OTIS

Otis College of Art and Design

2010

Otis Report on the **Creative Economy** of the Los Angeles Region

The Power of Art and Artists

The fast facts:

>> One of the largest business sectors in the region; the second largest in Los Angeles County

>> 835,000 direct and indirect jobs – almost one in every six in the area

>> $113 billion in sales/receipts in Los Angeles County and $14 billion in Orange County

>> Over $4.6 billion in state and local tax revenues generated

LAEDC

Prepared for Otis College of Art and Design by the Los Angeles County Economic Development Corporation

the James Irvine foundation

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November 2010

THE POWER OF ART AND ARTISTS

Since 2007, the annual ***Otis Report on the Creative Economy of the Los Angeles Region*** has established by hard data the combined economic impact of the arts, design, and entertainment industries in Los Angeles and Orange Counties.

The 2010 Otis Report shows that in the challenging economy of 2009, the creative sector remained robust in Southern California. Our creative economy continued to support one in six jobs in the region, generating an estimated $127 billion in sales revenues and $4.6 in state and local tax revenues. It held its place as one of the largest regional business sectors, and was, in fact, the second largest in Los Angeles County

Two special reports accompany the 2010 Otis Report to further evidence the economic influence of two critical groups of creative professionals – artists and designers:

- ***Los Angeles: America's Artist Super City*** – a policy brief commissioned by the Center for Cultural Innovation that demonstrates how artists are Los Angeles' hidden developmental dividend and offers policies and programs to make our region a more supportive place for artists.
- ***Opportunities in the Arts Are Larger Than They Appear: An Analysis of Product Designer Employment across California's Industries*** – a special report commissioned by Otis College of Art and Design that illustrates the pervasive presence of design in daily life and the reach of a creative profession such as product design across multiple industry segments.

Over a four-year period, the Otis Report has succeeded in putting real numbers to the contributions of the arts and creative professionals, and in substantiating the important message that creativity is serious business in Southern California. Furthermore, the Otis Report data on jobs and salaries reveal highly valued career opportunities in the creative sector and debunk the myth of the starving artist. In reality, many creative establishments and practitioners are materially rewarded for their role in driving the economy in the region.

That said, many sources, whose support is needed for the wellness and growth of the regional creative economy, have taken for granted the availability and sustainability of its creative human capital. Despite abundant evidence, it is ongoing and tenacious work to convince business, civic, legislative, philanthropic, community, and educational leaders to join forces with cultural leaders to invest in our creative economy as a building force of our region.

As a result, we have missed the opportunity to form a coherent effort to further develop and boldly brand our region as a capital of the creative economy, dovetailing with Los Angeles' ascendency as a global cultural capital. Given the presence of so many compelling and relevant ingredients, if proper strategic planning and investment had been in place, our regional creative job trends would have likely grown, not contracted, over the last five years.

It is not too late for action. To stimulate ideas and plans to support creative professionals to thrive as they invigorate our creative economy, the 2010 Otis Report event facilitates a dialogue around the theme of the power of art and artists with a rich mixture of federal, state, and regional perspectives. We are fortunate to have the participation of three extraordinary thought leaders on the theme:

- Rocco Landesman, Chairman of the National Endowment for the Arts, who has established "Art Works" as a guiding principle of his work at the federal agency. He advocates that "arts jobs are real jobs that are part of the real economy...and art contributes to economic growth, neighborhood revitalization, and the livability of American towns and cities."
- James Canales, CEO and President of The James Irvine Foundation, which embraces the arts as one of three strategic pathways to expanding opportunity for the people of California. The foundation believes that the future of California and Californians depends "on cultivating the creativity of the state's artists and residents."
- Ann Markusen, noted research economist and the author of the policy brief, ***Los Angeles: America's Artist Super City***, mentioned above.

Their presentations and dialogue at the November 10 event are captured and can be viewed on the Otis Report website (www.otis.edu/econreport).

I would like to express my gratitude to The James Irvine Foundation, the lead sponsor for the 2010 Otis Report; their generous support also enables the creation of a new website feature that enhances the informational and advocacy value of the Otis Report. Acknowledgments are extended to an illustrious group of sponsors, including City National Bank, the Department of Cultural Affairs of the City of Los Angeles, Disney, Mattel, Nike, Spin Master, and Castle Press. The event partnership of two special peer institutions, the Colburn School and the Center for Cultural Innovation, is greatly appreciated. In addition, I thank the media partnership of Arts for LA, Los Angeles County Economic Development Corporation (LAEDC), Los Angeles County Museum of Art (LACMA), Los Angeles Philharmonic, Museum of Contemporary Art Los Angeles (MOCA), and the Music Center. Finally, the Otis Report is not possible without the research and analytic work of the Keyser Center for Economic Research at LAEDC.

This network of sponsors and partners for the 2010 Otis Report links governmental, philanthropic, corporate, and non-profit forces. Such cross-sector collaboration in advocacy of our creative economy raises hope that a larger scale regional effort is feasible to strengthen and claim Southern California as a capital of the creative economy.

Samuel Hoi
President
Otis College of Art and Design
November 2010

2010

Otis Report on the **Creative Economy** of the Los Angeles Region

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This report was produced by the LAEDC Kyser Center for Economic Research team:
Dr. Nancy D. Sidhu, Chief Economist, Kimberly Ritter, Associate Economist,
and Ferdinando Guerra, Associate Economist

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444 S. Flower St., 34th Floor, Los Angeles, CA 90071
Tel: (213) 622-4300 Fax: (213) 622-7100 Web: www.LAEDC.org

Statistical information contained herein has been obtained from sources believed to be reliable but such accuracy cannot be guaranteed. The opinions expressed herein are subject to change without notice.

The Creative Economy of the Los Angeles Region

What is the *creative economy* of the Los Angeles region? As defined in this report, it is the market impact of businesses and individuals involved in producing cultural, artistic and design goods and services. It consists of creative professionals and enterprises that take powerful, original ideas and transform them into practical and often beautiful goods, or inspire us with their artistry. For example, in product design, staying one step ahead of the competition depends upon capturing the public's imagination and that requires innovative design.

The creative economy also includes presenting enterprises that bring creative products to the marketplace such as museums, art galleries and performing arts venues. A third component of the creative economy in Southern California revolves around activities one does not instinctively associate with "creativity" such as the apparel, toy and furniture manufacturing industries. The final piece of the creative economy consists of the support system that sustains creative activity: arts programs in the schools, post-secondary arts institutions to develop talent, and community foundations along with other nonprofits to provide financial resources and incentives to the creative arts.

When one thinks of Los Angeles, the signature industries that most frequently come to mind are tourism and entertainment. But what draws nearly 25 million visitors to Southern California every year? How did Los Angeles become the "entertainment capital of the world"? Tourism and entertainment derive their competitive advantage from the "L.A." brand, which in turn owes its distinctiveness to the *creative economy*. People often get confused with the difference between culture and creativity. Culture is defined as a set of values, conventions, or practices shared by a society. Creativity, on the other hand, is defined as having the ability and the power to bring something into being; it is imaginative. The Los Angeles region has a creative culture.

Although tourism and entertainment are the most obvious industries that draw their competitive advantage from the region's creative culture, the creative talent base of the region spills over into a number of other sectors and is a major driver of economic growth. For example, there is a linkage between the creative economy and another one of Southern California's signature industries: international trade. The import containers handled at the ports of Long Beach and Los Angeles are often filled with goods designed in the region and produced in Asia (e.g. toys, clothing and furniture). The sorting and further processing of these goods takes place in local warehouses and distribution centers, giving the creative economy a real estate impact. In Los Angeles County, this activity has resulted in the tightest industrial real estate market in the U.S., with an average vacancy rate of just 3.3% at the end of 2009. This need for space has spilled over into adjacent counties, especially the Riverside-San Bernardino area.

The creative economy is undeniably important to the region's economic growth. About 835,000 employees work directly or indirectly in the creative economy of Los Angeles and Orange Counties. Los Angeles County based firms in the creative economy earned an estimated $113 billion in revenues during 2009, while Orange County accounted for an estimated $14 billion. California and local governments received an estimated $4.6 billion in taxes tied to these activities.

The creative economy links with most other industry clusters in the region. With 304,400 employees in Los Angeles County, the creative industries would rank second, behind tourism and hospitality (458,000 jobs in 2008), and ahead of business and professional services (268,000 jobs, including architecture and engineering), and wholesale distribution (172,000 jobs). The creative industries in Orange County employed 37,900 workers, placing them eighth after tourism (198,000 jobs), business and professional services (120,000 jobs, including architecture and engineering), health services & biomedical (114,000 jobs),

wholesale distribution (86,800 jobs), technology (78,100 jobs, including computer systems design), materials & machinery (56,100 jobs), and financial services (44,600) jobs[1].

The creative economy is among the top employers in the Los Angeles region. Importantly, the talent that drives the creative economy is also a resource for competitive advantage that reaches across almost every industry in the Los Angeles-Orange County region. In addition, the creative talent pool in the region is not as vulnerable to going "offshore." Typically, the development of advanced technologies to increase productivity is seen as the road to better jobs. In fact, advanced technologies can be replicated across the world using cheaper labor. To the contrary, original artistic creation, innovative design thinking and other higher-level creative work cannot be outsourced easily. Creativity also serves to build brand awareness and an attractive environment to entice talented people to the region.

Los Angeles is unique because of its combination of place, resources and open attitudes towards new ideas. Here, ideas are constantly given form and brought to life by creative people. Otis College of Art and Design, a critical component of the creative economy, commissioned the analyses in this report to put real numbers to the business of creativity. Otis and the LAEDC carried out this research because in the Los Angeles region, creativity is serious business.

[1] Note: Although the Orange County creative economy was ranked sixth in LAEDC's 2008 report, their current status as number eight does not reflect any change in their fortunes relative to other industries. Instead, it is a result of new industry cluster definitions used in the current report.

First things First – Invented by L.A.'s Creative Community

Fashion

- The modern bathing suit
- The strapless bra
- Shoulder pads (Adrian for Joan Crawford)
- Bare midriffs
- Neoprene as sportswear (evolved into surf wear)
- The sarong (designed by Edith Head for Dorothy Lamour)
- The "stylist"
- Juicy Couture
- The Modern T-Shirt (for USC in 1932)
- Rhinestone and spangled western wear

Entertainment & Media

- Bugs Bunny
- Talking movies
- "Snow White & the Seven Dwarfs," the first feature length cartoon
- The first commercially successful TV station
- The electric guitar
- The multi-channel recording process
- THX Sound System
- The modern theme park – Disneyland
- "Dancing" fountains
- Audio-animatronic figures
- The Internet
- Celebrity PR

Consumer Products

- New VW Beetle
- Mazda Miata
- Tooth-whitening toothpaste
- Modern make-up
  (Max Factor's pancake make-up)
- Eames lounge chair & ottoman
- Aeron chair

Toys

- Barbie
- The skateboard (Venice)
- The Hula Hoop
- "Hot Wheels"
- He Man-Master of the Universe
- Disney character dolls & toys
- Plastic Frisbee
- The Magic 8 Ball

Food

- fortune cookie
- The Cobb Salad
- See's Candy (there was a Mary See!)
- The French Dip sandwich
- Pinkberry
- hot dog on a stick chain
- In-N-Out – the first drive-through restaurant

Economic Environment

While this is a report about the creative economy of Los Angeles and Orange County, the impact of the national and global economic downturn during 2008 and 2009 must be acknowledged. Initially in 2008, the recession seemed to be confined to housing, home prices, and the subprime mortgage industry, which was collapsing. However, the subprime mortgage problems infected the financial sectors of many nations. A full-fledged global financial crisis broke out late in 2008, and much of the world was engulfed in the deepest recession since World War II. The recession deepened and spread during the first six months of 2009, affecting nearly every U.S. industry and many major economies around the globe.

The creative industries of Los Angeles and Orange counties were not spared by this recession. Particularly devastating was the collapse of residential and nonresidential construction. New home construction has plunged from peaks earlier in the decade. Permits issued for new homes in Los Angeles and Orange County combined will be perhaps 8,600 units during 2010, down by 76% (!) from the peak year 2004 and the lowest level of activity since 1997. The value of nonresidential construction permits declined by 60% between 2006 and 2009, though it may grow modestly in 2010. Sales of existing homes dropped markedly in 2008 but recovered partially in 2009 and continued to make gains early in 2010, mostly as a result of government incentives. However, with fewer real estate transactions of all types taking place during the recession and an uncertain outlook for housing and commercial construction in 2010/2011, demand for new furniture and home and office furnishings has fallen sharply, impacting sales of the Los Angeles-Orange County industry.

The financial crisis and deep recession were well publicized in the media, and generated strong fears among consumers and businesses in Southern California and across the nation. *Consumers* retrenched and reduced discretionary spending—for the holidays, vacations and new vehicles. *Business firms* reacted by cutting expenses to the bone—including advertising—and laying off workers. While the economic recovery has begun, the L.A. County unemployment rate remains above 12%, the highest in at least 50 years (and possibly since World War II). Joblessness exceeds 9% in Orange County; also well above previous deep recessionary periods.

The recession and financial crisis created severe difficulties for many of the area's creative industries.

- Plunging stock prices hit the endowments of nonprofit organizations quite hard. Many funding organizations reduced their giving to other arts organizations. Drastic shrinkage of endowment assets forced several institutions to make unpalatable decisions like reducing hours, raising entrance or parking fees, shrinking the scale of operations and even laying off staff.
- The credit crunch still makes it hard for creative business firms to borrow money or to find new equity investors for major projects. In the entertainment industry, there are fewer investors willing to back new film productions or expensive television series. Elsewhere, less venture capital funding is available to promising new-but-untried software companies.
- Some weakened financial companies lost their own financial backers and have been forced to reduce or even stop lending to their traditional customer base. In particular, this sort of problem impacts the ability of small specialty retailers to purchase apparel and other fashion merchandise on credit and of small manufacturers of apparel, toys, giftware, and home furnishings to purchase supplies.

As of this writing, it appears the general economy, which peaked in December 2007, finally hit bottom in the summer of 2009. Consumer spending and business investment are growing at a moderate pace, but the level of such spending is still relatively low. Federal government economic policies helped to arrest the decline. The Federal Reserve's policy—featuring extremely low interest rates and ample availability of funds to the financial sector—has restored liquidity to financial markets, though it remains difficult for ordinary people and less-than-prime-credit businesses to borrow from their banks. The federal stimulus plan was slow to get moving but is reporting some successes, including more funding for infrastructure projects. However, privately funded construction and real estate activity remain at distressingly low levels. Worse yet, the impact of the stimulus plan has been dampened in California by shrinking state/local government budgets and increases in income and sales tax rates.

