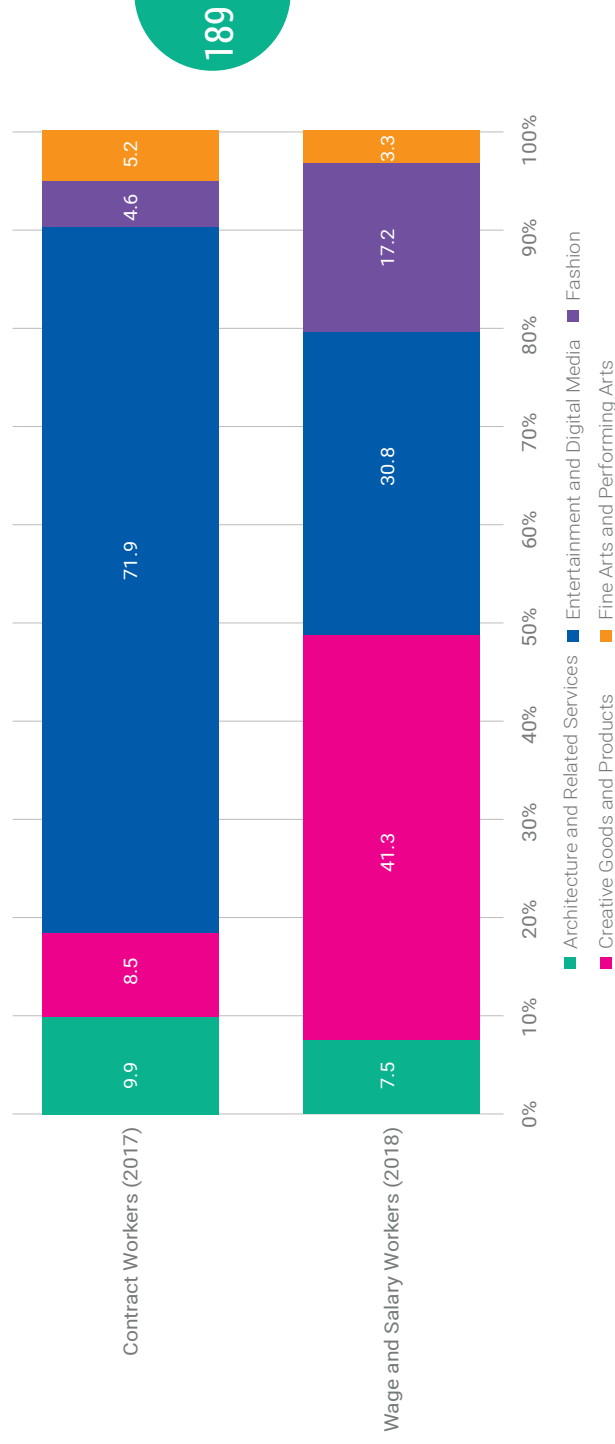


The Inland Empire accounts for 3% and 5% of the State's wage and salary workers and contract workers in the creative industries respectively. Employment in the region's creative industries accounts for 3% of regional employment.

Because of the heavy presence of manufacturing in the Inland Empire, Creative Goods and Products (41%) is the largest industry sector by wage and salary employment, followed by Entertainment and Digital Media (31%). Among contract workers, the employment profile differs greatly by comparison; it's similar to other regions in which over 70% are employed in Entertainment and Digital Media.

Share of Creative Industry Jobs in the Inland Empire

Figure 6.20

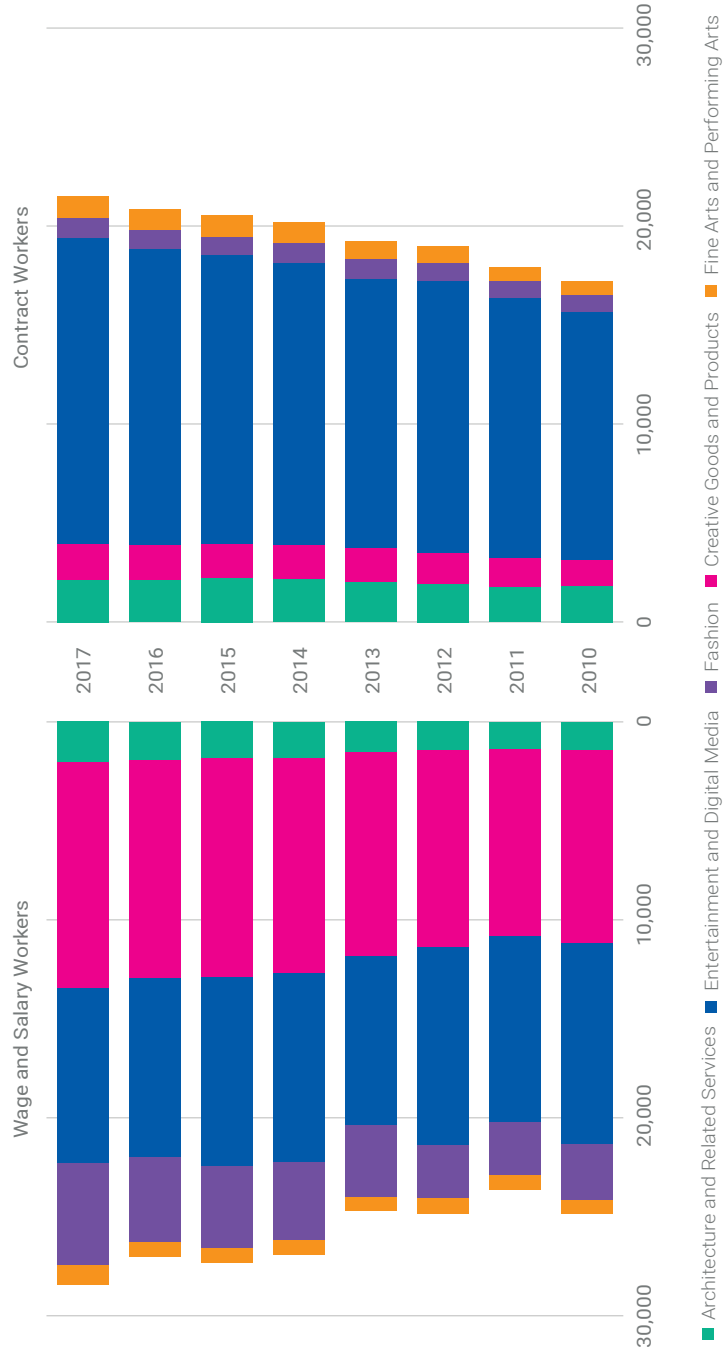


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW), Census Bureau, Nonemployer Statistics (NES), Analysis by Beacon Economics

Over five years, wage and salary employment grew 22% and contract employment increased 13%.

Wage and Salary Employment vs. Contract Employment in the Inland Empire (2010 to 2017)

Figure 6.21

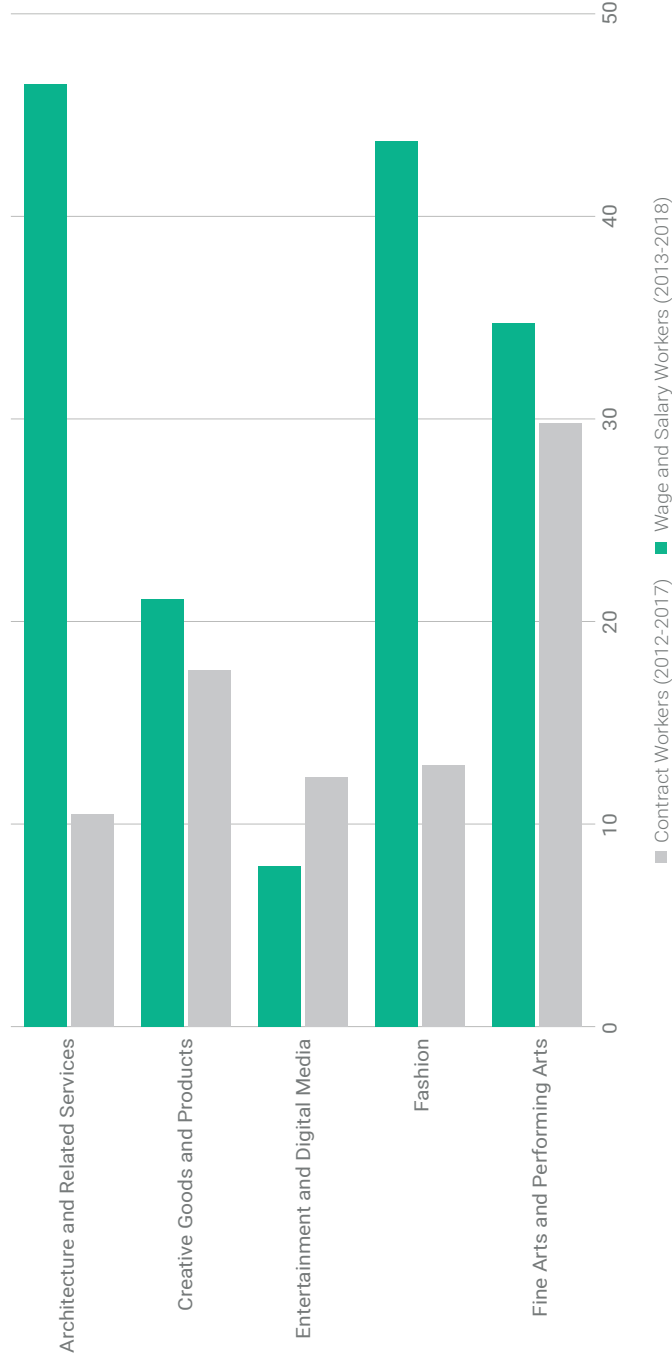


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

In wage and salary employment, the Entertainment and Digital Media sector leads the way, logging in 51% job growth, followed by Architecture and Related Services, with 34% growth. Every Creative Economy sector added jobs over the five-year period. The Inland Empire is the only region in which both wage and salary employment and contract employment have grown across all creative sectors. In wage and salary employment, Architecture and Related Services (46.5%) leads, followed closely by Fashion (43.7%). Fine Arts and Performing Arts (29.8%) leads in contract employment.

Percentage Change in Employment by Creative Sector in the Inland Empire

Figure 6.22

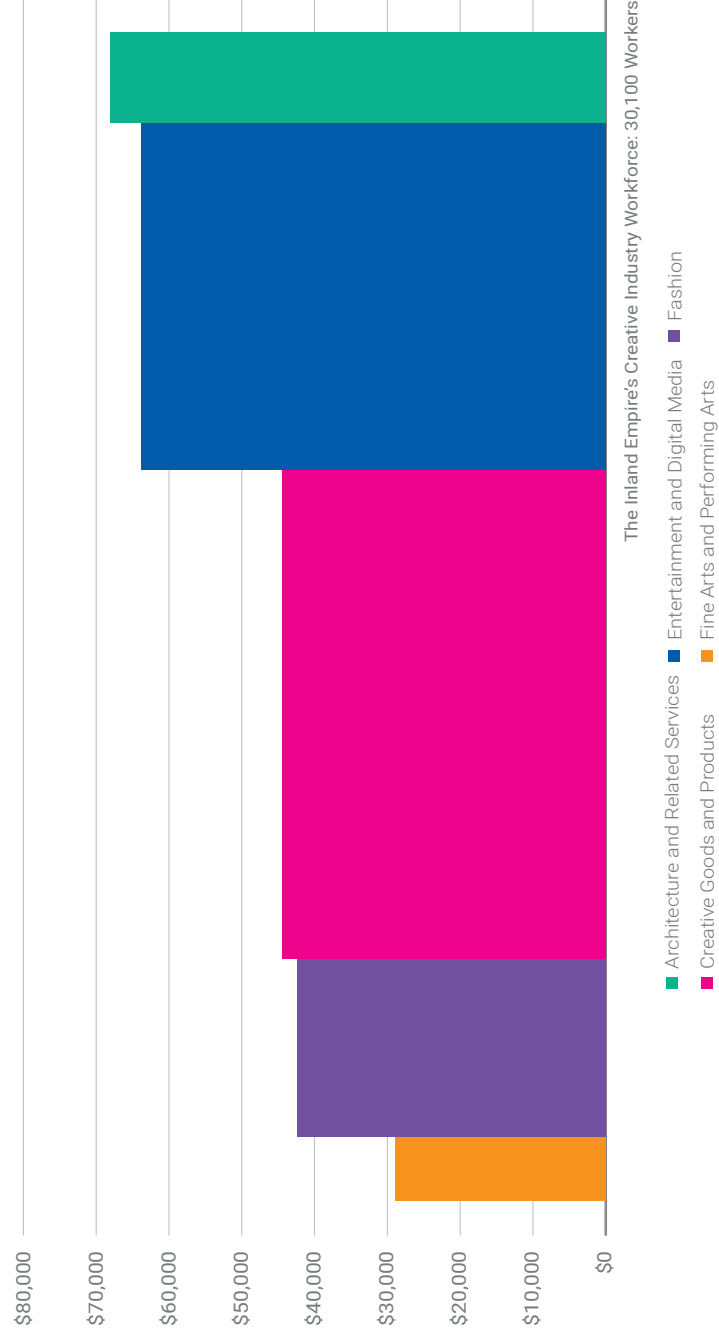


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Similar to the Central Valley region, Architecture and Related Services is the highest-paying sector in the Inland Empire's creative industry, with wages averaging \$68,100 in 2018, followed closely by Entertainment and Digital Media (\$63,800). Fine Arts and Performing Arts, the smallest industry sector, has the lowest average wage: just \$28,900 in 2018.

Employment Share and Average Wage of Salaried Workers in Creative Industries in the Inland Empire (2018)

Figure 6.23

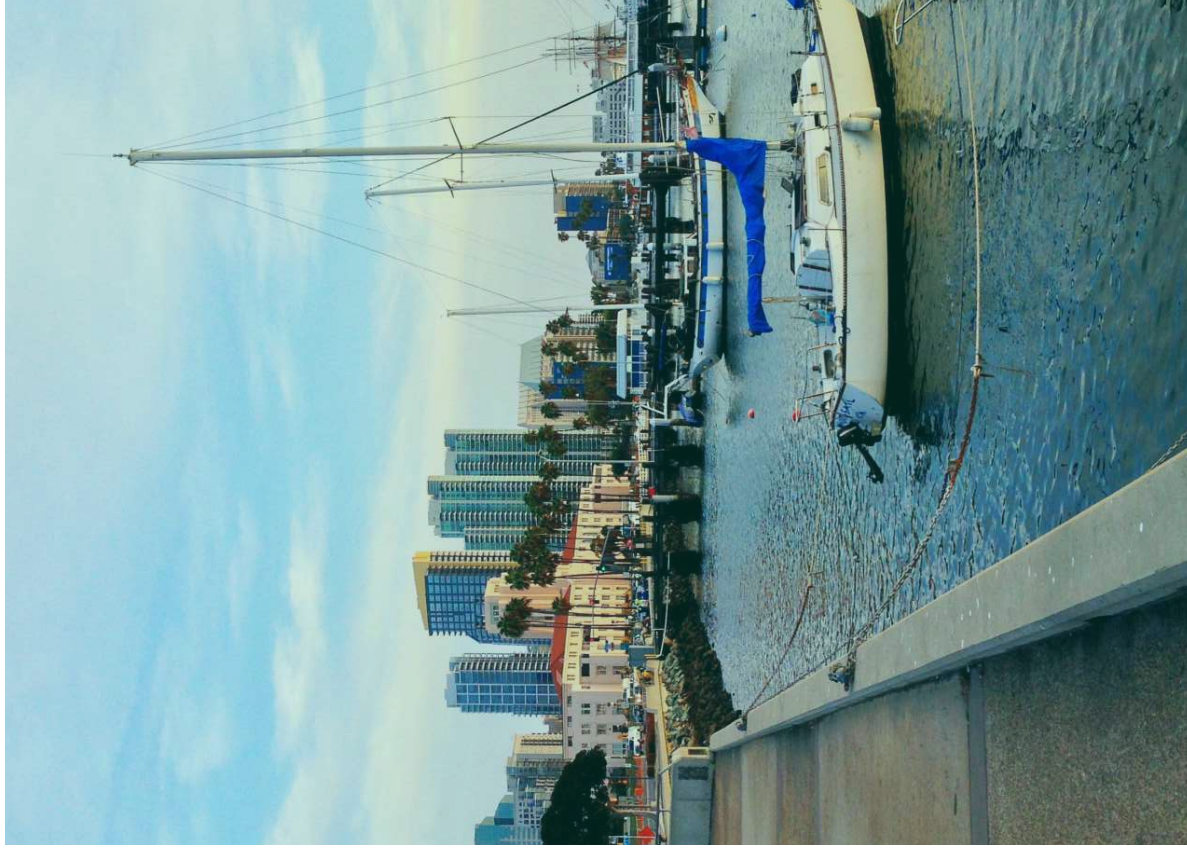


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



SAN DIEGO AND IMPERIAL COUNTIES

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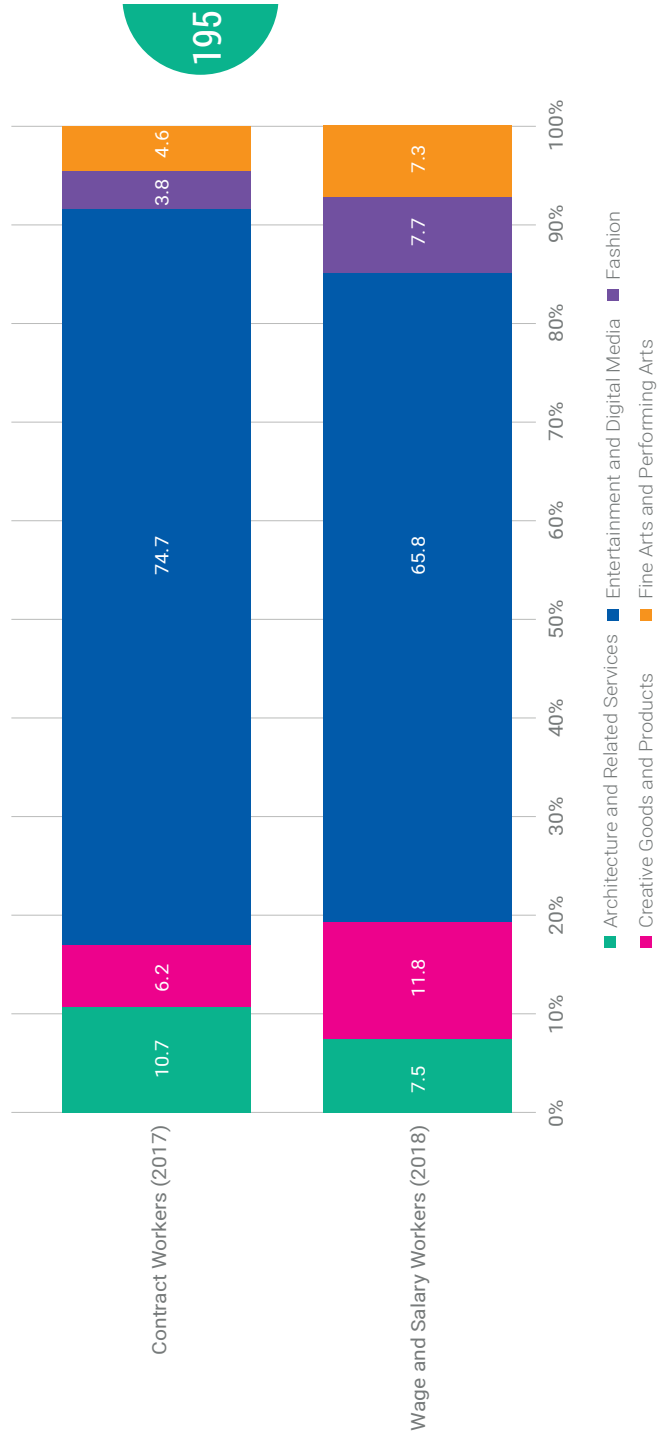


San Diego and Imperial counties account for 6% of total wage and salary employment and 7% of contract employment in creative industries in California. Employment in the region's creative industries accounts for 5% of regional employment.