How has the economic downturn affected the 2009 data in this report? Because of the recession, employment in the area's creative industries declined by a whopping 13% from 2007 to 2009. The only exceptions were certain segments of the visual and performing arts and entertainment sectors, and digital media.

In the pages that follow, the LAEDC documents the creative industries' struggles to withstand the recessionary forces of 2008-2009. A few industries were successful, though most had problems, as you will see. However, the economy returns to center stage on page 17, which describes where we think the economy is headed over the next four-five years and presents a high-level projection of employment in the area's creative industries during 2014. A preview: the next five years look better, with improving job trends expected in many sectors.

Employment

In 2009, about 304,400 people in Los Angeles County worked directly in the creative industries. While many would expect the entertainment industry to dominate, it did not. It accounted for just 39.0% of the creative jobs. By sector in 2009, the largest employment counts were found in: entertainment (118,700 jobs); fashion (87,000 jobs); visual and performing arts providers (32,300 jobs), and furniture/home furnishings (28,400 jobs). (See Table 21 on page 34 for the sector details.)

But direct employment is only the beginning. Every job in the creative sector supports or sustains other indirect jobs in the area. Direct employees are those who actually work in the creative industries of Los Angeles and Orange counties. Indirect employment is created when firms in these industries make purchases from their suppliers and vendors. Additional indirect (also sometimes referred to as "induced") jobs are generated when the direct and indirect workers spend their wages on consumer goods and services.

Direct and indirect employment in the creative industries based in Los Angeles County totaled over 758,000 jobs in 2009. This fact points to another aspect of the creative industries – they have a "high-multiplier" effect. That is, each direct job supports roughly 1.5 indirect jobs.

In Orange County, the creative industries were responsible for 37,900 direct jobs in 2009. The largest employment sector was fashion with 10,700 jobs, followed by furniture with 8,600 jobs, and architecture and interior design with 4,500 jobs.

Direct and indirect employment in the creative industries located in Orange County totaled an estimated 77,200 jobs. The multiplier effect in this count is a little smaller than in Los Angles, at 1.0 indirect jobs for every direct job.

Some comparisons help put these employment numbers in perspective. There are more *direct* jobs in the creative industries of Los Angeles and Orange Counties than:

- *All* 2009 nonfarm employment in the Oxnard-Ventura metro area (275,000); and
- *All* 2009 nonfarm employment in the state of Alaska (321,200 jobs).

Direct and *indirect* employment in the creative industries of Los Angeles and Orange counties accounted for more than:

- 15.8% of total nonfarm employment in the two counties;
- *All* 2009 nonfarm employment in the Sacramento metro area (833,400 jobs)
- *All* 2009 nonfarm employment in the state of New Mexico (812,500 jobs)

Table 1: Employment Impact of Creative Industries, 2009

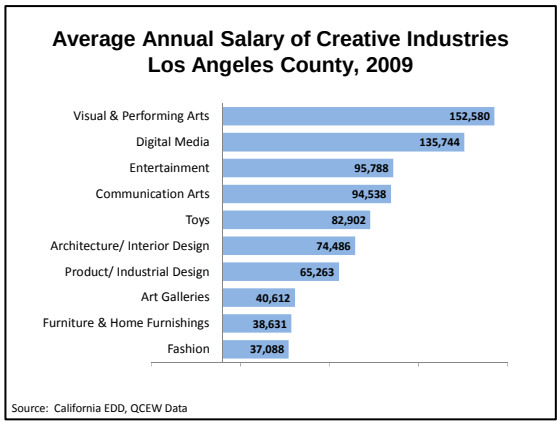
Area	Direct Jobs (2009)	Total Jobs (2009)
Los Angeles County	304,400	758,500
Orange County	37,900	77,200
Total	342,300	835,700

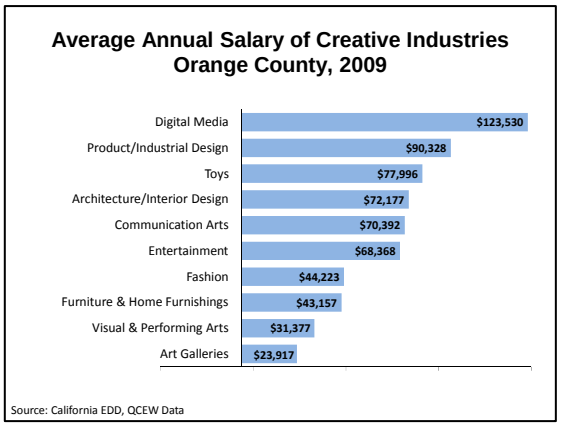
Sources: California EDD, QCEW Data, BLS; overall impact calculated by LAEDC

Salaries

Today's creative workers defy the old stereotype of the starving artist subsisting in a drafty loft. Creativity is a highly valued and recognized professional attribute, and the salaries received by many of the individuals working in the Los Angeles region's creative industries bear that out. In Los Angeles County in 2009, the fashion sector had the lowest average annual salary at $37,088. The mostly likely explanation for the relatively low average wage in the fashion industry is the large number of lower-paid technical jobs (like cutting and sewing). At the other end of the spectrum were the visual and performing arts providers at $152,580. Average salaries in this sector are boosted by independent artists (including actors) and writers working in the entertainment industry. At $135,744, the average annual salary for digital media is also quite healthy.

In Orange County, persons working in art galleries had the lowest average salary of $23,917 in 2009. Individuals working in the performing arts were one step up at $31,377 (Orange County's visual & performing arts lack some of the Hollywood factor, i.e. stratospheric celebrity salaries), and persons employed in the furniture/home furnishings industry earned on average $43,157. Fashion industry workers in Orange County are better paid than their counterparts further north – they average $44,223 – thanks to the area's focus on fast-changing sportswear, specifically skate and surf wear. The highest average salaries in Orange County were in digital media at $123,530, product/industrial design at $90,328, followed by toys at $77,996 and architecture/interior design at $72,177.



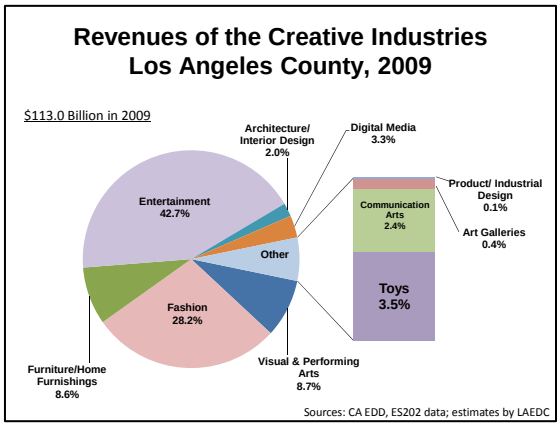


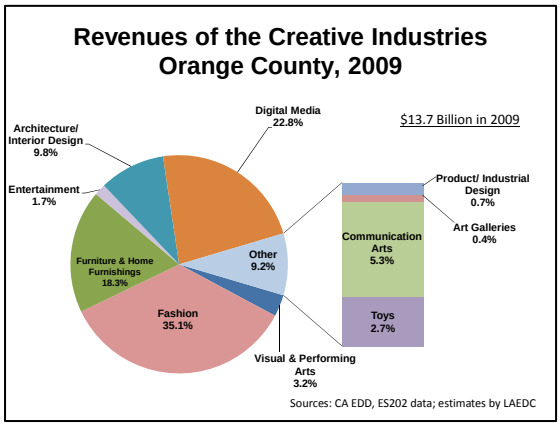
Revenues

The revenues generated by the region's creative industries are also impressive. In Los Angeles County, total revenues reached $113.0 billion in 2009. The largest segments were entertainment at $48.3 billion, followed by fashion at $32.0 billion.

Revenues for some creative industries in Orange County are simply not available. This report assembles all of the revenue information available from official sources (see the methodology discussion on page 32).

In Orange County revenues for some, but not all, of the creative industries totaled an estimated $13.7 billion. Fashion was the largest segment at $4.8 billion, followed by digital media at $3.1 billion. Total (direct and indirect) regional output of the creative industries was estimated to be $260.9 billion in Los Angeles County and $25.4 billion in Orange County in 2009.





Tax Effects

Below are LAEDC's calculations of state and local income and sales tax revenues attributable directly and indirectly to the creative industries. Note that actual tax revenues are higher than shown here because other taxes - such as the state employment tax, corporate taxes and local property taxes – were excluded.

In Los Angeles County, state/local personal income and sales taxes generated directly and indirectly by the creative industries were over $4.3 billion in 2009. By sector, entertainment set the pace at $2.4 billion, followed by visual & performing arts at $653 million and fashion at $578 million.

State/local personal income and sales tax revenues associated directly and indirectly with the creative industries based in Orange County were estimated to be $314 million in 2009 (based on available data). The largest amount, $70 million, was generated by fashion, followed by digital media at $62 million.

Table 2 summarizes the economic impact of our creative industries in 2009. The creative industries of Los Angeles and Orange County generated $286.3 billion in direct and indirect output. They employed 835,700 workers. The direct and indirect workers paid more than $4.6 billion in personal income and sales taxes to the California state government.

Table 2: Economic Impact of Creative Industries, 2009

	Direct Impact		Total (Direct +Indirect) Impact		
Area	Jobs	Nonemployer Establishments	Output ($billions)	Direct & Indirect Jobs	Taxes[1] ($billions)
Los Angeles County	304,400	112,467	$260.9	758,500	$4.3
Orange County	37,900	18,330	$25.4	77,200	$0.3
Total	342,300	130,797	$286.3	835,700	$4.6

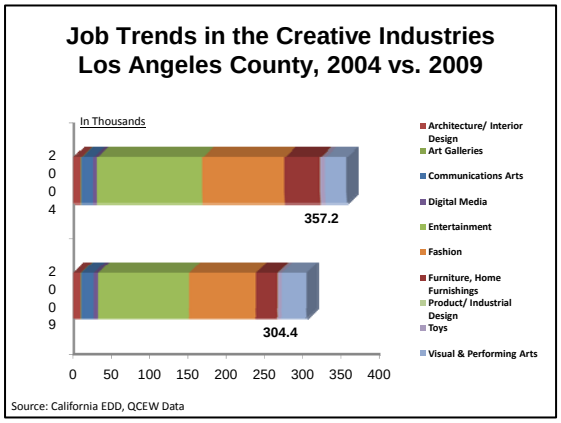
[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC

Employment Trends

Direct employment in the creative industries has contracted significantly since 2004. While the 2008-2009 recession explains most of the recent job losses, structural changes have been working through the creative economy that are indicative of longer term trends. For example, industries such as fashion and furniture, which include a core manufacturing component, have been shedding jobs for quite some time due to off-shoring of production activities. The recession may have exacerbated job losses in these industries, but it is doubtful that many of these manufacturing jobs will return as the economy recovers.

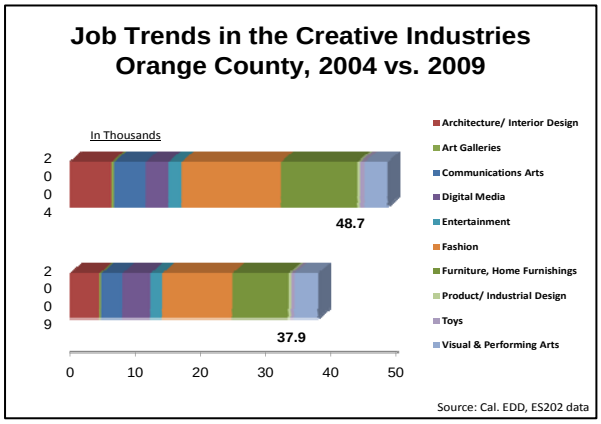
Manufacturing aside, total creative industries employment was mostly moving sideways up until the onset of the recession with some sectors growing as others contracted. As manufacturing jobs dwindled, sectors with a strong design component generally thrived. Up until 2008, employment was growing in the communication arts, digital media, product/industrial design and visual & performing arts sectors. Still, even these sectors gave up jobs as the recession took its toll in 2009. The only exception was digital media which managed to add 700 jobs in 2009.



While several sectors within the creative economy experienced job losses over the past five years, the fashion, toy and furniture & home furnishings industries have suffered the most significant declines. Total employment in fashion fell by 18.9%, with the heaviest job losses concentrated in apparel manufacturing (-16,700 jobs) and textile mills manufacturing (-3,200 jobs). While total employment in the fashion industry has gone over the falls in recent years, two sectors added jobs: apparel wholesaling (+2,300 jobs) and specialized design services (+500 jobs). Unfortunately, there were no such mitigating offsets for the furniture & home furnishings industry. During the last five years, 18,300 jobs have disappeared. Two thirds of the jobs lost were in furniture manufacturing. This represented an industry-wide contraction of 39.1% with many of these jobs migrating to China and other low-cost countries.

The largest component of the creative economy in Los Angeles County is the entertainment industry. In 2009, there were 118,700 entertainment jobs in Los Angeles County, down from 137,600 in 2004 (-13.7%). The largest number of jobs lost during this period was in motion picture/video production, which saw employment fall by 16.8% or 19,800 jobs. Motion picture/video production accounted for 86% of total employment in the entertainment industry in Los Angeles County in 2009.

Shifting focus to the south, nearly every sector of the creative economy in Orange County experienced a slump in employment from 2004 to 2009. The overall decline of 22.1% was primarily due to job losses in fashion and furniture & home furnishings. Fashion employment fell by 29.5% or by 4,500 jobs. Furniture & home furnishings employment fell by 26.6% or by 3,100 jobs. Some industries that employ fewer people suffered even larger percentage declines: art galleries were down by 37.0% (-200 jobs) and communication arts by 32.6% (-1,600 jobs). The only sector that added jobs in Orange County over the last five years was digital media which grew by 22.7% (or 800 jobs).



Another way to analyze employment trends in the creative economy is to examine industries based on the type of product they provide. For example, in Los Angeles County manufacturing industries gave up 39,200 jobs over the last five years (a decline of 31.7%) while in contrast, retail/wholesale contracted by just 3.3% (or 1,200 jobs). Employment in service based industries fell by 12,300 jobs (6.3%) but within the service sector, design services added 100 jobs, an increase of 0.6%.

As more companies outsource production or services to lower cost regions, many have chosen to retain design and/or research and development units in Southern California. The region's creative energy and renowned universities and colleges generate a large pool of highly educated workers, and provide Southern California with a competitive advantage in creativity. Still, this is not something to take for granted. Even in the "creative capital of the world" we need to nurture and encourage innovative and original thinking – just as other countries (e.g. China) are learning to do.