San Diego and Imperial counties' creative sector mix by employment is almost identical to the Central Coast's. Entertainment and Digital Media is the largest sector among both wage and salary workers and contract workers, accounting for about 7 in 10 jobs. Creative Goods and Products has a larger share of wage and salary workers (11.8%) than contract workers (6.2%).

Share of Creative Industry Jobs in San Diego and Imperial Counties

Figure 6.24



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Over five years, wage and salary employment (14%) and contract employment (12%) grew at about the same pace.

Wage and Salary Employment vs. Contract Employment in San Diego and Imperial Counties (2010 to 2017)

Figure 6.25

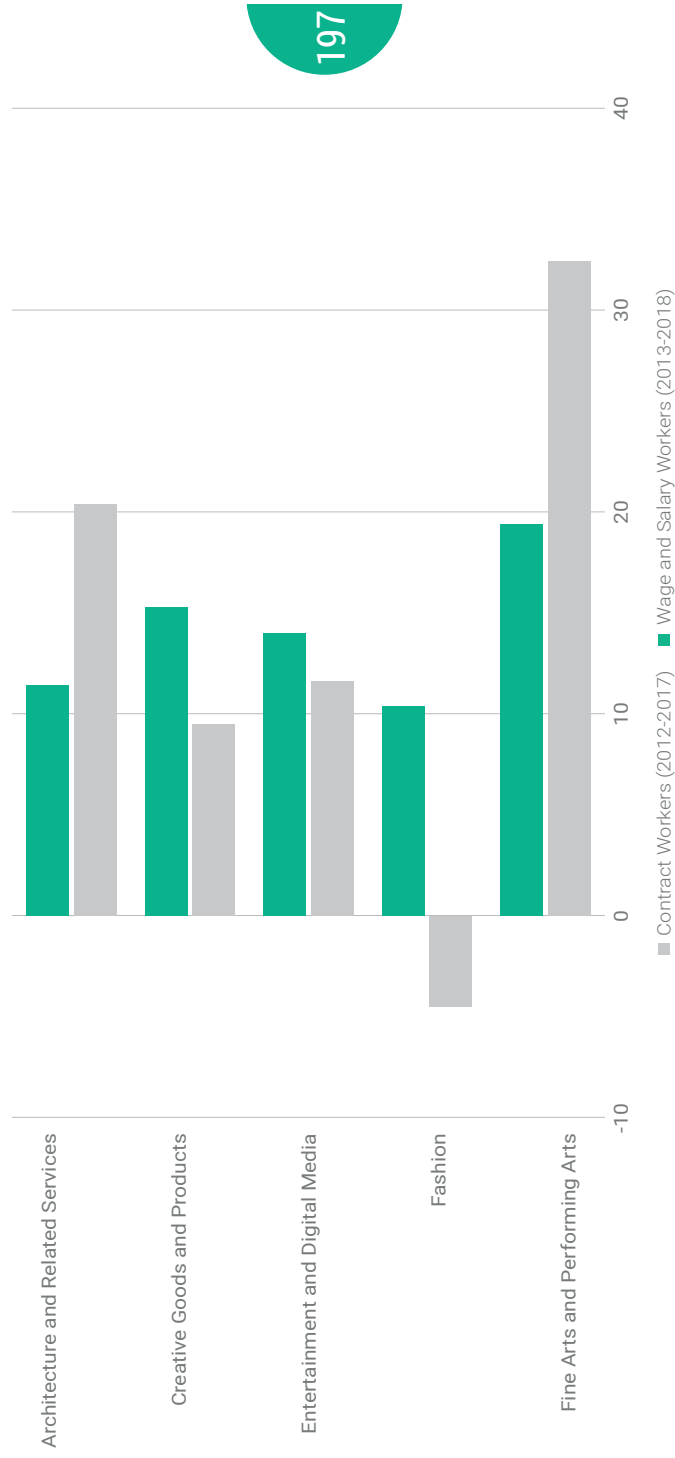


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Fine Arts and Performing Arts is the fastest-growing sector in both wage and salary employment (19.4%) and contract employment (32.4%). Contract employment in Fashion (-4.5%) had the only contraction.

Percentage Change in Employment by Creative Sector in San Diego and Imperial Counties

Figure 6.26

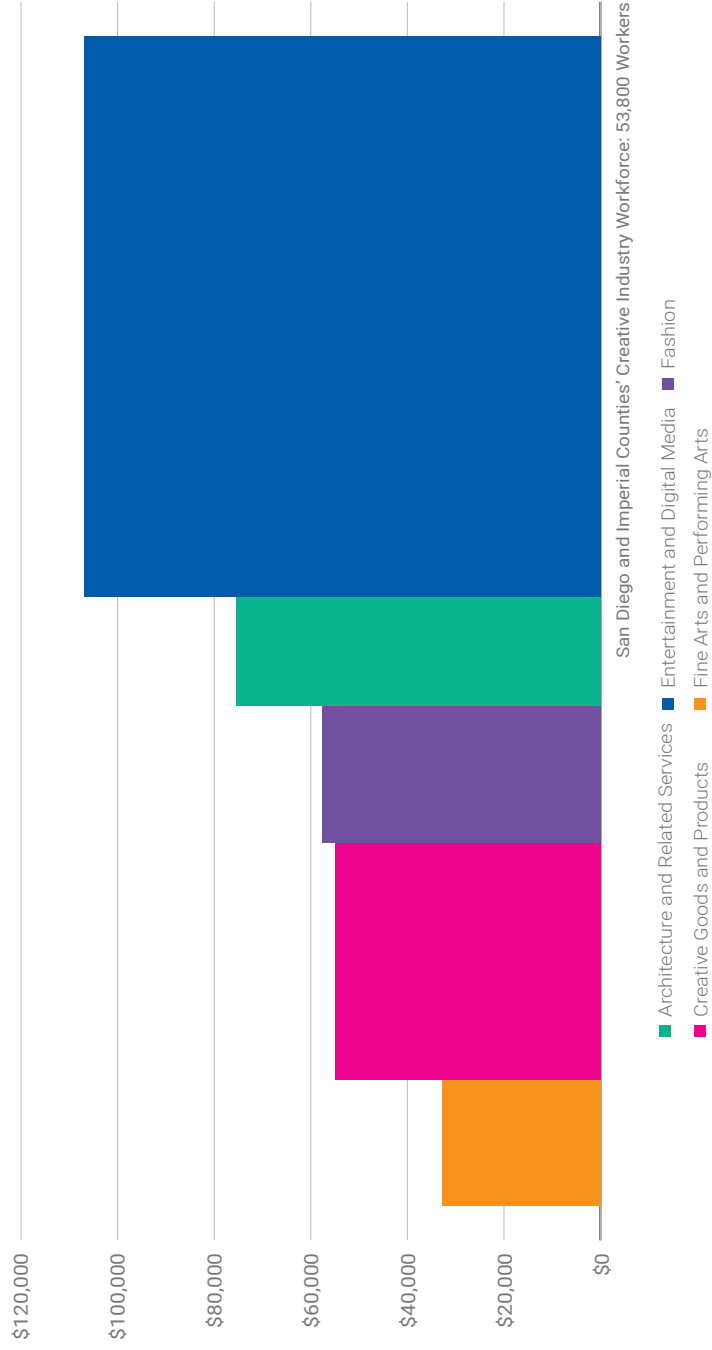


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

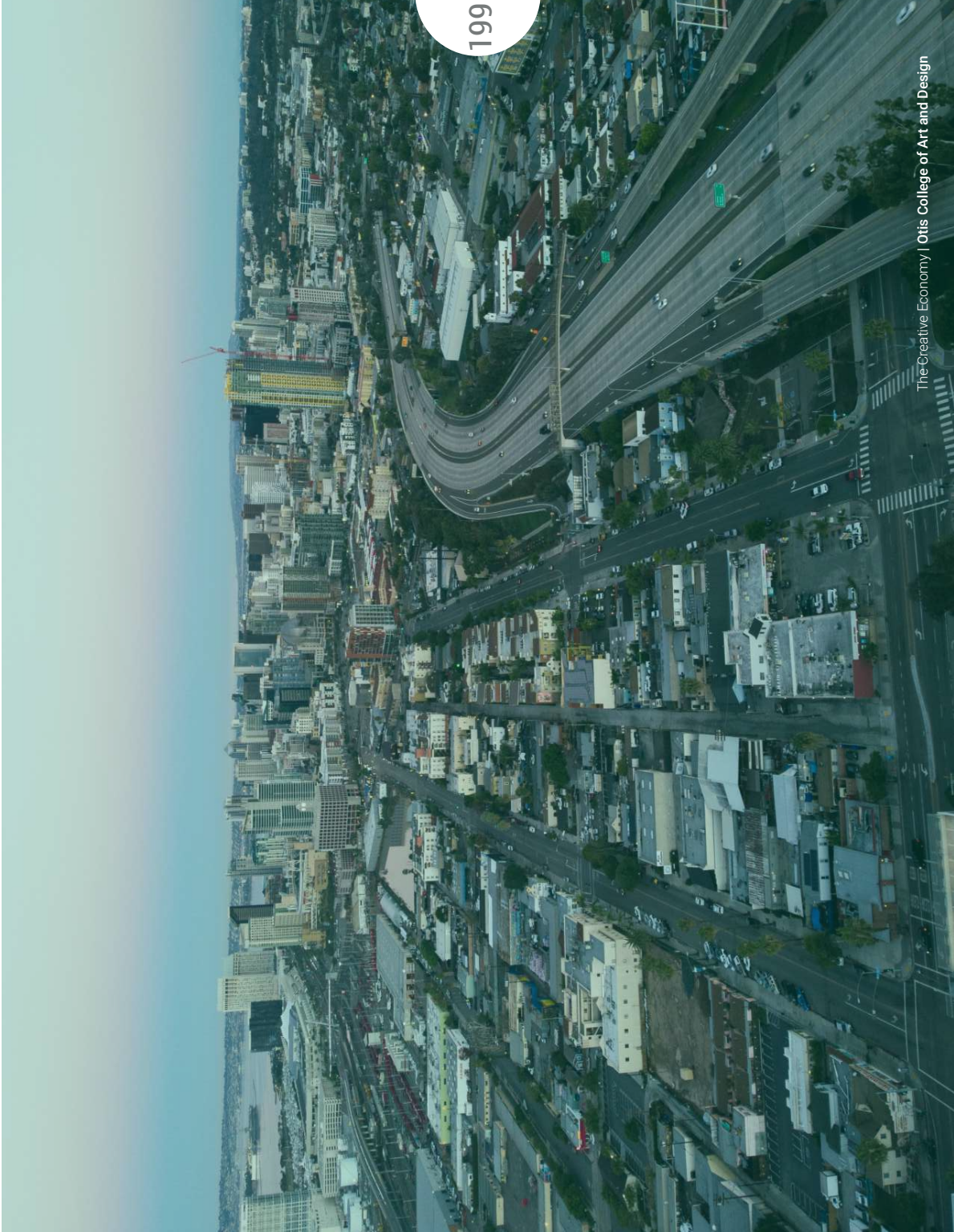
Entertainment and Digital Media, the largest industry sector, is also the highest-paying industry in San Diego and Imperial counties' creative industry, with an average annual wage of about \$107,000 in 2018. Here also, Fine Arts and Performing Arts is the lowest-paying sector, with an average wage of \$32,800 in 2018.