Counting the Self-Employed

Many people in creative activities are self-employed and not counted in this report unless they also work for another firm. In the dry vernacular of government nomenclature, these people are classified as "nonemployer" firms – that is firms consisting of one person with revenues but no direct employees. Thus, they do not show up in the traditional federal and state government employment data, such as the ES202 reports used to develop the job numbers in this report. The latest nonemployer data come from the IRS and cover tax year 2008. Note that some people may have a tax ID number as a nonemployer "firm" while also working for a traditional company. The latter job will be covered in the traditional statistics. To prevent double-counting, we treat the nonemployer data separately from the ES202 based data. (Note also that nonemployer data are not available for digital media and several other industries.)

In 2008, there were 112,467 nonemployer firms in the creative industries in Los Angeles County and 18,330 in Orange County. Between 2003 and 2007, there was steady growth in both counties, but in 2008 the recession exacted its toll and the numbers declined for the first time this decade. By far the largest number of nonemployer firms is in the sector called "independent artists, writers and performers," which includes many people working in the entertainment industry, particularly in motion picture and video production as well as on stage.

Revenues/receipts of creative nonemployer firms in Los Angeles County were $5.5 billion in 2008, with 40.6% generated by independent artists, writers and performers. In Orange County, revenues/receipts were $759 million, with the largest share (38.6%) coming from communication arts.

While experiencing steady growth overall (apart from the impact of the recession), there has been a great deal of variation in the relative importance of these single-person entities among the different sectors of the creative economy. For example, in the visual and performing arts, there were nearly 2.0 self-employed persons in Los Angeles for every traditional (i.e. salaried) employee. In Orange County, the ratio was slightly higher at 2.2 to one. The communication arts (advertising and specialized design services) also have a high number of free-lancers relative to traditional salaried employees. In 2008, there was almost one-to-one parity in Los Angeles County, while in Orange County, there were 1.5 single-person firms for each salaried worker in the communication arts. In contrast, individuals working in either Los Angeles or Orange counties in the fashion, furniture/home furnishings or toy industries were more likely to be employed by firms as salaried workers.

Growth rates of creative nonemployer firms versus employee firms also differed markedly by industry sector. It is interesting to note that in several sectors, nonemployer firm growth outstripped regular employment growth (or contracted less in 2008). One reason is that as job losses mounted due to the recession, some laid-off workers, unable to find employment elsewhere, started their own businesses. However, this may be a cyclical effect that partially reverses itself when the economy returns to a more solid footing. There is also a structural component to the growth of non-employer firms in the creative industries. There is a growing tendency for firms to concentrate resources on core competencies (i.e. what they do best) and to outsource other tasks such as design services to independent contractors.

In the period from 2003 to 2008, this trend was particularly evident in entertainment and the visual & performing arts. In Los Angeles, traditional employment in the entertainment industry increased by 9.9%, while the number of nonemployer firms grew by 18.9%. In Orange County, nonemployer firms grew by 23.3% as employment at traditional firms fell by 7.0%. In the visual and performing arts, Los Angeles County employment grew by 7.4%, but was eclipsed by the increase in self-employed individuals (21.4%). In Orange County, employment in the visual & performing arts grew by 6.2% but the number of nonemployer firms climbed by 20.4%.

One big change between the figures reported last year (for the period 2002-2007) and this year, occurred in Orange County. Between 2002 and 2007, the growth trend in nonemployer firms was much less pronounced, with only nonemployer firms in entertainment and visual & performing arts growing faster than traditional employer establishments. For the period 2003-2008 covered in this report, the growth rates closely mirror what was happening in Los Angeles County.

The LAEDC did not try to calculate any indirect economic impacts from nonemployer firms, as the RIMS II model was not developed to handle nonemployer activity. (Please see Tables 3 through 6 for detailed nonemployer data).

Table 3: Ratio Between Employees & Nonemployers by Sector (2008)

Percentage of nonemployer firms (self employed individuals) vs. salaried employees

Industry Sector	Los Angeles County			Orange County		
	Nonemployers	Employees	Ratio	Nonemployers	Employees	Ratio
Architecture & Interior Design	3,446	12,600	27.3%	1,201	6,200	19.4%
Art Galleries	635	1,000	63.5%	207	300	69.0%
Communication Arts	17,599	18,000	97.8%	5,744	3,900	147.3%
Digital Media	na	5,400	---	na	4,200	---
Entertainment	17,781	131,800	13.5%	1,293	1,800	71.8%
Fashion	6,251	98,000	6.4%	1,272	12,600	10.1%
Furniture & Home Furnishings	1,495	35,600	4.2%	442	10,600	4.2%
Product/Industrial Design	na	700	---	na	500	---
Toys	380	6,000	6.3%	117	700	16.7%
Visual & Performing Arts	64,880	33,200	195.4%	8,054	3,700	217.7%

Source: California EDD QCEW Data; Bureau of the Census Nonemployer Statistics

Note: Date are not available for Digital Media and Product & Industrial Design

Table 4: Comparative Growth Rates: Employees vs. Nonemployers 2003-2008

Industry Sector	Los Angeles County		Orange County	
	Employment Growth 2003-2008	Nonemployer Growth 2003-2008	Employment Growth 2003-2008	Nonemployer Growth 2003-2008
Architecture & Interior Design	34.0%	-10.8%	13.1%	-8.3%
Art Galleries	3.5%	-1.7%	-24.0%	-4.6%
Communication Arts	19.4%	14.7%	-45.3%	13.3%
Digital Media	0.4%	n/a	13.1%	n/a
Entertainment	9.9%	18.9%	-7.0%	23.3%
Fashion	-11.0%	-6.9%	-6.2%	-11.4%
Furniture & Home Furnishings	-26.7%	-11.7%	-14.8%	-19.3%
Product/Industrial Design	41.4%	n/a	80.8%	n/a
Toys	-0.4%	-22.3%	6.7%	-26.9%
Visual & Performing Arts	7.4%	21.4%	6.2%	20.4%

Source: California EDD QCEW Data; Bureau of the Census Nonemployer Statistics

Note: Date are not available for Digital Media and Product & Industrial Design

Table 5: Nonemployer Firm Statistics for the Creative Industries, 2003-2008; Number of Firms

Creative Industry	NAICS Code	Los Angeles County 2003	2004	2005	2006	2007	2008	Orange County 2003	2004	2005	2006	2007	2008
Architecture and Interior Design:		**3,862**	**4,023**	**3,944**	**3,904**	**3,671**	**3,446**	**1,309**	**1,292**	**1,325**	**1,281**	**1,247**	**1,201**
Architectural Services	54131	2,915	3,028	2,944	2,898	2,724	2,512	960	934	960	907	893	847
Landscape Design	54132	947	995	1,000	1,006	947	934	349	358	365	374	354	354
Art Galleries	45392	**646**	**646**	**651**	**657**	**692**	**635**	**217**	**225**	**220**	**220**	**225**	**207**
Communication Arts:		**15,343**	**16,097**	**15,424**	**16,696**	**17,884**	**17,599**	**5,070**	**5,257**	**5,197**	**5,309**	**5,764**	**5,744**
Specialized Design Services	5414	9,490	10,091	9,937	10,695	11,598	11,237	2,955	3,084	3,108	3,268	3,559	3,503
Advertising Agencies	5418	5,853	6,006	5,487	6,001	6,286	6,362	2,115	2,173	2,089	2,041	2,205	2,241
Digital Media:													
Software Publication	5112	na	na	na	na	na	na	na	na	na	na	na	**na**
Entertainment:		**14,957**	**15,833**	**16,109**	**17,375**	**17,640**	**17,781**	**1,049**	**1,148**	**1,159**	**1,226**	**1,267**	**1,293**
Sound Recording	5122	2,176	2,305	2,329	2,510	2,512	2,548	206	223	217	228	223	230
Broadcasting (except Internet)	515	914	959	987	1,070	1,019	1,012	149	183	173	166	189	198
Motion Picture/Video Production	5121	11,867	12,569	12,793	13,795	14,109	14,221	694	742	769	832	855	865
Fashion:		**6,716**	**6,793**	**6,803**	**6,627**	**6,653**	**6,251**	**1,435**	**1,402**	**1,400**	**1,297**	**1,355**	**1,272**
Textile Mills Manufacturing	313	87	79	79	91	103	101	19	21	19	17	24	22
Apparel Manufacturing	315	2,408	2,381	2,277	2,115	2,167	2,039	527	504	461	430	442	416
Apparel Wholesaling	4243	2,568	2,683	2,662	2,645	2,645	2,424	591	595	599	564	590	568
Footwear Manufacturing	3162	nd	nd	nd	nd	nd	nd	nd	nd	nd	nd	9	nd
Other Leather and Allied Prods Mfg	31699	99	99	107	106	123	122	25	25	22	21	20	15
Jewelry Wholesaling	42394	1,554	1,551	1,615	1,611	1,559	1,512	273	257	293	265	270	251
Furniture and Home Furnishings:		**1,694**	**1,753**	**1,713**	**1,644**	**1,712**	**1,495**	**548**	**528**	**536**	**520**	**495**	**442**
Textile Product Mills	314	117	131	116	114	153	142	35	26	33	33	29	29
Furniture Manufacturing	337	737	751	730	725	766	707	181	178	177	177	183	160
Furniture Wholesaling	4232	840	871	867	805	793	646	332	324	326	310	283	253
Toys:		**489**	**487**	**444**	**429**	**390**	**380**	**160**	**157**	**143**	**134**	**122**	**117**
Toy Wholesaling	42392	489	487	444	429	390	380	160	157	143	134	122	117
Visual and Performing Arts Providers:		**53,439**	**56,536**	**60,272**	**61,873**	**64,962**	**64,880**	**6,692**	**7,130**	**7,528**	**7,561**	**8,170**	**8,054**
Performing Arts Cos.	7111	2,205	2,376	2,516	2,787	3,331	3,380	301	336	315	402	521	528
Agents & Managers of Artists, etc.	71141	3,865	3,963	4,087	4,089	3,940	3,935	434	453	457	457	460	459
Independent Artists, Writers, etc.	71151	47,132	49,904	53,411	54,712	57,400	57,303	5,940	6,320	6,723	6,674	7,154	7,029
Museums	7121	237	293	258	285	291	262	17	21	33	28	35	38
Total Nonemployer Firms:		**97,146**	**102,168**	**105,360**	**109,205**	**113,604**	**112,467**	**16,480**	**17,139**	**17,508**	**17,548**	**18,645**	**18,330**

Source: U.S Dept. of Commerce, Bureau of the Census, Nonemployer Statistics.

Note: Data are not available for Digital Media and Product & Industrial Design

Table 6: Nonemployer Firm Statistics for the Creative Industries, 2003-2008; Value of Shipments, Sales, or Receipts ($billions)

Creative Industry	NAICS Code	Los Angeles County 2003	2004	2005	2006	2007	2008	Orange County 2003	2004	2005	2006	2007	2008
Architecture and Interior Design:		**$179.5**	**$198.8**	**$216.8**	**$220.6**	**$222.9**	**$194.3**	**$75.7**	**$80.1**	**$87.8**	**$87.2**	**$89.3**	**$74.3**
Architectural Services	54131	146.5	157.6	171.6	179.3	178.9	153.1	59.6	63.7	67.9	67.6	68.0	548.6
Landscape Design	54132	33.0	41.2	45.2	41.3	44.0	41.2	16.2	16.4	19.9	19.6	21.3	19.4
Art Galleries	45392	**44.8**	**47.9**	**60.0**	**62.5**	**67.3**	**50.6**	**16.4**	**26.0**	**35.2**	**28.4**	**17.3**	**13.9**
Communication Arts:		**678.6**	**764.0**	**788.1**	**834.9**	**879.7**	**868.8**	**286.7**	**312.5**	**323.1**	**316.4**	**320.9**	**293.2**
Specialized Design Services	5414	367.9	409.2	428.6	464.2	507.8	484.3	142.1	158.7	166.7	173.2	184.5	160.7
Advertising Agencies	5418	310.7	354.8	359.5	370.6	371.9	384.5	144.6	153.7	156.4	143.2	136.3	132.5
Digital Media:													
Software Publication	5112	na	na	na	na	na	na	na	na	na	na	na	na
Entertainment:		**741.3**	**779.2**	**807.5**	**827.4**	**847.4**	**873.4**	**42.0**	**46.2**	**48.3**	**47.5**	**53.7**	**50.2**
Sound Recording	5122	104.8	110.7	104.9	109.7	112.1	123.1	7.1	7.0	9.5	7.9	9.7	7.2
Broadcasting (except Internet)	515	50.3	51.4	56.4	49.2	49.9	46.8	5.4	7.0	5.5	6.5	7.1	7.2
Motion Picture/Video Production	5121	586.2	617.0	646.2	668.4	685.4	703.4	29.5	32.2	33.2	33.2	36.9	35.8
Fashion:		**733.6**	**750.9**	**768.7**	**742.8**	**695.5**	**686.4**	**113.7**	**111.5**	**109.2**	**104.4**	**112.1**	**99.2**
Textile Mills Manufacturing	313	2.6	4.1	4.2	2.4	2.6	3.0	1.6	1.6	.3	.2	.5	.5
Apparel Manufacturing	315	160.1	151.5	134.6	122.8	131.6	125.7	39.5	35.0	29.2	23.8	25.4	20.4
Apparel Wholesaling	4243	322.7	337.2	359.6	356.2	316.5	314.5	51.6	53.8	56.5	56.8	60.2	56.1
Footwear Manufacturing	3162	nd	nd	3.3	2.6	2.8	2.9	nd	nd	.2	.1	.3	nd
Other Leather and Allied Prods Mfg	31699	5.3	7.3	6.1	6.9	7.4	6.4	1.1	1.5	1.5	1.8	1.5	.9
Jewelry Wholesaling	42394	242.9	250.8	261.0	251.8	234.6	233.9	19.9	19.6	21.5	21.6	24.3	21.3
Furniture and Home Furnishings:		**123.1**	**140.0**	**145.3**	**131.5**	**140.7**	**115.3**	**51.3**	**51.6**	**52.8**	**51.4**	**47.1**	**39.8**
Textile Product Mills	314	6.8	4.1	7.9	7.4	10.0	9.1	1.8	1.3	1.5	1.6	1.6	.9
Furniture Manufacturing	337	45.2	55.1	55.8	53.7	55.1	47.3	12.6	12.6	13.4	11.2	13.7	11.1
Furniture Wholesaling	4232	71.1	80.8	81.6	70.4	75.5	58.9	36.8	37.7	37.9	38.6	31.8	27.8
Toys:		**52.1**	**50.7**	**44.6**	**41.8**	**36.8**	**33.9**	**14.4**	**12.5**	**11.4**	**9.1**	**9.5**	**6.9**
Toy Wholesaling	42392	52.1	50.7	44.6	41.8	36.8	33.9	14.4	12.5	11.4	9.1	9.5	6.9
Visual and Performing Arts Providers:		**1904.8**	**2081.7**	**2298.9**	**2353.4**	**2609.1**	**2657.5**	**144.9**	**157.2**	**168.1**	**171.8**	**195.3**	**181.7**
Performing Arts Cos.	7111	118.8	136.5	142.7	160.9	181.1	194.6	8.1	8.8	10.1	14.1	23.6	14.1
Agents & Managers of Artists, etc.	71141	192.3	205.3	209.6	225.7	236.0	234.4	13.6	15.1	19.8	17.1	17.3	16.0
Independent Artists, Writers, etc.	71151	1589.0	1735.0	1939.8	1959.5	2185.4	2222.6	122.8	132.7	137.6	139.8	153.7	150.9
Museums	7121	4.7	4.9	6.7	7.3	6.5	5.8	.4	.5	.6	.7	.7	.7
Total Shipments, Sales or Receipts:		**$4457.8**	**$4813.1**	**$5130.0**	**$5214.8**	**$5499.3**	**$5480.2**	**$745.1**	**$797.7**	**$836.0**	**$816.1**	**$845.1**	**$759.2**

Source: U.S Dept. of Commerce, Bureau of the Census, Nonemployer Statistics.

Note: Data are not available for Digital Media and Product & Industrial Design

Nonprofit Segment of the Creative Industries

The U.S. Census Bureau's Economic Census identifies nonprofit organizations as "exempt from federal income tax." The nonprofit segment of the creative industries is concentrated in the visual and performing arts sector, specifically fine arts schools, performing arts organizations, and museums. Based on the 2007 Economic Census, the Los Angeles-Orange County region hosted 291 nonprofit creative establishments in 2007, accounting for 18.3% of total creative establishments in these sectors. Performing arts organizations comprised the largest group of nonprofit establishments, with 125 organizations (or 43% of creative nonprofits) involved in theater, music, dance and other types of performance. Museums were the next largest group, with 87 institutions (30% of total nonprofits). In addition, there were 79 nonprofit visual and performing arts educational programs (27% of the total).

Los Angeles County had a total of 235 nonprofit creative establishments in 2007. Orange County had a total of 56 nonprofit creative establishments that year. Detailed data for each county are provided in tables 23 and 24 on pages 36 and 37 in the Appendix.

Beyond the numbers of establishments, the Census Bureau's information about the nonprofit segment is incomplete, mostly due to the official policy of (non-)disclosure; the Bureau does not want to reveal key data for individual organizations. As a result of this policy, data are suppressed if they permit knowledgeable people to deduce the key figures for large institutions—like the Los Angeles Philharmonic or the Pacific Symphony of Orange County, for example—or if the segment has relatively few members. Below we summarize the limited information that is publically available for nonprofit organizations in the Los Angeles-Orange County region.

How many people work for the region's nonprofit creative institutions? We know more about some types of institutions and less about others. The total employment figure lies somewhere between 7,300 workers and 11,500 workers. The largest sector by employment appears to be performing arts companies, with between 3,500 and 7,500 workers, followed by museums (2,900-3,100 workers).

The Census was less forthcoming concerning nonprofit creative institutions' operating revenues. Here are the available details:

- Museums were the largest nonprofit creative sector in 2007 measured by revenues. In Los Angeles County alone, they took in $497.2 million in receipts.
- Theater companies in Los Angeles and Orange counties garnered $255.8 million that year.
- Nonprofit visual & fine arts schools in the region received $76.8 million.
- No revenue information was available for music, dance and other performing arts organizations or for Orange County museums.

A final perspective on this segment: the number of nonprofit creative organizations in the region declined by 0.3% from 2002 to 2007. Declines occurred in two creative sectors: performing arts organizations, which decreased from 132 institutions in 2002 to 125 institutions five years later, and visual & fine arts schools (down from 88 to 79 schools). However, the number of nonprofit museums climbed from 72 to 87 institutions (a 20.8% increase) over the same period. While fewer in number, it appears that nonprofit creative institutions grew in size between 2002 and 2007, as revenues and employment levels both increased. Interestingly, total revenues of Los Angeles County museums grew by 90%, though total employment dropped by 4%.

Table 7: Los Angeles-Orange County Region Nonprofit Creative Sector, 2007

Area	Establishments	Jobs	Payroll ($millions)	Receipts ($millions)
Los Angeles County	235	5,900 - 8,400	---	---
Orange County	56	1,400 - 3,100	---	---
Total	**291**	**7,300 - 11,500**	**---**	**---**

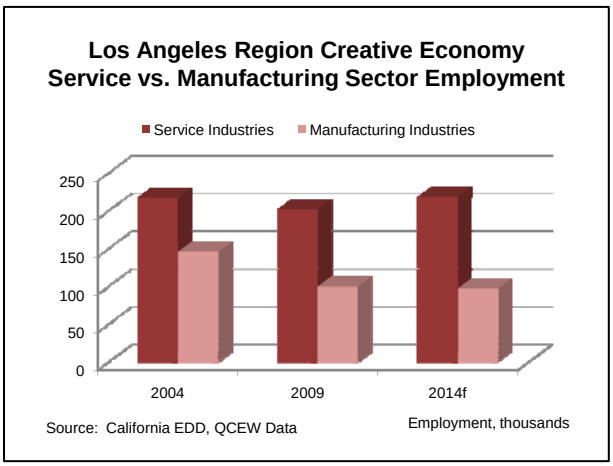
Note: *Incomplete data

Industry	Establishments	Jobs	Payroll ($millions)	Receipts ($millions)
Visual & Performing Arts Schools	79	900	$21.8	$76.8
Performing Arts Companies	125	3,500-7,500	---	---
Museums	87	2,900-3,100	97.3	497.2
Total	**291**	**7,300 - 11,500**	**---**	**---**

Source: U.S. Department of Commerce, Census Bureau, 2007 Economic Census

Where Do We Go from Here? The Creative Economy in 2014

The preceding pages of this report reviewed the performance of the creative economy of Los Angeles and Orange counties in 2009, including the impacts of the recent economic downturn. This section, provides a preliminary projection of 2014 creative industry employment levels in Los Angeles and Orange counties. We expect that 2014 will be far removed from the current distressed situation. What will the creative economy look like by then?



Making such a projection proved surprisingly difficult. The employment projections for 2014 must take into account *both* the depth of the employment downturn in 2009 and 2010 *and* the speed of the upturn expected in 2011 through 2014. As to the former, we recognize that 2010 will compare unfavorably with 2009, though the margin of decline will be smaller than in the earlier year. Beyond 2010, the outlook for the next few years is quite uncertain. The best case would be several years of steady economic growth and expansion from the low point, which occurred in mid 2009. A more negative result is also possible, however: after a fitful upturn in 2010, the economy relapses again in 2011 and grows only sluggishly thereafter.

As of this writing, the LAEDC economic forecast anticipates the economy will travel a path between these two alternatives. The economy hit bottom mid 2009, and a measured recovery got underway that has continued into 2010. The economy should grow a bit faster in 2011, and moderate growth likely will continue through 2014. Labor markets are taking somewhat longer to turn around. The unemployment rate in 2010 will be higher than it was in 2009, an unhappy development. Employment stabilized in 2010 (at least in the private sector) after hitting bottom in December 2009. Both should be moving in the right direction (joblessness downward and job counts upward) by early 2011 and should continue to do so through 2014.

What does this economic outlook imply for the area's creative industries? The LAEDC projects that, given the trends visible today, creative industry employment in Los Angeles and Orange counties will total 356,700 jobs during 2014, up by 4.2%, or 14,400 jobs, from 2009 levels. Note that total creative employment in the two-county area declined by considerably more than this between 2004 and 2009, by 63,500 jobs or 15.6%.

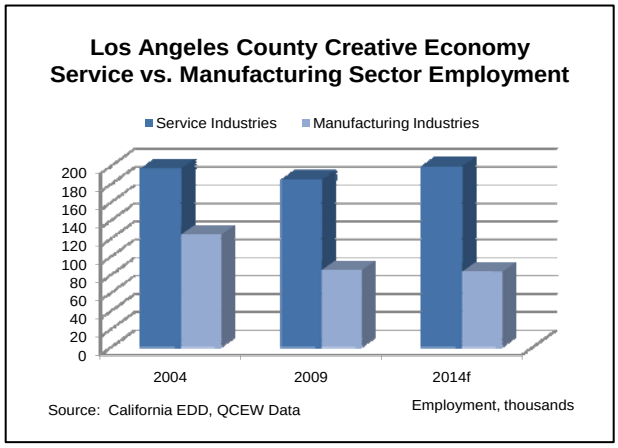
Why is total creative employment in the area expected to grow so slowly? One part of the answer is the manufacturing sector, which is expected to lose 1,900 creative industry jobs by 2014, for a decline of 1.9% over the next five years. Fundamental trends in the creative manufacturing sectors—especially apparel and textiles, footwear, furniture, and toys—are pushing down factory production in the U.S. in favor of production in regions with lower labor costs, like China and other nations in Southeast Asia and Latin America. ***Excluding manufacturing*, employment in the Los Angeles-Orange County region's creative industries should grow by 16,400 jobs, or 6.7% by 2014.**

Total creative industry employment in Los Angeles County during 2014 will be 317,900 jobs, up by 4.5% or 13,600 jobs, from 2009. This will be a much better performance than the previous five-year period, when total creative industry employment dropped by 52,800 jobs or 14.8%. Here too, the projected increase in total creative industry employment will be dampened by losses in the creative manufacturing sectors. ***Excluding manufacturing*, employment in Los Angeles County's creative industries is projected to grow by 15,200 jobs, or 6.9%, by 2014.**

Table 8 on page 20 presents the 2014 projection for each sector of the creative economy in Los Angeles County. **The digital media sector is expected to grow the fastest between 2009 and 2014, with employment rising by about 10%.** This sector's relatively good record during the current recession--job counts actually increased in 2009 though they declined in 2008--is the primary reason to expect a high rate of growth to 2014. More than video games are involved in this projection. Despite the recession's impact, demand is quite strong for all types of consumer handheld devices and interest in new applications for them is very high.

Growth will be almost as rapid in the entertainment sector, with employment expected to increase by 9%. Much of this improvement is already visible in the county's signature motion picture production industry, as production activity and job counts have increased markedly in 2010. The projection, then, amounts to an expectation that the current level of activity will persist through 2014. Among the other entertainment related industries, post production services activity is seen as growing especially rapidly.

Employment in a smaller creative sector, industrial design, is expected to post growth in the 7% to 8% range between 2009 and 2014. The LAEDC believes there is always a healthy appetite for good design in all kinds of economic weather. Employment in most design-related creative industries is expected to increase.



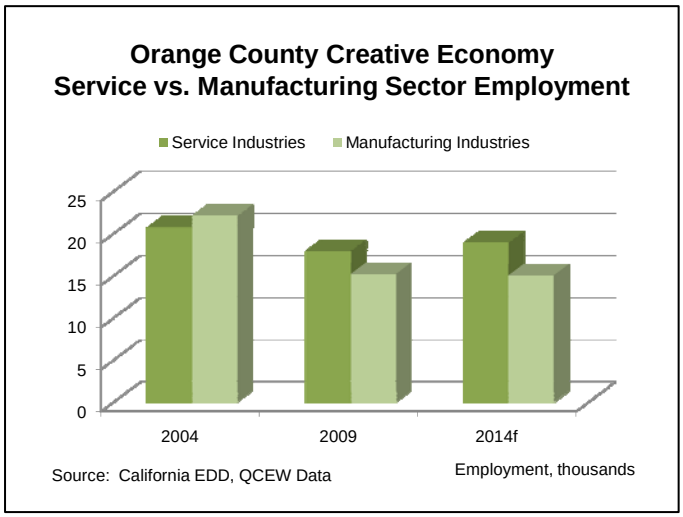
Moderately good employment growth, in the 5% to 6% range, is projected for art galleries, the architecture and interior design sector and for visual and performing arts. Art galleries are projected to grow in numbers and staffing as a result of the economic recovery and expansion. Employment in the architecture and interior design sector has fallen sharply during the recession— a casualty of the collapse in residential and commercial construction activity. However, demand for design services is expected to grow again when construction activity resumes—by 2012. Among the visual and performing arts industries, employment is expected to grow most rapidly—by 9% or so—among independent artists, writers and actors and their agents and managers. Employment is also likely to increase at the area's creative education and training institutions. Modest employment growth, at best, is expected at nonprofit institutions like museums, theater and dance companies as they struggle to overcome the financial challenges they will be facing over the next few years.

Moderate employment growth is projected for the communication arts sector. The moderate-growth projection for communication arts combines a modest recovery in employment at advertising agencies with healthy job growth in the graphic design industry. Graphic designers are employed by a large cross section of industries, more of which will be growing over the next several years now that the recession has ended. Jobs for graphic designers are projected to increase especially rapidly in computer systems design and in management, scientific & technical consulting services.

The three remaining sectors, all of which are heavily dependent on manufacturing activities, will experience no growth or declines in employment over the coming years. The trend toward retaining local design and quality control while outsourcing production overseas is well entrenched in these sectors and will certainly continue in the next five years. However, the economic recovery—when it finally takes hold—will increase demand for locally produced products as well as those made abroad. Thus, job counts in textiles, apparel, footwear, handbag and jewelry manufacturing are projected to remain stable or fall slightly. Wholesale employment in each of these segments also will remain flat. **The one activity that will enjoy employment growth is "other specialized design services."** This group includes fashion designers and is

expected to expand rather rapidly. The furniture and home furnishings sector will continue to lose workers as production continues to shift offshore. Textile product mills are expected to report a decline in employment, while job counts at furniture and electric lighting manufacturers will remain stable. The story is much the same for the toy industry, as most toys are now designed locally and produced in China.

Employment projections for Orange County will follow a trajectory similar to that of Los Angeles over the forecast period. Table 9 on page 20 presents the 2014 forecast for each sector of the creative economy in Orange County. **The digital media sector is expected to exhibit the largest growth rate between 2009 and 2014, increasing by over 10% and adding 500 jobs.** Orange County is home to a number of digital media firms with a significant presence in video gaming. Although retail sales of video games fell during the recession, the economic downturn did not impair future development of this sector.