Employment Share and Average Wage of Salaried Workers in Creative Industries in San Diego and Imperial Counties (2018)

Figure 6.27

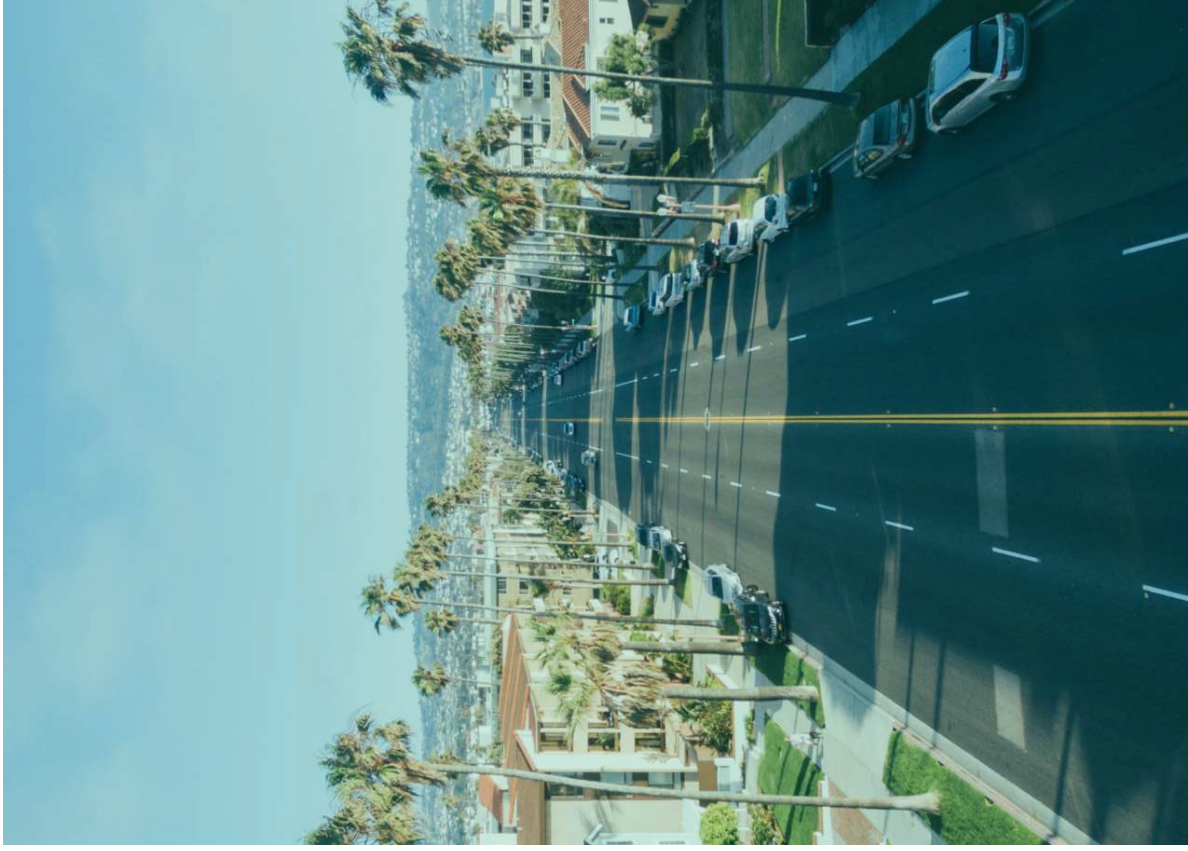


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



SOUTHERN CALIFORNIA

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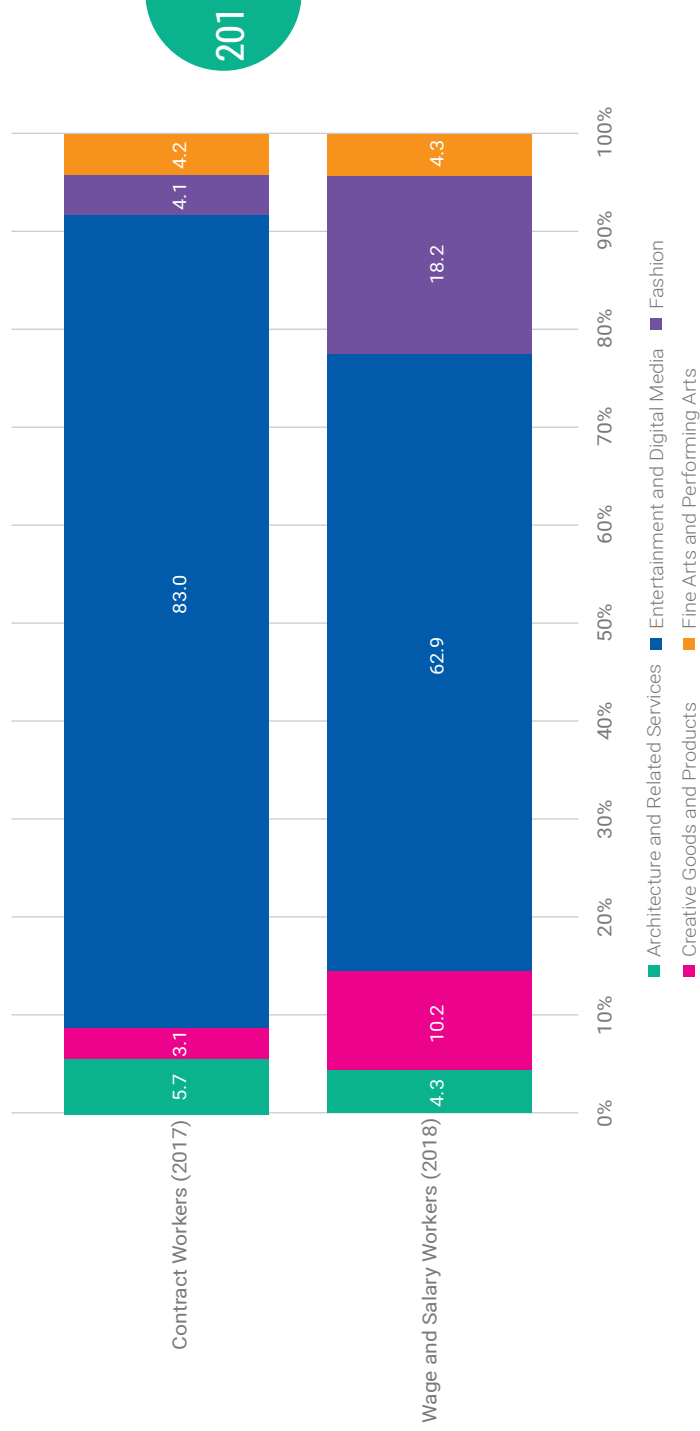


Southern California accounts for 49% of wage and salary employment and 52% of contract employment in California's Creative Economy. Employment in the region's creative industries accounts for 10% of regional employment.

Entertainment and Digital Media is the largest creative sector among both wage and salary workers and contract workers, accounting for 63% and 83% of jobs respectively. Fashion has a considerably higher share of wage and salary workers in Southern California (18.2%) than elsewhere in California.

Share of Creative Industry Jobs in Southern California

Figure 6.28

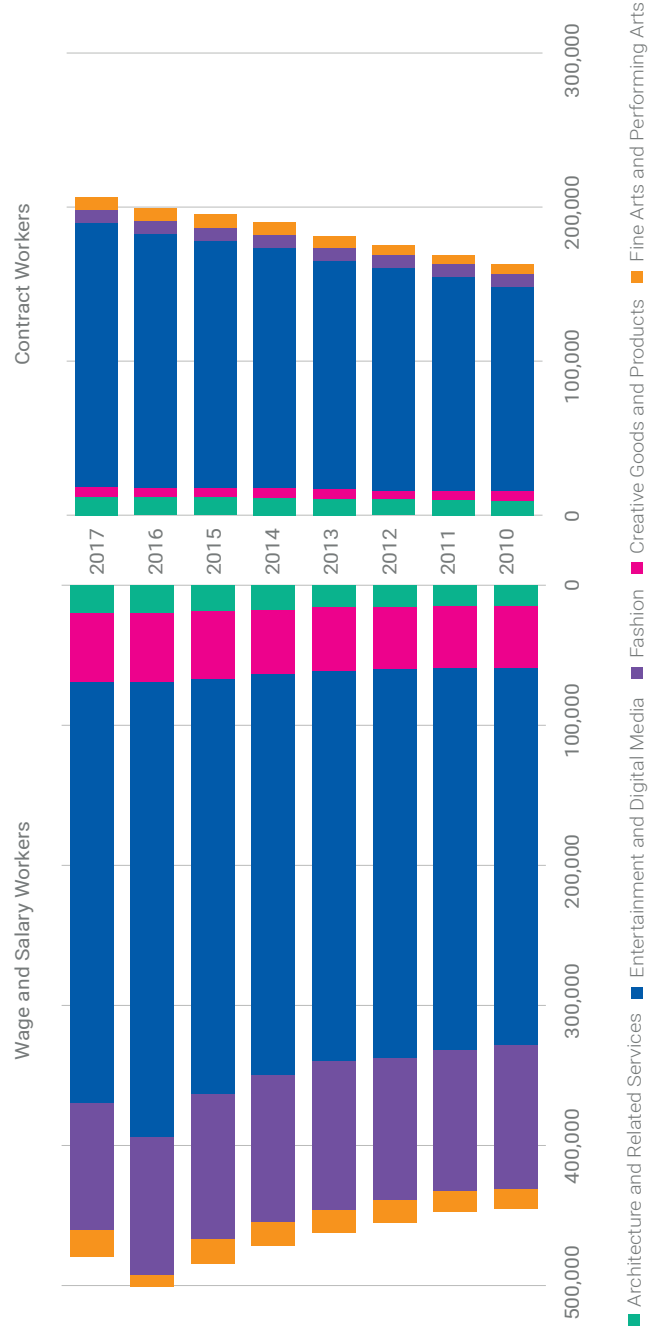


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Contract employment in Southern California's Creative Economy grew much faster (18%) than wage and salary employment (4%) over the five-year period.