Most other sectors in Orange County will grow at a more moderate pace (4.0% to 5.0%) between 2009 and 2014. Product/industrial design, art galleries, architecture/interior design, entertainment, communication arts and the visual arts will add a total of approximately 650 jobs. Several sectors, however, display mixed results. For example, graphic design, which falls under communication arts will jump by 9.1%, but advertising agencies, also part of the communication arts sector, will increase only by 2.5%. In the visual and performing arts, independent artists and their managers will increase their ranks by over 9.0%, while performing arts groups will lag behind, growing by 2.0%. Visual and performing arts education employment will rise by 5.0%, reflecting a nationwide growth trend in the private education industry that gained strength during the recession as laid off workers returned to school.

More rapid growth will depend on the pace of economic recovery and a significant rebound in the labor market. A stronger employment outlook will help spur recovery in the housing and construction industries, which will translate to increased demand for architects and interior/landscape designers. As consumers gain confidence in the durability of the recovery, they will channel a greater share of discretionary income to the arts and entertainment, and businesses will increase investment in new product design.

The two largest creative sectors in Orange County in term of employment, fashion and home furnishings, are projected to contract between 2009 and 2014. The jobs losses in both industries are the result of a decline in the number of manufacturing jobs. In fashion, apparel and textile mills manufacturing will give up jobs, but the number of fashion designers ("other specialized design services") will increase. Employment in the furniture and home furnishings industry will see jobs at textile mills diminish, but furniture manufacturing should stay level and wholesaling will add a handful of jobs. Overall growth in the toy industry, one of the County's smaller creative sectors, will be flat.

Table 8: Los Angeles County Employment Forecast 2009 - 2014

Creative Industry	Number of Jobs (thousands)		2009-2014 Change	
	2009	2014	Number	Percent
Architecture & Interior Design	9.8	10.3	0.5	5.0%
Art Galleries	0.9	0.9	0.0	5.0%
Communication Arts	16.1	16.8	0.7	4.3%
Digital Media	5.8	6.4	0.6	10.4%
Entertainment	118.7	129.8	11.1	9.3%
Fashion	87.0	85.7	-1.3	-1.5%
Furniture & Home Furnishings	28.4	28.4	-0.1	-0.3%
Product/Industrial Design	0.6	0.7	0.0	7.5%
Toys	4.7	4.7	0.0	0.0%
Visual & Performing Arts	32.3	34.3	2.0	6.1%
Totals:	304.4	317.9	13.6	4.5%

Source: California EDD LMID, ES202 Series; forecasts by LAEDC

Table 9: Orange County Employment Forecast 2009 - 2014

Creative Industry	Number of Jobs (thousands)		2009-2014 Change	
	2009	2014	Number	Percent
Architecture & Interior Design	4.5	4.8	0.2	5.0%
Art Galleries	0.3	0.3	0.0	5.0%
Communication Arts	3.2	3.4	0.2	4.7%
Digital Media	4.3	4.8	0.5	10.4%
Entertainment	1.8	1.9	0.1	5.7%
Fashion	10.7	10.5	-0.2	-1.6%
Furniture & Home Furnishings	8.6	8.5	-0.1	-0.7%
Product /Industrial Design	0.4	0.5	0.1	7.5%
Toys	0.5	0.5	0.0	0.0%
Visual & Performing Arts Providers	3.6	3.7	0.2	4.3%
Totals	37.9	38.7	0.9	2.3%

Source: California EDD LMID, ES202 Series; forecasts by LAEDC

Industry Snapshots

Architecture and Interior Design

This sector includes firms that specialize in architectural services, landscape architecture and interior design. In Los Angeles County, the industry reported 9,800 direct jobs in 2009. Revenues were estimated to be $2.25 billion (with $1.4 billion from architecture). Los Angeles is the home of several high-profile architects, including Frank Gehry, Thom Mayne, Fred Fisher, Steven Ehrlich, and long-time local stalwart A.C. Martin Partners (designers of the iconic Los Angeles City Hall and many other prominent buildings). This sector generated a total economic impact of 19,400 jobs and $4.5 billion in economic output.

Orange County has a lot of activity in this sector as well, with 4,500 direct jobs in 2009 and estimated revenues of $1.3 billion. The total economic impact included 8,700 direct and indirect jobs and output of $2.6 billion.

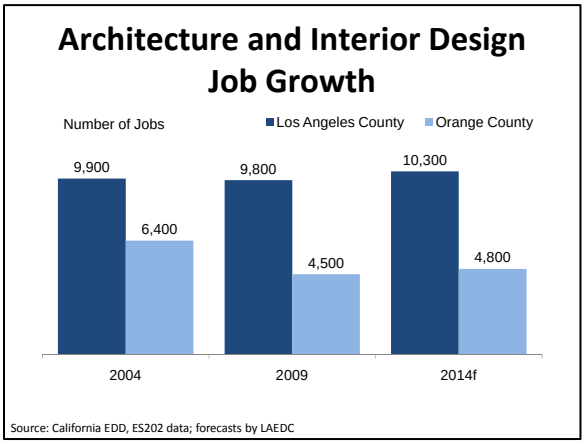
Table 10: Economic Impact of the Architecture and Interior Design Industry, 2009

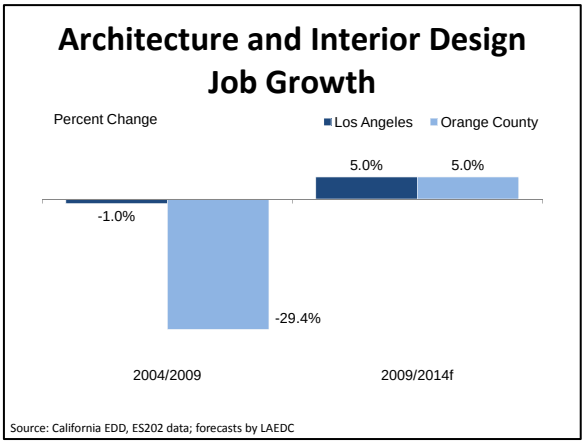
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	1,697	9,800	$730.0	3,446	$4.5	19,400	$97.0
Orange County	789	4,500	324.8	1,201	2.6	8,700	41.0
Total	2,486	14,300	$1,054.8	4,647	$7.1	28,100	$137.9

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Art Galleries

There were 246 art galleries with employees in Los Angeles County during 2009. Direct sales volume was estimated to be $433 million. The total economic impact was 1,300 jobs and output of $890 million. In addition, we found 635 "art dealers" in the nonemployer data for L.A. County, with sales of $50.6 million during 2008 (latest data available). Some of these could be operating out of their homes.

In Orange County, there were 68 galleries in 2009 with estimated direct sales of $60.0 million. The total impact of this segment of the creative industries was 400 total jobs and output of $120 million. Also, there were 207 nonemployer art dealers in 2008, who reported sales of $13.9 million.

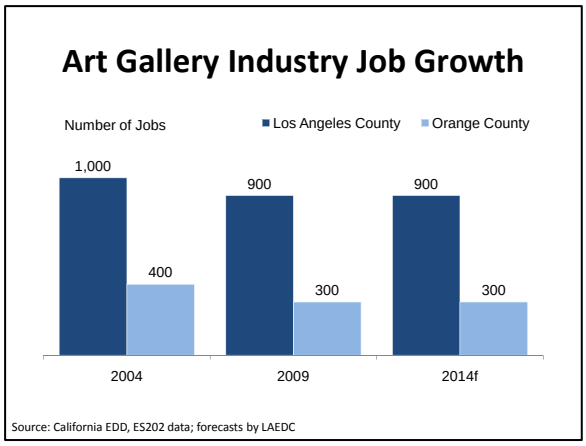
Table 11: Economic Impact of Art Galleries, 2009

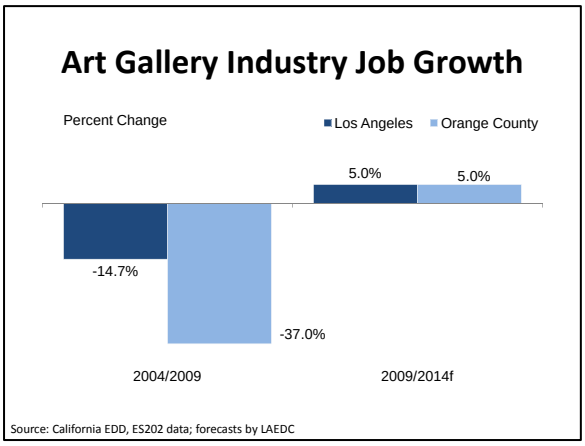
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	246	900	$36.6	635	$0.9	1,300	$5.5
Orange County	68	300	7.2	207	0.1	400	1.1
Total	314	1,200	$43.7	842	$1.0	1,700	$6.6

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Communication Arts

This sector includes firms specializing in graphic design services, advertising agencies, package design, and display and direct mail advertising. During 2009, there were 16,100 people working directly in this sector in Los Angeles County (with 11,800 employed in advertising agencies), and revenues were about $2.8 billion. The total economic impact was sizable: 35,200 direct and indirect jobs and output of $5.9 billion.

In Orange County, there were 3,200 people working directly in these activities, with business revenues of $730 million. The total economic impact included 6,400 jobs and output of $1.4 billion.

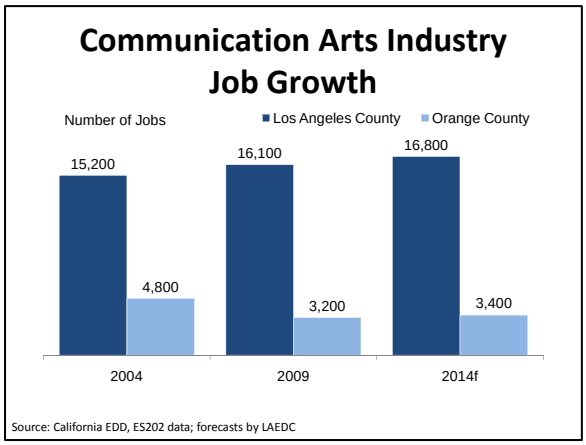
Table 12: Economic Impact of the Communication Arts Industry, 2009

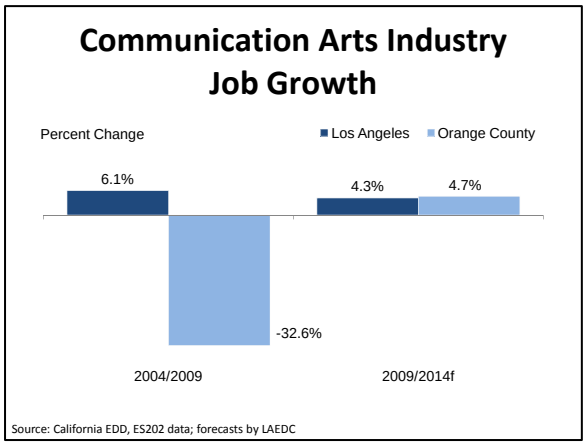
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	1,653	16,100	$1,522.1	17,599	$5.9	35,200	$215.2
Orange County	570	3,200	225.3	5,744	1.4	6,400	29.5
Total	2,223	19,300	$1,747.3	23,343	$7.3	41,600	$244.7

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Digital Media

Data for employment in the digital media industry are incomplete, which is unfortunate given its potential to impact all sectors of the creative economy. A large number of software programmers (perhaps as high as 70%) are independent contractors who are not captured by the traditional data sources. Many also work for firms in other industries. We selected software publishers as the industry that best fits this activity and identified 53 major video game producers in the Los Angeles and Orange counties (*see table on page 25)*.

Individuals working in digital media may also be employed by architectural firms creating 3D images of building designs or in the fashion industry engaged in high-tech printing of digital designs on fabrics. Others work for advertising agencies and computer systems design firms and independent specialized design companies.[2] Additionally, with the growth of digital media in the entertainment industry, more and more of these individuals are moving onto the payrolls of the film studios.

In Los Angeles County, there were 5,800 persons directly engaged in software publishing during 2009, and sector revenues were $3.7 billion. The total economic impact proved to be impressive: 17,300 total jobs and total economic output of $7.2 billion.

Orange County had 4,300 people working in this sector in 2009, and sales of $3.1 billion. Again, the total economic impact was large: 9,400 total jobs and economic output of $6.4 billion.

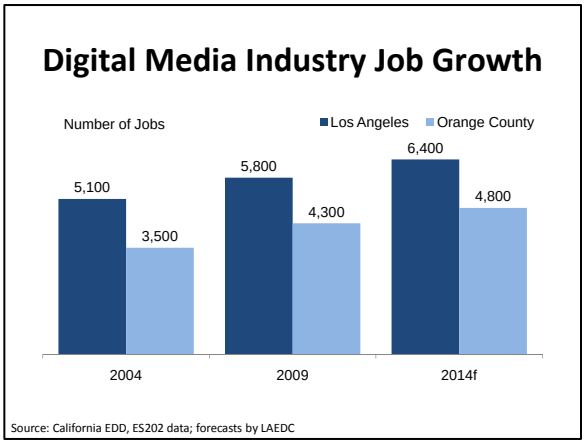
Table 13: Economic Impact of the Digital Media Industry, 2009

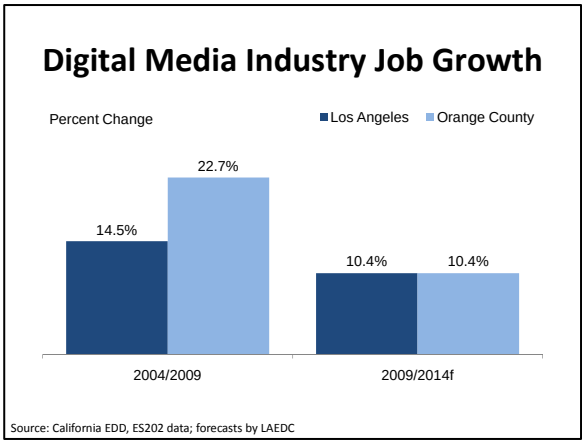
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	170	5,800	$787.3	n/a	$7.2	17,300	$105.6
Orange County	108	4,300	531.2	n/a	6.4	9,400	62.4
Total	278	10,100	$1,318.5	---	$13.6	26,700	$168.0

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





[2] Report on the Creative Economy of the Los Angeles Region (2009); *Opportunities in the Arts are Larger Than They Appear: An Analysis of Multimedia Artist and Animator Employment Across California's Industries* (Kathleen Milnes)

Major Video Game Firms with Operations in Southern California

Video game firms are difficult to find, but this list of firms in Los Angeles and Orange counties was compiled using sources deemed reliable. Note that these firms can be classified under software publishing or under toy manufacturing (there is no government industry code -- NAICS -- for video game publishers). There are also "serious" video game publishers in the area. One is Alelo, which publishes a game that helps U.S. soldiers learn everyday conversational Arabic.