Wage and Salary Employment vs. Contract Employment in Southern California (2010 to 2017)

Figure 6.29

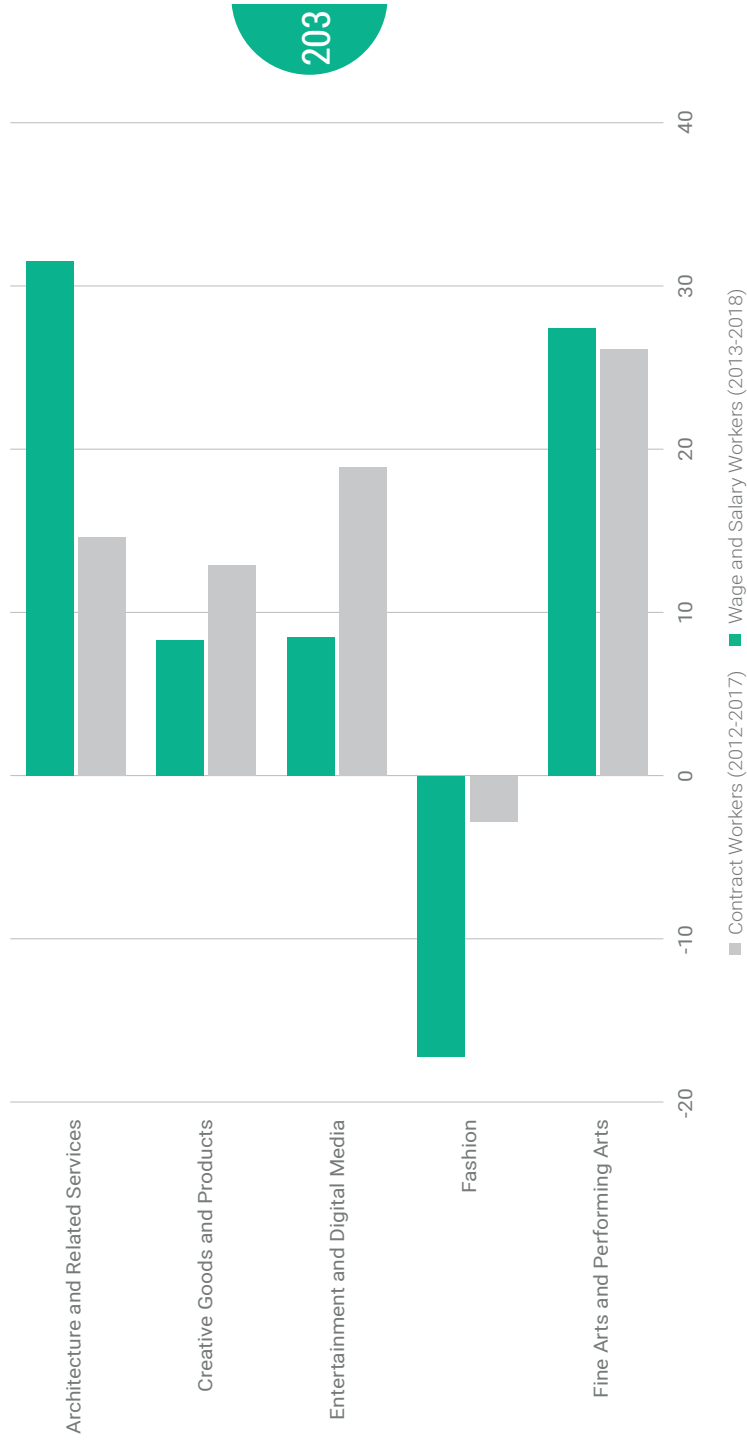


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Fashion is the only sector to have declining wage and salary employment year after year. In addition, Fashion is the only sector with lower levels of both wage and salary employment and contract employment. On the other hand, both employment types in Fine Arts and Performing Arts have increased significantly, at an almost equal pace.

Percentage Change in Employment by Creative Sector in Southern California

Figure 6.30

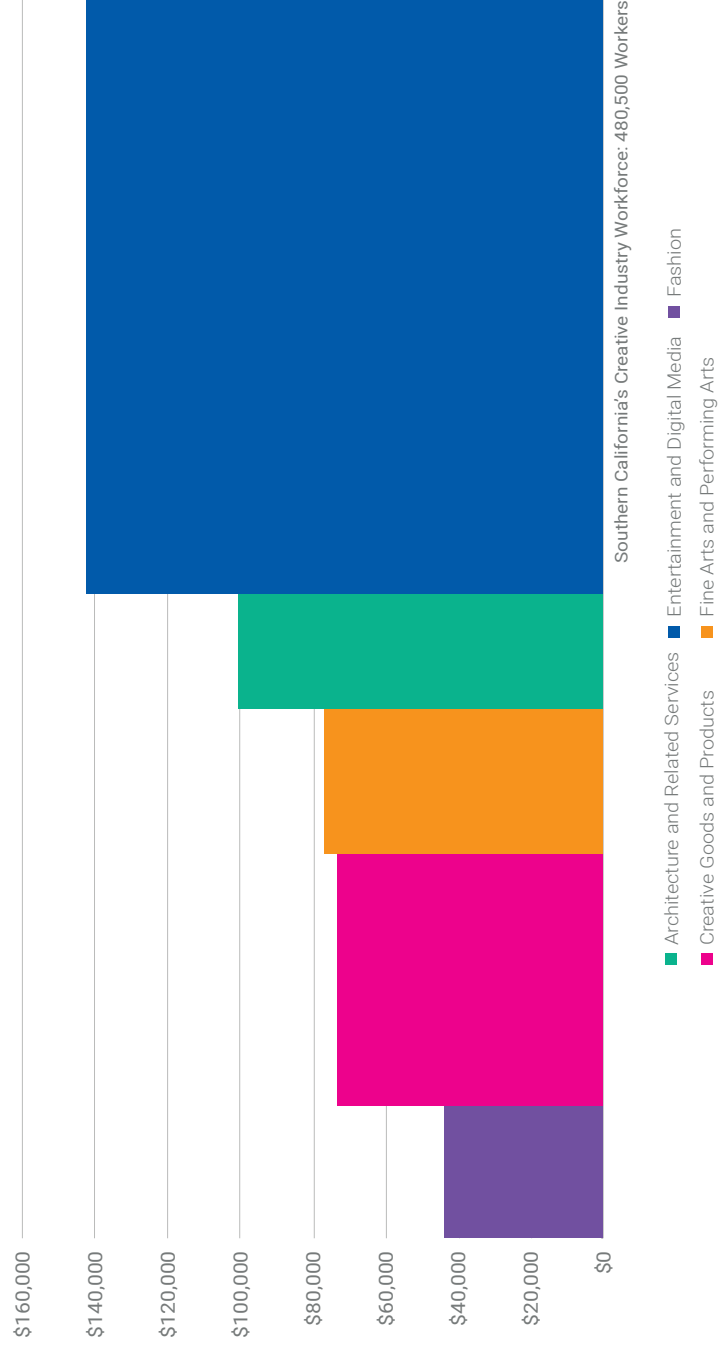


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

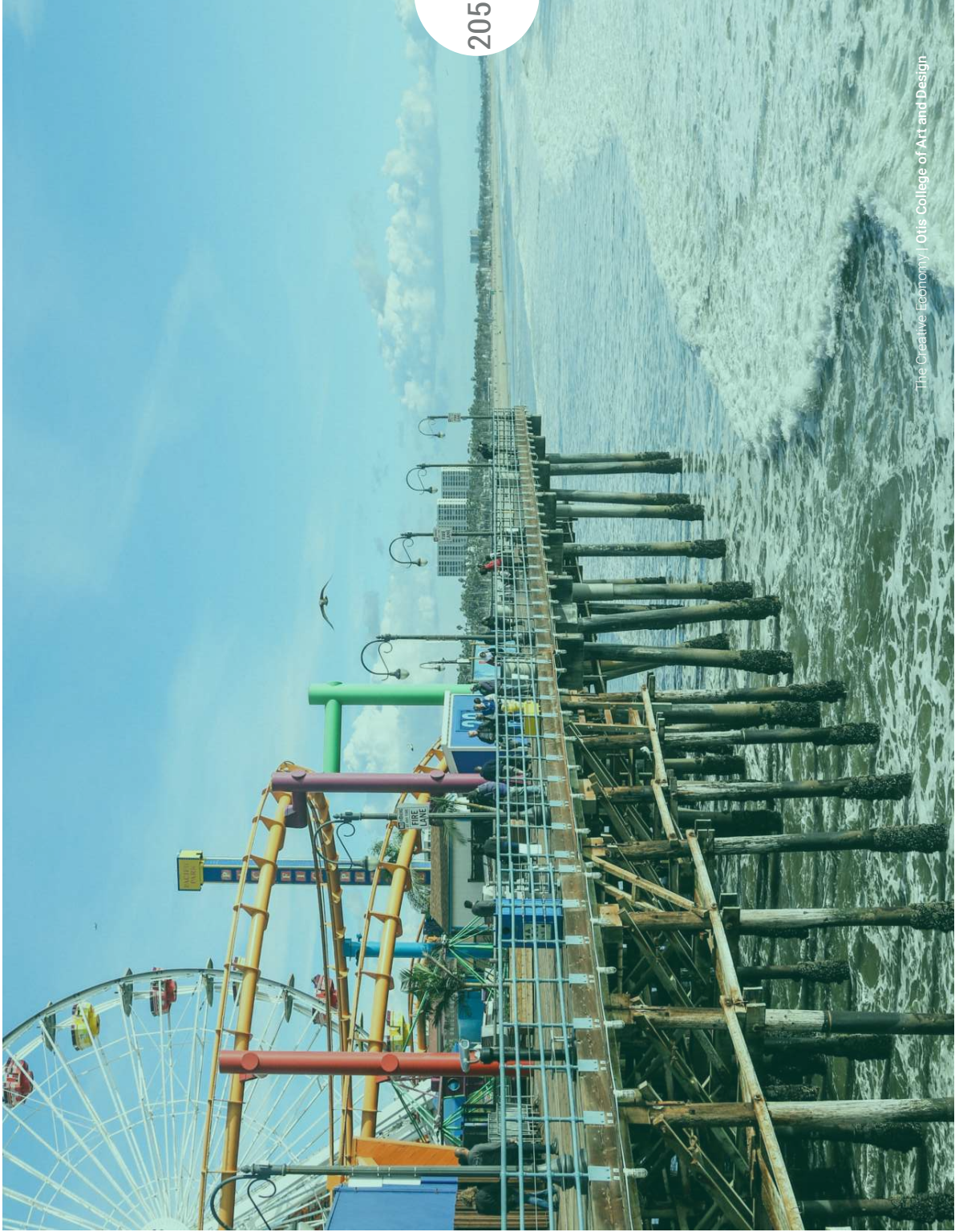
In 2018, the average wage in Entertainment and Digital Media (\$135,700 per year) was substantially higher than in other creative sectors in Southern California. The region is the only one in which Fine Arts and Performing Arts (\$77,100 per year) is not the lowest-paying sector. Fashion, the only sector with significant job losses, is the lowest-paying, with an average wage of \$53,600 in 2018.

Employment Share and Average Wage of Salaried Workers in Creative Industries in Southern California (2018)

Figure 6.31



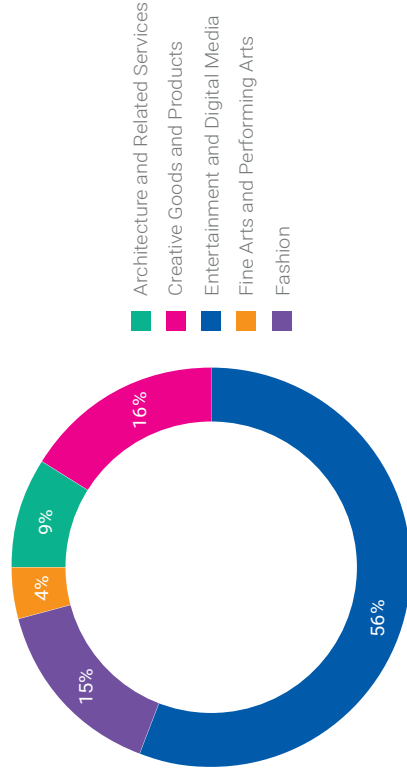
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



SPOTLIGHT: ORANGE COUNTY

Employment Share by Creative Sector in Orange County (2018)

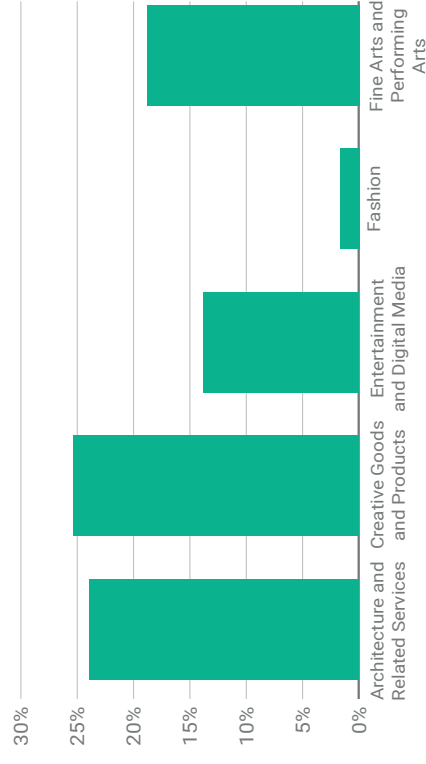
Figure 6.32



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth in Orange County by Creative Sector (2013-2017)

Figure 6.33

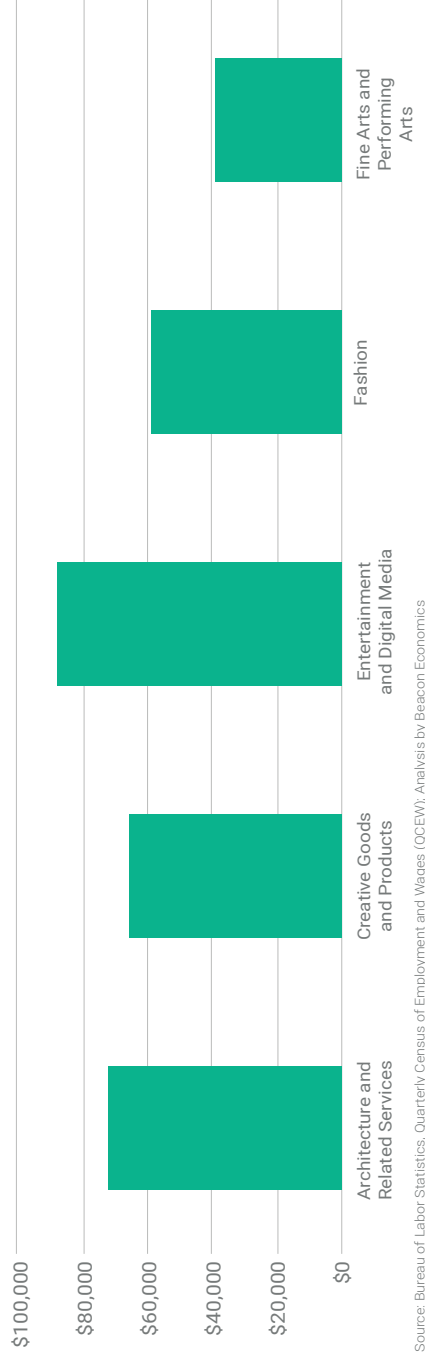


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Although Los Angeles County's Creative Economy garners an outsized share of attention, Orange County maintains a robust creative ecosystem of its own bolstered by a rapid expansion in the Creative Goods and Products sector.

Annual Average Wage in Orange County by Creative Sector (2018)

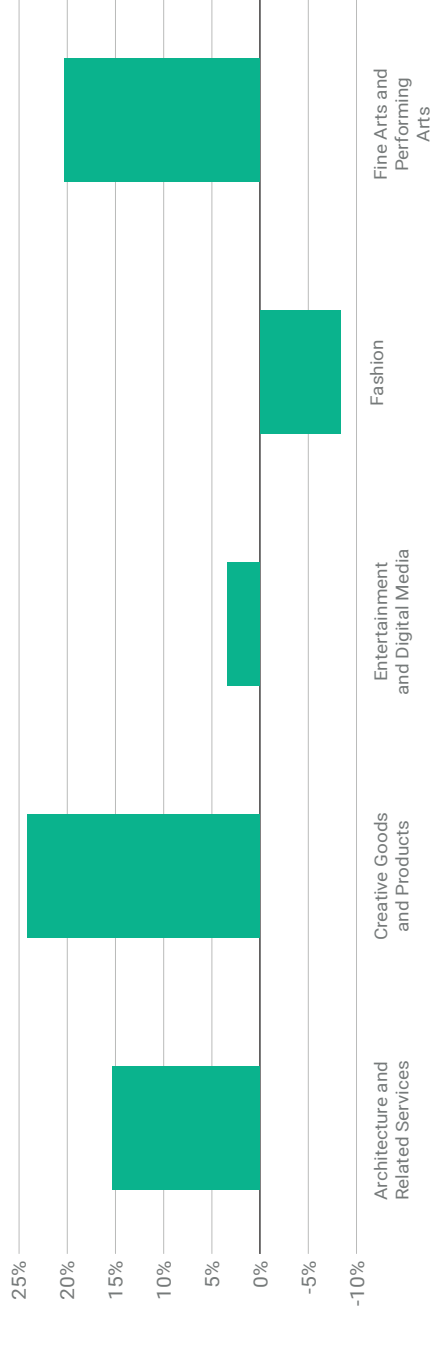
Figure 6.34



Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth in Orange County by Creative Sector (2013-2018)

Figure 6.35



Source: Bureau of Labor Statistics; Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