Los Angeles area game publishers with local development branches:

- Activision Blizzard, Irvine & Santa Monica
- Heavy Iron Studios, Culver City
- Infinity Ward, Encino
- Luxoflux, Santa Monica
- Neversoft, Woodland Hills
- NovaLogic, Calabasas
- Riot Games, Los Angeles
- The Walt Disney Co., Burbank (eDisney Studios, North Hollywood)
- THQ, Calabasas
- Treyarch, Santa Monica

Southern California-area independently owned game developers:

- Emergent Game Technologies, Calabasas
- Genuine Games, Woodland Hills
- High Impact Games, North Hollywood
- Insomniac Games, Burbank
- Jailed Games Inc., Santa Monica
- Left Field, Westlake Village
- Legacy Interactive, Hollywood
- Liquid Entertainment, Pasadena
- Naked Sky Entertainment, Los Angeles
- Pandemic Studios, Westwood (owned in partnership with BioWare, Canada)
- Realtime Associates, El Segundo
- Seven Studios, Los Angeles
- Spark Unlimited, Sherman Oaks
- Trilogy Studios, Santa Monica
- Way Forward, Santa Clarita
- Coresoft, Lake Forest
- inXile Entertainment, Newport Beach
- Obsidian Entertainment, Santa Ana
- Point of View, Tustin
- Quicksilver Software, Irvine
- Ready at Dawn Studios, Tustin
- Red 5 Studios, Aliso Viejo
- Supervillain Studios, Santa Ana

Companies headquartered outside the region, but with local development branches:

- Abandon Entertainment, New York
- Lucky Chicken Games, Malibu
- Climax Group, UK
  *Climax, Santa Monica
- Electronic Arts, Redwood Shores, CA
  *EA Los Angeles, Playa Vista
  *EA Mobile (formerly JAMDAT Mobile), Playa Vista
- Midway Games, Illinois
  *Midway Studios, Los Angeles
- Sony, Japan
  *Naughty Dog, Santa Monica
  *Sony Computer Entertainment America, Santa Monica
- Turbine, Massachusetts
  *Turbine LA, Santa Monica
- NCsoft, South Korea
  *NCsoft Los Angeles, Santa Monica
  *NCsoft Orange County, Aliso Viejo
- The Collective, Newport Beach
  *Shiny Entertainment
  *Foundation 9
- MumboJumbo, Texas
  *Zono Inc., Costa Mesa
- Valve Corporation, Washington
  *Turtle Rock Studios, Irvine

Southern California game publishers with no local development offices:

- Acclaim Games, Beverly Hills
- Buena Vista Games, Glendale (owned by Disney)
- Conspiracy Entertainment, Santa Monica
- Fox Interactive, Century City (owned by News Corp.)
- Konami Digital Entertainment, Los Angeles (owned by Konami Japan)
- Tecmo Inc., Torrance (owned by Tecmo Japan)
- Warner Bros. Interactive Entertainment, Burbank (Time Warner, New York)
- Atlus USA, Irvine (owned by Atlus, Japan)
- Crave Games, Newport Beach (owned by Handleman, Illinois)
- Square Enix North America, El Segundo (owned by Square Enix, Japan)

Entertainment

When people think of creativity and Los Angeles, this sector is often the focus of their thoughts. Several activities are included here: sound recording (the music industry), motion picture and TV production, and cable broadcasting (cable networks are producing more of their own content these days). Musicians might be included here for recording film scores, but many perform on the stage as well as in the studio; so we have already counted them as employees or nonemployer firms in the visual and performing arts sector.

In Los Angeles County, there were 118,700 people working directly in the entertainment industry during 2009. The estimated direct sales numbers were huge, $48.3 billion in 2009, most of which came from the film production industry. The total economic impact was 354,900 direct and indirect jobs (a high multiplier) and estimated total output of over $129 billion. State and local taxes generated directly and indirectly by this sector totaled $2.4 billion in 2009 (a reminder of why other states are trying to lure film production away).

The entertainment sector in Orange County is smaller, with 1,800 direct jobs in 2009 and estimated total revenue of $234 million. The total economic impact was 4,700 total jobs. State/local taxes generated directly and indirectly by this sector totaled $19.8 million in 2009.

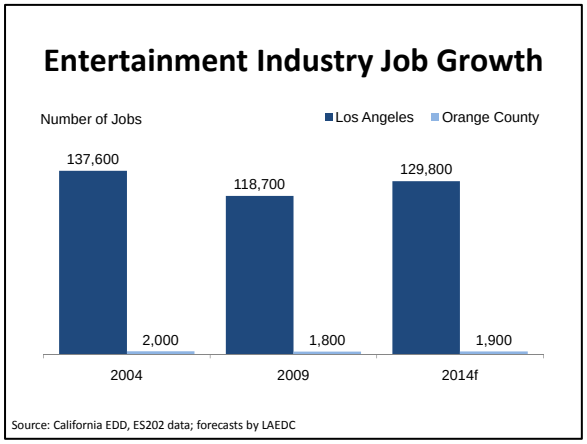
Table 14: Economic Impact of the Entertainment Industry, 2009

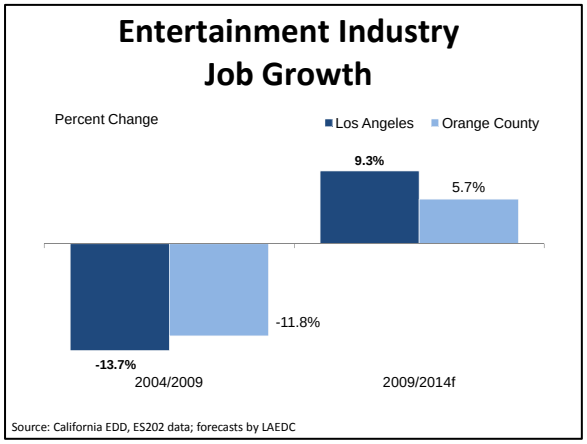
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	5,626	118,700	$11,370.0	17,781	$129.4	354,900	$2,407.9
Orange County	191	1,800	121.8	1,293	0.4	4,700	19.8
Total	5,817	120,500	$11,491.7	19,074	$129.8	359,600	$2,427.7

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Fashion

This sector includes apparel and textile manufacturing, the wholesale apparel and jewelry "marts," jewelry manufacturing, cosmetics, footwear and handbag production. Apparel can be conceptualized by Southern California fashion designers, produced in Asia or Central America, and then shipped back to the U.S. through the San Pedro Bay ports. Often, additional processing such as quality inspections and affixing labels, takes place locally. There is also a substantial local business in "Fast-Fashion" apparel production – cutting edge looks that go from design studio to store shelves in as little as four weeks. Attendance at the various apparel markets held in Los Angeles is growing, especially among international buyers.

In 2009, there were 6,689 fashion businesses in Los Angeles County, with 87,000 direct employees. Direct sales were $32.0 billion, including $17.8 billion from apparel wholesaling and $5.2 billion from apparel manufacturing. The total (direct and indirect) economic impact was substantial: 199,100 direct and indirect jobs and total output of $62.4 billion. State/local personal income and sales taxes generated directly and indirectly by this sector totaled $577.6 million.

The fashion industry in Orange County is smaller but runs the gamut from the refined designs of St. John Knits to high-profile action sportswear, such as Quiksilver and Hurley, and swimwear such as Lunada Bay. In 2009, there were 707 fashion-related businesses with 10,700 direct jobs creating 21,100 total (direct and indirect) jobs in the region. State/local personal income and sales taxes generated directly and indirectly by this sector were $69.6 million.

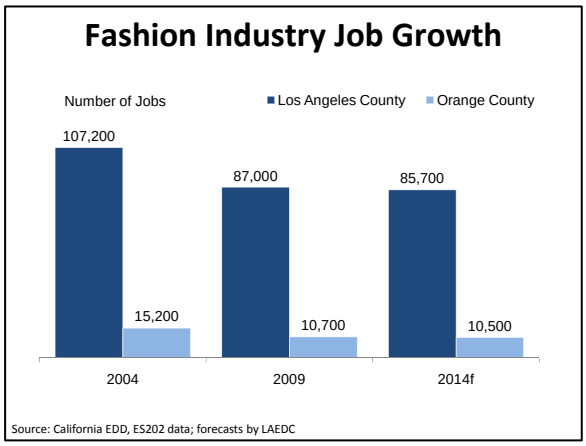
Table 15: Economic Impact of the Fashion Industry, 2009

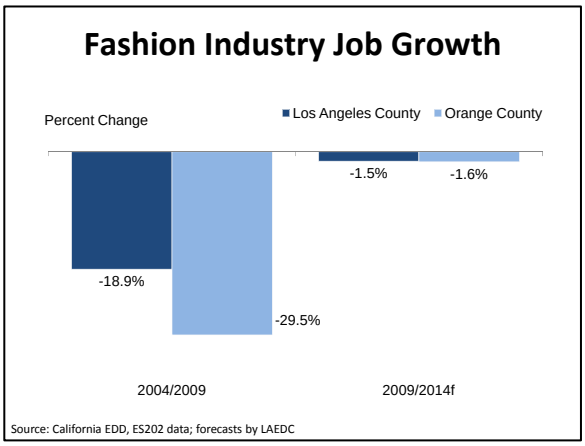
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	6,689	87,000	$3,226.7	6,251	$62.4	199,100	$577.6
Orange County	707	10,700	473.2	1,272	8.2	21,100	69.6
Total	7,396	97,700	$3,699.9	7,523	$70.5	220,200	$647.1

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Furniture and Home Furnishings

This grouping includes firms that manufacture, warehouse, import and export furniture, the furniture "marts," such as the Pacific Design Center and the L.A. Mart, textile product mills (e.g., sheets, toweling, and curtains), and china and pottery producers. Like apparel, these items are frequently designed in the region, produced in Asia and shipped back through the local ports. The furniture marts have annual shows that attract buyers from around the nation.

In Los Angeles County, this segment accounted for 28,400 direct jobs during 2009 and estimated sales of $9.7 billion. Furniture wholesaling (which includes import/export and warehousing as well as wholesale distribution) accounted for $5.4 billion, and furniture manufacturing for $2.6 billion. The total economic impact was approximately 62,400 direct and indirect jobs and output of $18.9 billion. State and local tax revenues generated directly and indirectly by the sector were $186.8 million.

Orange County had 8,600 people working in this industry during 2009 with estimated revenues totaling $2.5 billion. The total economic impact was 18,500 jobs. State/local tax revenues generated directly and indirectly by the sector were $62.0 million.

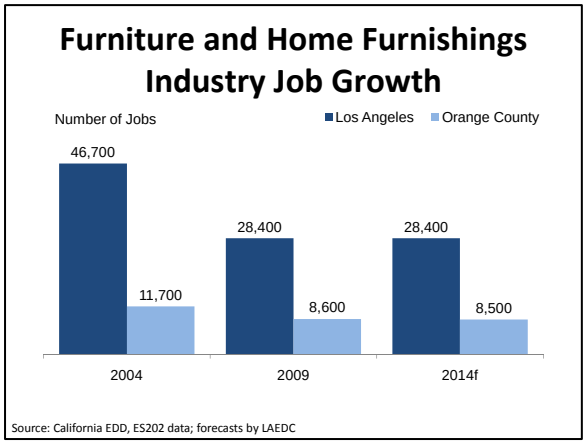
Table 16: Economic Impact of the Furniture and Home Furnishings Industry, 2009

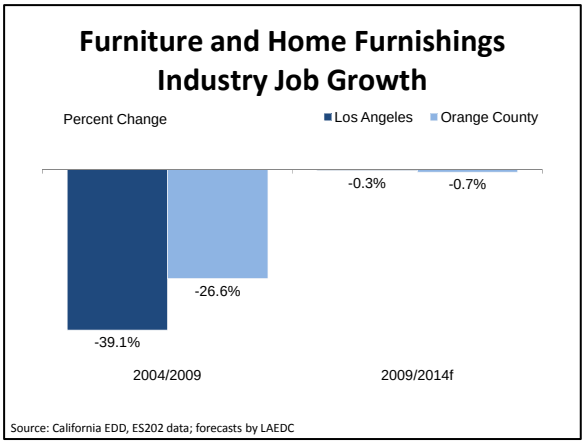
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	1,803	28,400	$1,097.1	1,495	$18.9	62,400	$186.8
Orange County	539	8,600	371.2	442	4.7	18,500	62.0
Total	2,342	37,000	$1,468.3	1,937	$23.6	80,900	$248.8

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Product and Industrial Design

Many product and industrial designers are direct employees of companies that produce and sell a wide variety of products. The data in this report already capture those working in creative industries like apparel or furniture but do not include those working in other industries (e.g., aerospace or custom fabricated metal products). The figures shown in Table 17 below reflect only specialized design firms that serve as outside contractors or independent consultants to manufacturers and construction firms.

Though it is difficult to quantify, the real design base in the area is much, much larger than shown. A large number of designers work at the 22 automotive advanced concept studios located in Southern California and are classified as "automotive industry employees." Another example is WET Design, located in Sun Valley. WET designs and manufactures unique water fountains featuring music and decorative visual displays. Yet, this firm is classified as a "manufacturer of other fabricated metal products"!

In Los Angeles County during 2009, there were 600 direct workers in the independent product and industrial design industry, and revenues for this activity were $76.7 million. The total economic impact yielded 1,000 total jobs and economic output of $156 million. Orange County has some heft in this sector, with 400 direct jobs in 2009, and revenues for this activity were $94.1 million. The total economic impact was 700 jobs.

Kathleen Milnes, CEO of the Entertainment Economy Institute, recently researched occupations requiring product design skills. See the end of this document for her special report commissioned by Otis, "*Opportunities in the Arts are Larger than they Appear: An Analysis of Product Design Employment Across California's Industries*".

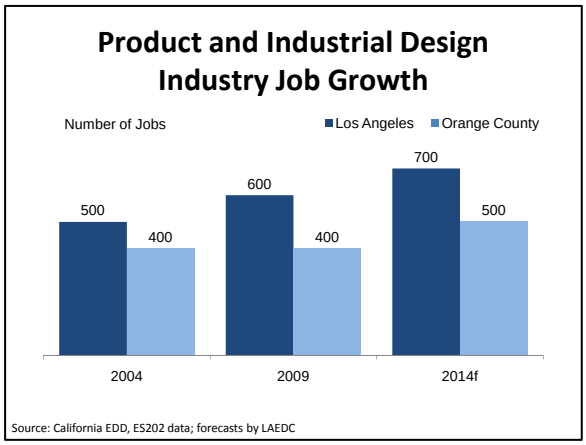
Table 17: Economic Impact of the Product/ Industrial Design Industry, 2009

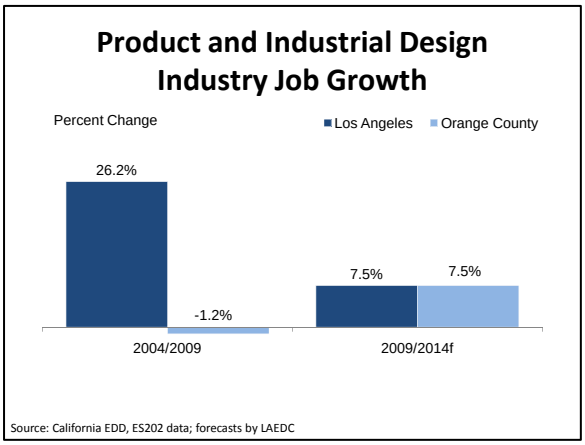
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	128	600	$39.2	n/a	$0.2	1,000	$5.3
Orange County	61	400	36.1	n/a	0.2	700	4.7
Total	189	1,000	$75.3	---	$0.3	1,700	$9.9

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Toys

While the job numbers may look modest, Southern California is a major force in the toy industry, having introduced a number of "firsts" to toy boxes the world over – including marquee names like Barbie and Hot Wheels. The business names include Mattel (the world's largest toy maker), Spinmaster, Jakks Pacific, Funrise, Mega Toys, and Imperial Toys. Even East Coast based Hasbro employs designers in Southern California. Much of the actual manufacturing takes place in Asia, but most design and marketing functions have been retained in the Los Angeles region because of the local creative talent pool and supportive training programs. The Southern California toy industry also benefits from its close ties to the area's entertainment industry through licensing agreements with the major film studios.

In Los Angeles County, there were 4,700 direct jobs in toy manufacturing and wholesaling during 2009, while sales totaled $4.0 billion. The total (direct and indirect) economic impact of the toy industry was 12,700 direct & indirect jobs and economic output of $7.6 billion. Taxes associated with this industry were nearly $64.0 million.

Toys had a much lower profile in Orange County, where there were 500 direct jobs in 2009, generating 1,300 jobs in total. State personal income and sales taxes generated directly and indirectly by this sector totaled $5.6 million.

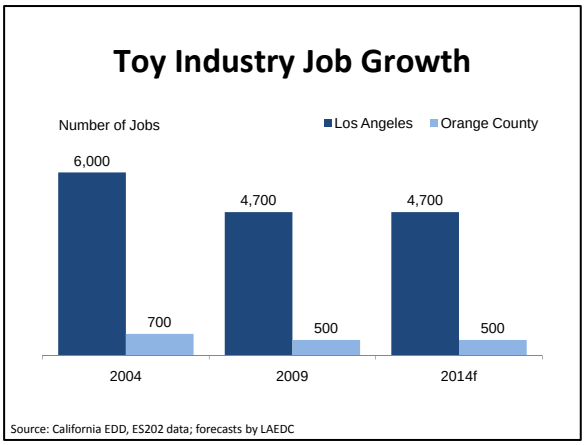
Table 18: Economic Impact of the Toy Industry, 2009

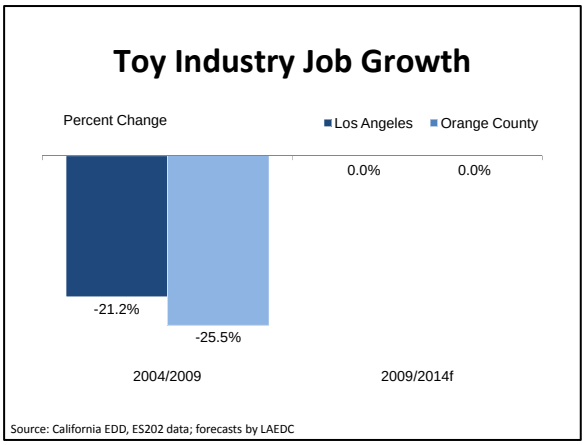
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	245	4,700	$389.6	380	$7.6	12,700	$64.0
Orange County	43	500	39.0	117	0.7	1,300	5.6
Total	288	5,200	$428.6	497	$8.3	14,000	$69.6

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Visual and Performing Arts

This grouping includes visual and performing arts schools and related programs at Los Angeles area colleges and universities, theater and dance companies, musical groups, other performing arts companies and museums, as well as independent artists, writers, entertainers and their agents and managers. Many of these firms are non-profit organizations. In addition to the official employment numbers, the LAEDC conducted a survey of universities, colleges, and technical and trade schools providing degree programs in the visual and performing arts. We included them in the 2009 employment figures in Table 19 below.

There were 32,300 direct jobs in this sector in Los Angeles County during 2009 (including 3,700 jobs from the LAEDC survey), and estimated revenues totaled $9.8 billion (with $5.8 billion earned by independent artists). The total economic impact included 55,200 jobs and output of $24.0 billion. The state tax revenues generated directly and indirectly by this sector came to $653.3 million in 2009.

In Orange County, the visual and performing arts industry had 3,600 direct jobs (200 jobs from the LAEDC survey) with total revenues of $444.0 million. The total economic impact of this industry was 6,000 jobs and output of $800 million. The tax revenues generated directly and indirectly by this sector came to $18.4 million in 2009. (*See table 26, page 39 for a list of educational programs*)

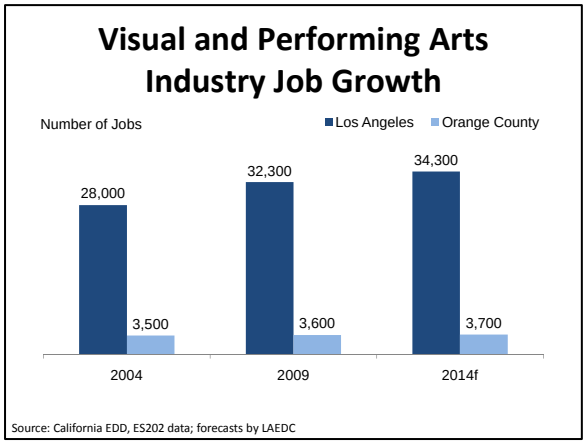
Table 19: Economic Impact of the Visual and Performing Arts Industry, 2009

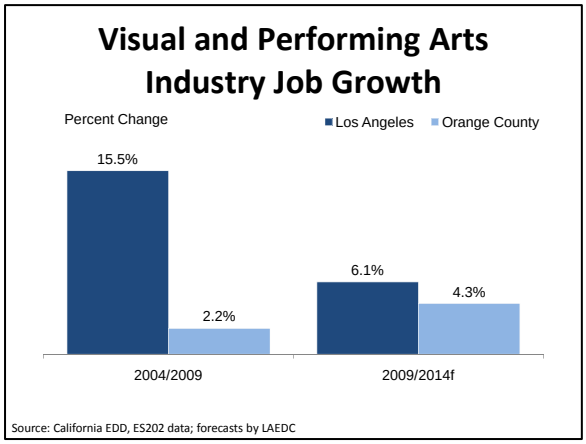
					Total (Direct +Indirect) Impact		
Area	Establishments	Jobs	Payroll ($millions)	Nonemployer Estab (2008)	Output ($billions)	Jobs	Taxes[1] ($millions)
Los Angeles County	8,522	32,300	$4,928.4	64,880	$24.0	55,200	$653.3
Orange County	415	3,600	113.0	8,054	0.8	6,000	18.4
Total	8,937	35,900	$5,041.3	72,934	$24.8	61,200	$671.8

Notes:

[1]State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers

Sources: California EDD, QCEW data, Bureau of the Census; indirect impacts estimated by LAEDC





Statistical Appendix

Notes on Methodology

In 2007, the LAEDC, commissioned by Otis College of Art and Design, undertook the first comprehensive analysis of the creative economy's impact in the Los Angeles region. This current study is the fourth in the annual series. The "creative" economy examined in our reports encompasses the following ten areas: architecture and interior design, art galleries, communication arts, digital media, entertainment, fashion, furniture and home furnishings, product and industrial design, toys, and visual and performing arts.

The 2010 report is a revision and an update to the research carried out from 2007 through 2009. Data were collected on employment, payrolls, and revenues/shipments for all the component sectors in Los Angeles and Orange counties from the Bureau of the Census, the Bureau of Labor Statistics and the California Employment Development Department. Calculations were made of indirect employment[3], the overall economic impact, and the state and local taxes generated by these industries using specific sector inputs from the RIMS II model created by the U.S. Bureau of Economic Analysis. In 2009, an employment forecast was added to the report. The numbers were truly impressive.

The data in the 2010 report reflect an evolutionary process over several years.

- The 2005 figures cited in the initial 2007 report for employment and payrolls were partially based on samples. The 2009 figures in this report come directly from the California Employment Development Department (EDD) and are based on unemployment tax payments that all firms with employees are required to make into the state unemployment insurance fund. These data are the best available for this type of information.
- In addition to using employment data from the EDD, the LAEDC surveyed local universities and colleges and trade and technical schools in 2008 to learn how many faculty and staff were involved in their visual and performing arts programs. We included these people in subsequent reports.
- The S/S/R (sales/shipments/receipts) estimates are based on data from the 2002 and 2007 Economic Censuses. For years between the Censuses (like 2004), we adjusted the Los Angeles County and Orange County industry shares as indicated by the two censuses and increased or decreased regional sales based on the S/S/R of the various industries at the national level. For years after 2008 (like 2009), we assumed the regional industries' shares were maintained at the 2007 level.
- Complete information is not publicly available on the sales, shipments, and receipts of all the creative industries in the region. The reason for this non-disclosure is the official policy of confidentiality. The government does not want to publish any data that might allow knowledgeable persons to estimate the sales of any single firm. This policy affects the smaller creative industries in Orange County and also the large motion picture industry in both counties. All of our statements about receipts in Orange County should be considered on the low side. The actual figures are surely higher than shown.

[3] Direct employees are the people working in the industry. Indirect employees work for firms in the supplier industries, and also for suppliers of consumer products who sell goods and services to both the direct workers and the employees of the supplier firms.

Table 20: Economic Impact of the Creative Industries, 2009

Los Angeles County Industry	Establishments	Jobs (1,000s)	Payroll ($millions)	Nonemployer Estab (2008)	Total (Direct + Indirect) Impact Output ($billions)	Jobs	Taxes* ($millions)
Architecture/Interior Design	1,697	9,800	730.0	3,446	4.5	19,400	97.0
Art Galleries	246	900	36.6	635	0.9	1,300	5.5
Communication Arts	1,653	16,100	1,522.1	17,599	5.9	35,200	215.2
Digital Media	170	5,800	787.3	n.a	7.2	17,300	105.6
Entertainment	5,626	118,700	11,370.0	17,781	129.4	354,900	2,407.9
Fashion	6,689	87,000	3,226.7	6,251	62.4	199,100	577.6
Furniture/Home Furnishings	1,803	28,400	1,097.1	1,495	18.9	62,400	186.8
Toys	245	4,700	389.6	380	7.6	12,700	64.0
Product/Industrial Design	128	600	39.2	n.a.	0.2	1,000	5.3
Visual and Performing Arts	8,522	32,300	4,928.4	64,880	24.0	55,200	653.3
Total	**26,779**	**304,400**	**24,126.8**	**112,467**	**260.9**	**758,500**	**4,318.1**

Orange County Industry	Establishments	Jobs (1,000s)	Payroll ($millions)	Nonemployer Estab (2008)	Total (Direct + Indirect) Impact Output ($billions)	Jobs	Taxes* ($millions)
Architecture/Interior Design	789	4,500	324.8	1,201	2.6	8,700	41.0
Art Galleries	68	300	7.2	207	0.1	400	1.1
Communication Arts	570	3,200	225.3	5,744	1.4	6,400	29.5
Digital Media	108	4,300	531.2	n.a.	6.4	9,400	62.4
Entertainment	191	1,800	121.8	1,293	0.4	4,700	19.8
Fashion	707	10,700	473.2	1,272	8.2	21,100	69.6
Furniture/Home Furnishings	539	8,600	371.2	442	4.7	18,500	62.0
Product/Industrial Design	61	400	36.1	n.a.	0.2	700	4.7
Toys	43	500	39.0	117	0.7	1,300	5.6
Visual and Performing Arts	415	3,600	113.0	8,054	0.8	6,000	18.4
Total	**3,491**	**37,900**	**2,242.6**	**18,330**	**25.4**	**77,200**	**314.0**

Notes:

*State personal income tax and sales tax generated by earnings and spending of the direct and indirect workers.

Details may not add to totals due to rounding

Sources: Califonria EDD, ES202 data; Bureau of the Census; indirect impacts estimated by LAEDC

Table 21: Number of Jobs in the Creative Industries of Los Angeles County, 2004 vs. 2009

Creative Industry	NAICS Code	Avg. Number of Jobs (1,000s) 2004	2009	2004-2009 Change Number	Percent
Architecture and Interior Design:		**9.9**	**9.8**	**-0.1**	**-1.0%**
Architectural Sevices	54131	7.2	7.1	-0.2	-2.1%
Landscape Design	54132	1.0	1.0	0.0	-2.4%
Interior Design	54141	1.7	1.8	0.1	4.2%
Art Galleries	45392	**1.0**	**0.9**	**-0.1**	**-14.7%**
Communication Arts:		**15.2**	**16.1**	**0.9**	**6.1%**
Graphic Design	54143	4.7	4.3	-0.4	-8.4%
Advertising Agencies	54181	10.5	11.8	1.3	12.6%
Digital Media:		**5.1**	**5.8**	**0.7**	**14.5%**
Software Publishers	5112	5.1	5.8	0.7	14.5%
Entertainment:		**137.6**	**118.7**	**-18.9**	**-13.7%**
Sound Recording	5122	3.6	3.1	-0.5	-13.3%
Cable Broadcasting	5152	5.4	6.3	0.9	15.8%
Motion Picture/Video Production	51211	118.2	98.4	-19.8	-16.8%
Motion Picture Distribution	51212	1.9	2.4	0.5	26.1%
Post Production Services	51219	8.5	8.6	0.1	0.7%
Fashion:		**107.2**	**87.0**	**-20.2**	**-18.9%**
Textile Mills Manufacturing	313	10.9	7.7	-3.2	-29.7%
Apparel Manufacturing	315	64.8	48.1	-16.7	-25.8%
Apparel Wholesaling	4243	14.9	17.2	2.3	15.5%
Footwear Manufacturing	3162	0.9	0.5	-0.4	-40.0%
Footwear Wholesaling	42434	2.9	2.7	-0.2	-6.9%
Women's Handbag Manufacturing	316992	0.1	0.0	-0.1	-83.0%
Cosmetics Manufacturing	32562	4.7	4.2	-0.5	-10.3%
Jewelry Manufacturing	33991	2.7	1.3	-1.4	-51.5%
Jewelry Wholesaling	42394	4.4	3.8	-0.6	-12.6%
Other Specialized Design Svc	54149	0.9	1.4	0.5	51.1%
Furniture and Home Furnishings:		**46.7**	**28.4**	**-18.3**	**-39.1%**
Textile Product Mills	314	7.1	4.6	-2.5	-35.2%
Furniture Manufacturing	337	26.6	13.9	-12.7	-47.9%
Furniture Wholesaling	4232	9.6	7.5	-2.1	-21.6%
Electric Lighting Fixtures	33512	3.4	2.4	-1.0	-28.5%
Product/Industrial Design	54142	**0.5**	**0.6**	**0.1**	**26.2%**
Toys:		**6.0**	**4.7**	**-1.3**	**-21.2%**
Toy Manufacturing	33993	2.2	1.5	-0.7	-32.6%
Toy Wholesaling	42392	3.8	3.2	-0.6	-14.6%
Visual and Performing Arts Providers:		**28.0**	**32.3**	**4.3**	**15.5%**
Fine and Performing Arts Schools	61161	2.6	3.1	0.5	21.0%
*Programs at colleges and universities**	6113	na	3.0	---	---
*Programs at technical and trade schools**	6115	na	0.7	---	---
Theater Companies	71111	1.4	2.0	0.6	44.7%
Dance Companies	71112	0.1	0.1	0.0	22.0%
Musical Groups	71113	4.5	3.0	-1.5	-32.9%
Other Performing Arts Cos.	71119	0.1	0.1	0.0	36.0%
Agents & Managers of Artists, etc.	71141	4.5	6.5	2.0	45.1%
Independent Artists, Writers, etc.	71151	10.9	9.7	-1.2	-10.8%
Museums	71211	3.5	3.6	0.1	3.0%
Musical Instrument Manufacturing	339992	0.4	0.3	-0.1	-18.5%
TOTAL		**357.2**	**304.4**	**-52.8**	**-14.8%**

* LAEDC's survey of degree programs offered by visual and performing arts schools/department in colleges/universities, trade and technical schools in Los Angeles County.
Source: California Employment Development Department, Labor Market Information Division, ES202 data.