UPSTATE CALIFORNIA

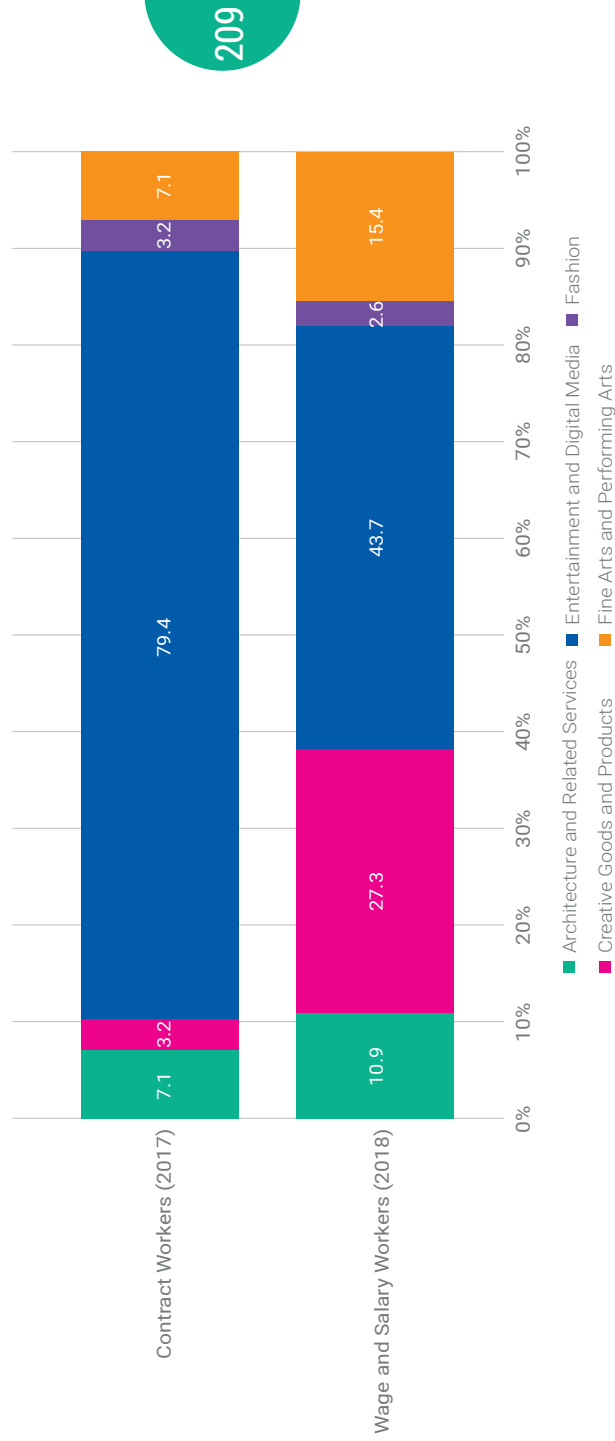
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The creative industries have an extremely small presence in Upstate California: only 0.2% of wage and salary workers work there. Of contract workers, 1.4% are in Upstate California. Employment in the region's creative industries accounts for 2% of regional employment.

Although Entertainment and Digital Media is the largest creative sector, its dominance is less pronounced, accounting for less than half of wage and salary employment in the region's creative industry. On the other hand, Entertainment and Digital Media does have a significant influence among contract workers, accounting for a hair under 80% of all contract employment in the region's Creative Economy.

Share of Creative Industry Jobs in Upstate California

Figure 6.36



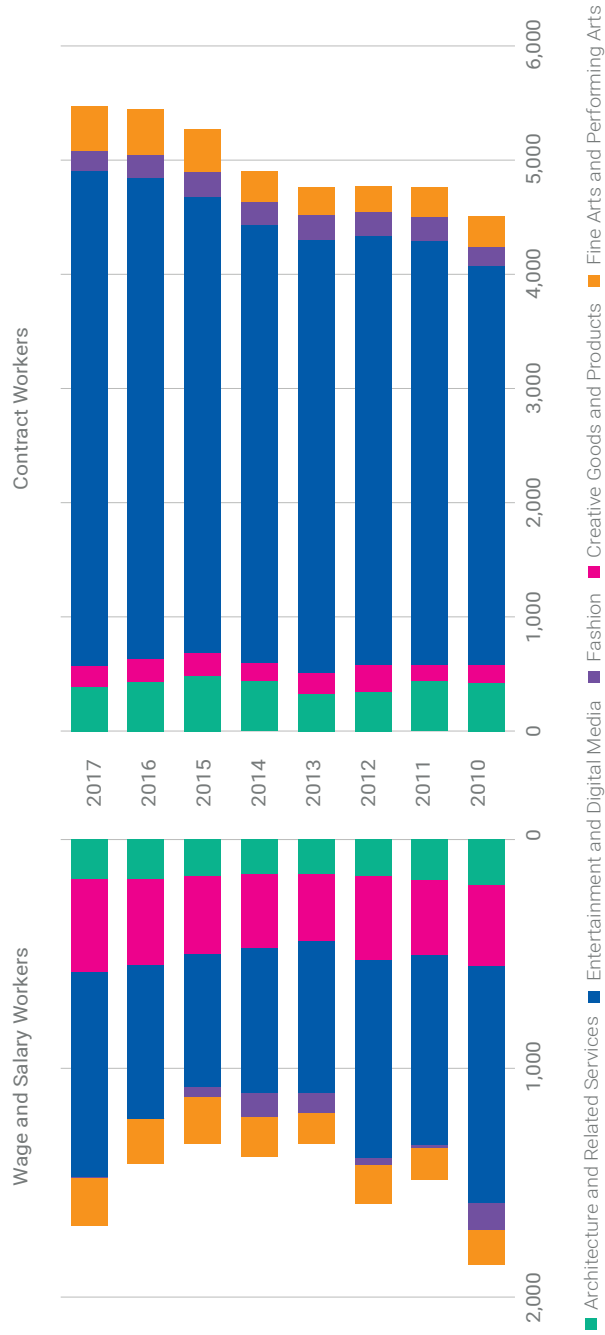
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Wage and salary employment has rebounded nicely after sustaining significant losses. Over five years, wage and salary employment grew 38%, the highest percentage after the Bay Area.

Upstate California is unique in that it is the only region where contract workers vastly outnumber wage and salary employment, by about 3 to 1. Creative Goods and Products is the only industry sector with more wage and salary workers than contract workers.

Wage and Salary Employment vs. Contract Employment in Upstate California (2010 to 2017)

Figure 6.37

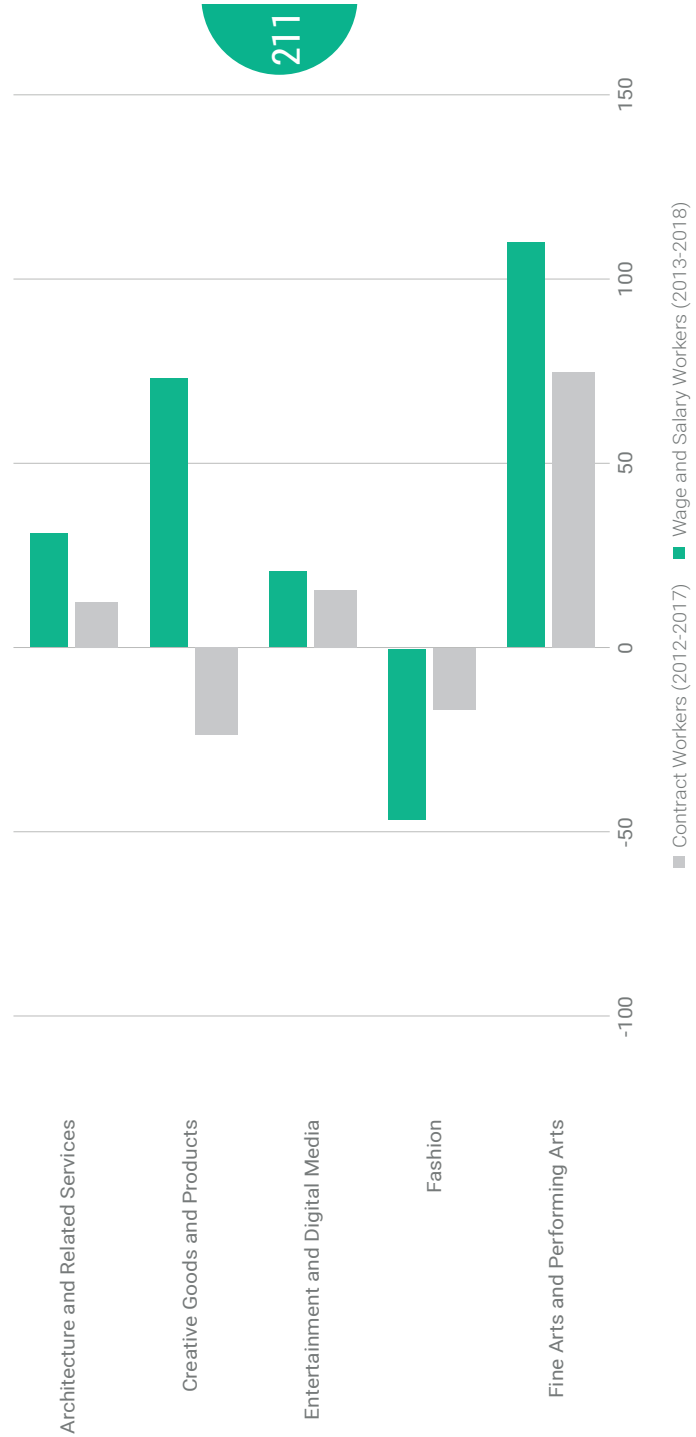


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Fashion is the smallest industry subgroup and is also the only one with declines in both wage and salary employment and contract employment. On the other hand, Fine Arts and Performing Arts grew substantially in both wage and salary employment (110%) and contract employment (75%) over the five-year period.

Percentage Change in Employment by Creative Sector in Upstate California

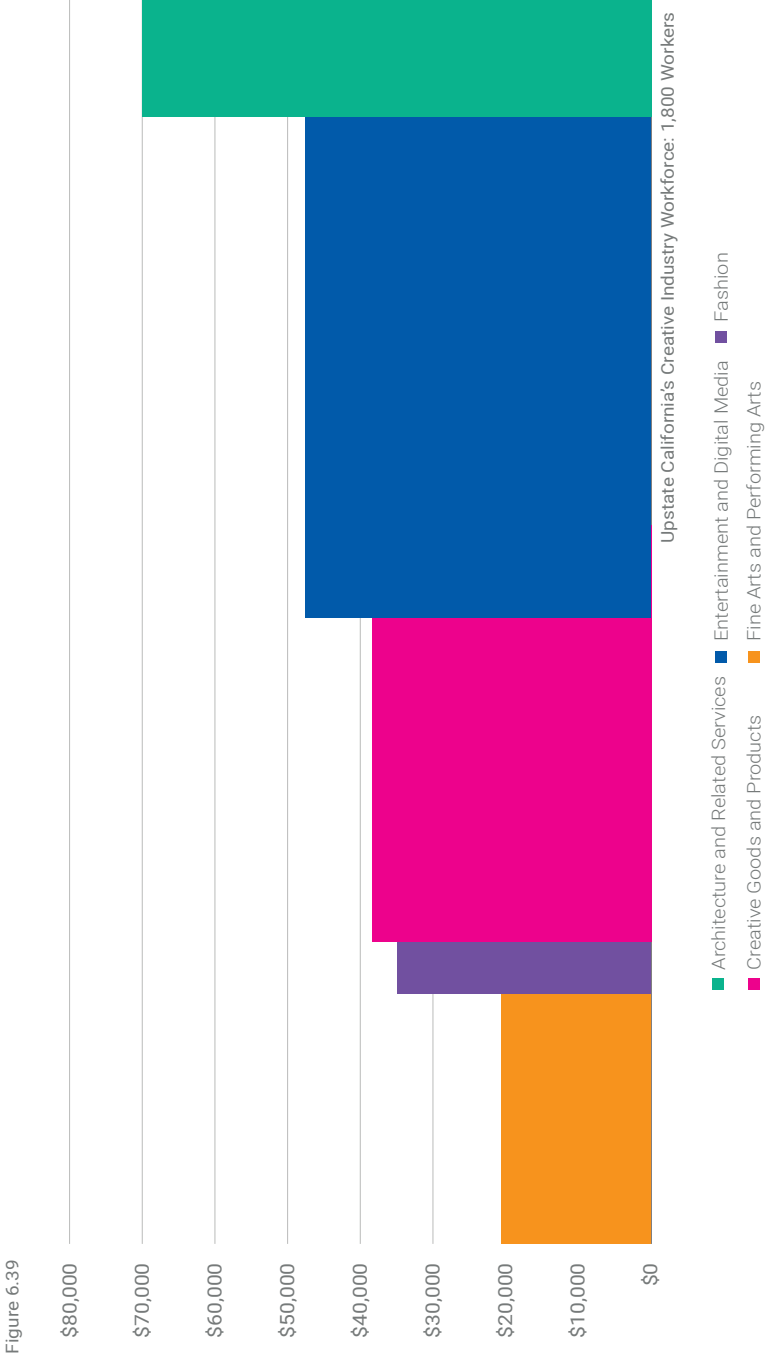
Figure 6.38



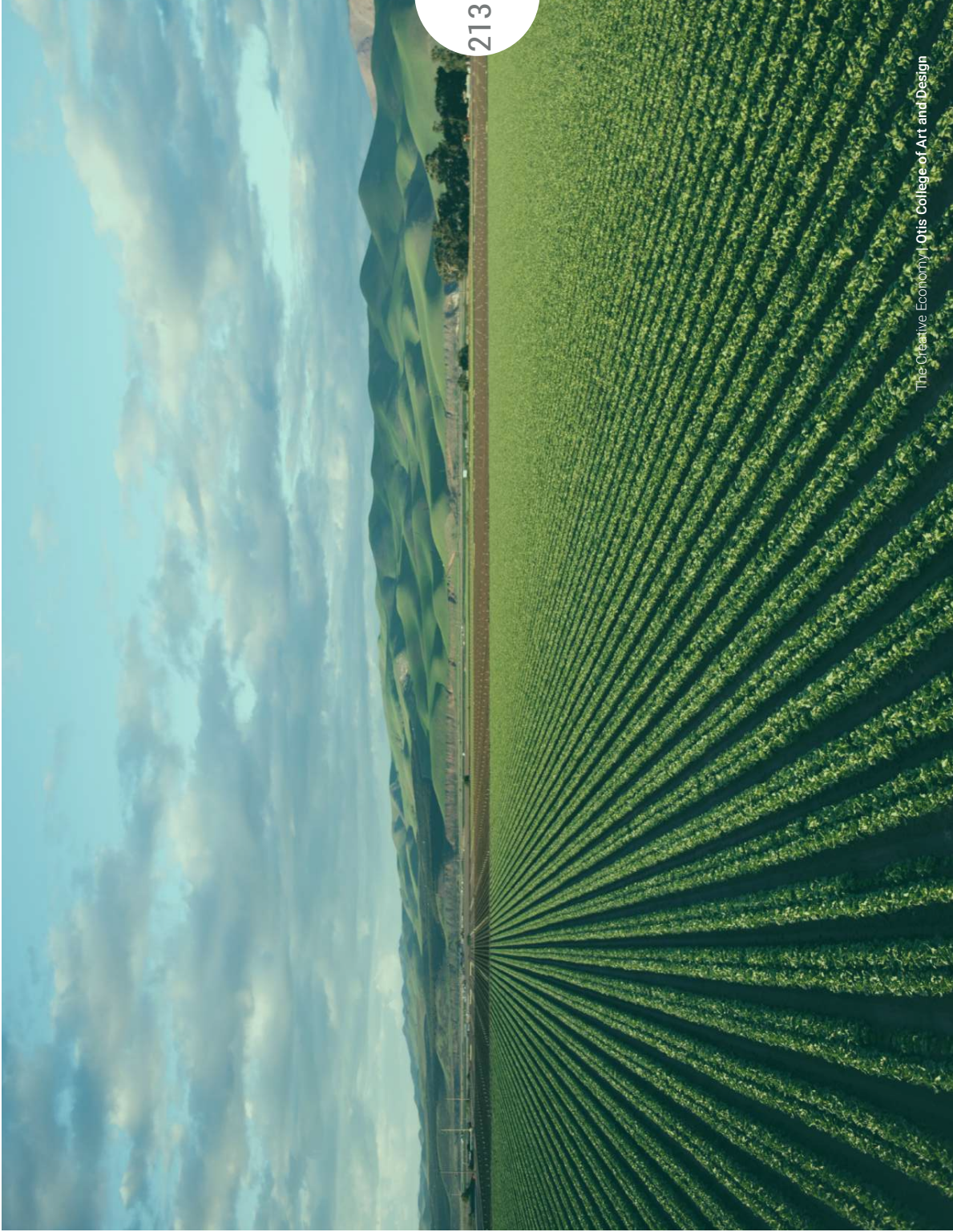
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

In 2018, the average wage in Architecture and Related Services (\$70,000 per year) was significantly higher than other industry sectors in Upstate California. But it is also the second-smallest industry subgroup. Unlike in the coastal regions, where workers in Entertainment and Digital Media enjoy very high wages on average, it paid just \$47,500 on average in Upstate California.

Employment Share and Average Wage of Salaried Workers in Creative Industries in Upstate California (2018)



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



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DATA SOURCES AND METHODOLOGY

INDUSTRY PROFILES

Beacon Economics used the Quarterly Census of Employment and Wages (QCEW) published by the Bureau of Labor Statistics to conduct the industry profile analysis. The QCEW publishes a quarterly count of employment and wages reported by employers covering more than 95% of U.S. jobs, available at the county, MSA, state, and national levels by industry.

OCCUPATIONAL ANALYSIS

For its industry profile analysis, Beacon Economics used the American Community Survey (ACS) Public Use Microdata Samples (PUMS) published by the U.S. Census Bureau. The files are untabulated demographic records. The Census Bureau produces them so that data users can create custom tables.

Beacon has evaluated other potential data sources. The Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) and the Occupational Employment Statistics (OES) may be the best for basic industry-oriented and occupation-oriented analyses respectively.

Overall, Beacon deems the ACS PUMS is the best statistical base for the purposes of this study. Beacon uses both the QCEW and the OES to check the robustness of the ACS PUMS estimates.

Employment by industry and occupation can be calculated by using ACS PUMS only. Incidentally, employment estimates from ACS PUMS are higher than the estimates from the QCEW and the OES because the QCEW and the OES sampling frame is businesses instead of households. This means both the QCEW and the OES exclude several types of workers, whereas the ACS PUMS does not. Specifically, the QCEW employment data exclude proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. The employment count also excludes workers who earned no wages during the entire applicable pay period because of work stoppages, temporary layoffs, illness, or unpaid vacations. Given the prevalence of self-employment and freelance work in creative industries such as Entertainment and Digital Media, one can expect that the QCEW employment figures are underreported.

CONTRACT WORKERS

Beacon used the Nonemployer Statistics (NES) annual series from the U.S. Census Bureau to analyze contract workers by the North American Industry Classification System (NAICS). The NES provides subnational economic data for businesses that have no paid employees and are subject to federal income tax. The data consist of the number of businesses and total receipts by industry. Most nonemployers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner's principal source of income. The NES series is the primary resource for studying the scope and activities of nonemployers at a detailed geographic level.

ECONOMIC IMPACT

To analyze the economic impact of the Los Angeles County creative industries, Beacon used data from the QCEW for 2018 on jobs and earnings in the sectors that Beacon determined constitute the five creative industries. Beacon input those jobs and earnings by sector (the direct impact) into the IMPLAN model to estimate direct economic output generated by the creative industries in California and Los Angeles County, as well as the induced and indirect impacts of the industry countywide. An example of indirect economic activity would be a studio's buying construction supplies for a soundstage from local suppliers. The additional income earned by employees in the industry and down the supply chain also causes additional economic activity in Los Angeles County, known as induced demand, as these employees spend money earned in connection to the creative industries on goods and services in the local economy. The sum of the direct, indirect and induced impacts represents the total economic impact of the creative industries in the State and Los Angeles County. The same methodology was applied to QCEW data for 2018 for statewide estimates.

Multiplier effects are modeled three ways in the *2020 Otis Report on the Creative Economy*: direct, indirect, and induced effects.

- **Direct Impact:** The initial spending by five creative industries in connection with industry operations;
- **Indirect Impact:** The spending that is generated at businesses and organizations down the supply chains of the five creative industries;
- **Induced Impact:** Spending by individuals/households that occurs when employment or income increases as a result of creative industry spending or spending by businesses or other individuals down the creative industry supply chain.

Using the IMPLAN model, Beacon estimates the direct, indirect, and induced economic impacts the creative industries have on the following economic indicators:

- **Employment:** The number of full-time-equivalent jobs created in connection with creative industry spending and the distribution across a number of broad industry clusters;
- **Output:** The increase in statewide productivity and its distribution across broad industry clusters;
- **Labor Income:** The increased income generated in connection with creative industry operations.

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