Table 22: Number of Jobs in the Creative Industries of Orange County, 2004 vs. 2009

Creative Industry	NAICS Code	Avg. Number of Jobs (1,000s) 2004	2009	2004-2009 Change Number	Percent
Architecture and Interior Design:		**6.4**	**4.5**	**-1.9**	**-29.4%**
Architectural Sevices	54131	3.8	2.8	-1.1	-27.7%
Landscape Design	54132	1.7	1.1	-0.6	-36.3%
Interior Design	54141	0.9	0.7	-0.2	-24.3%
Art Galleries	45392	**0.4**	**0.3**	**-0.2**	**-37.0%**
Communication Arts:		**4.8**	**3.2**	**-1.6**	**-32.6%**
Graphic Design	54143	1.4	1.1	-0.4	-24.3%
Advertising Agencies	54181	3.4	2.1	-1.2	-36.2%
Digital Media:		**3.5**	**4.3**	**0.8**	**22.7%**
Software Publishers	5112	3.5	4.3	0.8	22.7%
Entertainment:		**2.0**	**1.8**	**-0.2**	**-11.8%**
Sound Recording	5122	0.2	0.1	-0.1	-53.3%
Cable Broadcasting	5152	1.2	1.0	-0.2	-14.9%
Motion Picture/Video Production	51211	0.6	0.6	0.1	9.6%
Post-Production Services	51219	0.1	0.1	0.0	-27.1%
Fashion:		**15.2**	**10.7**	**-4.5**	**-29.5%**
Textile Mills Manufacturing	313	1.3	0.7	-0.6	-43.0%
Apparel Manufacturing	315	10.0	6.7	-3.3	-32.8%
Apparel Wholesaling	4243	1.9	1.7	-0.2	-10.7%
Footwear Wholesaling	42434	0.5	0.6	0.1	21.4%
Cosmetics Manufacturing	32562	0.4	0.3	-0.1	-32.2%
Jewelry Manufacturing	33991	0.3	0.1	-0.1	-50.7%
Jewelry Wholesaling	42394	0.6	0.3	-0.3	-50.5%
Other Specialized Design Svc	54149	0.2	0.2	0.0	-1.4%
Furniture and Home Furnishings:		**11.7**	**8.6**	**-3.1**	**-26.6%**
Textile Product Mills	314	2.9	1.8	-1.0	-35.4%
Furniture Manufacturing	337	5.9	4.0	-1.9	-31.9%
Furniture Wholesaling	4232	2.0	1.4	-0.5	-27.2%
Electric Lighting Fixtures	33512	1.0	1.3	0.3	30.8%
Product/Industrial Design	54142	**0.4**	**0.4**	**0.0**	**-1.2%**
Toys:		**0.7**	**0.5**	**-0.2**	**-25.5%**
Toy Manufacturing	33993	0.2	0.1	-0.1	-60.4%
Toy Wholesaling	42392	0.5	0.5	-0.1	-11.9%
Visual and Performing Arts Providers:		**3.5**	**3.6**	**0.1**	**2.2%**
Fine and Performing Arts Schools	61161	0.8	0.9	0.1	13.6%
*Programs at colleges and universities**	6113	na	0.2	---	---
Theater Companies	71111	0.9	0.8	-0.1	-14.8%
Musical Groups	71113	0.2	0.3	0.0	14.5%
Other Performing Arts Companies	71119	0.1	0.1	0.0	-27.1%
Agents & Managers of Artists, etc.	71141	0.1	0.1	-0.1	-53.9%
Independent Artists, Writers, etc.	71151	0.8	0.7	0.0	-3.2%
Museums	71211	0.3	0.4	0.0	11.4%
Musical Instrument Manufacturing	339992	0.2	0.2	0.0	-20.8%
TOTAL		**48.7**	**37.9**	**-10.7**	**-22.1%**

*LAEDC's survey of degree programs offered by visual and performing arts schools/department in colleges/universities, trade and technical schools in Los Angeles County.
Source: California Employment Development Department, Labor Market Information Division, ES202 data.

Table 23: Los Angeles County Nonprofit Segment

	NAICS Code	Establishments	S/S/R ($millions)	Annual Payroll ($millions)	Jobs
2007					
Visual & Performing Arts Schools	**61161**	**62**	**$70.2**	**$19.3**	**771**
Performing Arts Companies	**7111**	**105**	**---**	**---**	**2,500-4,999**
Theater Companies & Dinner Theaters	71111	57	160.6	52.0	1,887
Musical Groups & Artists	71113	36	---	---	1,000-2,499
Other	71112, 71119	12	---	---	---
Museums	**71211**	**68**	**497.2**	**97.3**	**2,608**
Totals:		**235**	**---**	**---**	**5,900 - 8,400**
2002					
Visual & Performing Arts Schools	**61161**	**73**	**$35.0**	**$10.6**	**607**
Performing Arts Companies	**7111**	**116**	**218.3**	**71.0**	**2,419**
Theater Companies & Dinner Theaters	71111	55	121.6	37.4	1,539
Musical Groups & Artists	71113	48	---	---	500-999
Other	71112, 71119	13	---	---	---
Museums	**71211**	**55**	**262.1**	**96.3**	**2,711**
Totals:		**244**	**$515.4**	**$177.9**	**5,737**
% Change 2002 vs. 2007					
Visual & Performing Arts Schools	**61161**	**-15.1%**	**100.6%**	**83.2%**	**27.0%**
Performing Arts Companies	**7111**	**-9.5%**	**---**	**---**	**---**
Theater Companies & Dinner Theaters	71111	3.6%	32.0%	38.8%	22.6%
Musical Groups & Artists	71113	-25.0%	---	---	---
Other	71112, 71119	-7.7%	---	---	---
Museums	**71211**	**23.6%**	**89.7%**	**1.0%**	**-3.8%**
Totals:		**-3.7%**	**---**	**---**	**---**

Source: U.S. Department of Commerce, Census Bureau, 2002 and 2007 Economic Census

Table 24: Orange County Nonprofit Segment

	NAICS Code	Establishments	S/S/R ($millions)	Annual Payroll ($millions)	Jobs
2007					
Visual & Performing Arts Schools	**61161**	**17**	**$6.6**	**$2.4**	**148**
Performing Arts Companies	**7111**	**20**	**---**	**---**	**1,000-2,499**
Theater Companies & Dinner Theaters	71111	13	95.2	20.8	905
Musical Groups & Artists	71113	4	---	---	100-249
Other	71112, 71119	3	---	---	---
Museums	**71211**	**19**	**---**	**---**	**250-499**
Totals:		**56**	**---**	**---**	**1,400 - 3,100**
2002					
Visual & Performing Arts Schools	**61161**	**15**	**---**	**---**	**---**
Performing Arts Companies	**7111**	**16**	**$85.9**	**$23.3**	**1,443**
Theater Companies & Dinner Theaters	71111	7	---	---	1,000-2,499
Musical Groups & Artists	71113	5	---	---	100-249
Other	71112, 71119	4	---	---	---
Museums	**71211**	**17**	**---**	**---**	**250-499**
Totals:		**48**	**---**	**---**	**1700 - 1,900**
% Change 2002 vs. 2007					
Visual & Performing Arts Schools	**61161**	**13.3%**	**---**	**---**	**---**
Performing Arts Companies	**7111**	**25.0%**	**---**	**---**	**---**
Theater Companies & Dinner Theaters	71111	85.7%	---	---	---
Musical Groups & Artists	71113	-20.0%	---	---	---
Other	71112, 71119	-25.0%	---	---	---
Museums	**71211**	**11.8%**	**---**	**---**	**---**
Totals:		**16.7%**	**---**	**---**	**---**

Source: U.S. Department of Commerce, Census Bureau, 2002 and 2007 Economic Census

Table 25: Los Angeles-Orange County Region Nonprofit Segment

	NAICS Code	Establishments	S/S/R ($millions)	Annual Payroll ($millions)	Jobs
2007					
Visual & Performing Arts Schools	**61161**	**79**	**$76.8**	**$21.8**	**919**
Performing Arts Companies	**7111**	**125**	**---**	**---**	**3,500-7,499**
Theater Companies & Dinner Theaters	71111	70	255.8	72.7	2,792
Musical Groups & Artists	71113	40	---	---	1,100-2.749
Other	71112, 71119	15	---	---	---
Museums	**71211**	**87**	**497.2**	**97.3**	**2,900-3,100**
Totals:		**291**	**---**	**---**	**7,300 - 11,500**
2002					
Visual & Performing Arts Schools	**61161**	**88**	**$35.0**	**$10.6**	**607**
Performing Arts Companies	**7111**	**132**	**304.2**	**94.4**	**3,862**
Theater Companies & Dinner Theaters	71111	62	121.6	37.4	2539-4,038
Musical Groups & Artists	71113	53	---	---	600-1,249
Other	71112, 71119	17	---	---	---
Museums	**71211**	**72**	**262.1**	**96.3**	**2,961-3,210**
Totals:		**292**	**$601.3**	**$201.2**	**7,400-7,700**
% Change 2002 vs. 2007					
Visual & Performing Arts Schools	**61161**	**-10.2%**	**119.4%**	**106.3%**	**51.4%**
Performing Arts Companies	**7111**	**-5.3%**	**---**	**---**	**---**
Theater Companies & Dinner Theaters	71111	12.9%	110.3%	94.3%	---
Musical Groups & Artists	71113	-24.5%	---	---	---
Other	71112, 71119	-11.8%	---	---	---
Museums	**71211**	**20.8%**	**89.7%**	**1.0%**	**---**
Totals:		**-0.3%**	**---**	**---**	**---**

Source: U.S. Department of Commerce, Census Bureau, 2002 and 2007 Economic Census

Table 26: Universities, Colleges, Trade & Technical Schools in L.A. & Orange Counties Offering Degree Programs in the Creative Industries, 2010 (includes non-profit & for-profit institutions)

Independent Visual and Performing Arts Colleges	
Art Center College of Design	Laguna College of Art and Design
California Institute of the Arts	New York Film Academy, Los Angeles
The Colburn School	Otis College of Art and Design
Columbia College Hollywood	Southern Calif. Institute of Architecture
L.A. Film School	
Colleges and Universities	
American Film Institute	Mount St. Mary's College
Azusa Pacific University	Occidental College
Biola University	Pepperdine University
Calif. State Polytechnic University, Pomona	Pitzer College
Calif. State University, Dominguez Hills	Pomona College
Calif. State University, Fullerton	Scripps College
Calif. State University, Long Beach	University of California, Irvine
Calif. State University, Los Angeles	University of California, Los Angeles
Calif. State University, Northridge	University of LaVerne
Chapman University	University of Redlands
Claremont Graduate University	University of Southern California
Claremont McKenna College	Vanguard University of So. California
Concordia University, Irvine	Whittier College
Loyola Marymount University	Woodbury University
Community Colleges	
Cerritos College	Los Angeles Harbor College
Citrus College	Los Angeles Mission College
Coastline Community College	Los Angeles Pierce College
College of the Canyons	Los Angeles Southwest College
Cypress College	Los Angeles Trade & Technical College
East Los Angeles College	Los Angeles Valley College
El Camino College	Moorpark College
Fashion Institute of Design and Merchandising, Los Angeles	Orange Coast College
Fashion Institute of Design and Merchandising, Orange County	Pasadena City College
Fullerton College	Rio Hondo College
Glendale Community College	Saddleback College
Golden West College	Santa Ana College
Irvine Valley College	Santa Monica College
Los Angeles City College	Santiago Canyon College
	West Los Angeles College

Opportunities in the Arts Are Larger Than They Appear:

An Analysis of Product Designer Employment across California's Industries

Kathleen A. Milnes
President and CEO
The Entertainment Economy Institute
Adjunct Assistant Professor – Digital Media
Otis College of Art and Design
October 2010

This is second in a series of special studies on the creative economy commissioned by Otis College of Art and Design (www.otis.edu) to accompany the annual Otis Report on the Creative Economy of the Los Angeles Region. The inaugural study in 2009 covered digital artists and animators.

Think about your average day, you turn off the alarm clock, get out of bed, go into the bathroom, turn on the light, run the faucet, and brush your teeth. Then you go into the kitchen, flip on the TV, open the refrigerator, pop some toast in the toaster, and start the coffee. After breakfast you jump in your car to go to work (with cell phone in hand), and your kids take off on their bikes for school. In less than an hour, everything you have touched has been created by a product designer – or what the government calls "Commercial and Industrial Designers." The Bureau of Labor Statistics states "Commercial and industrial designers combine the fields of art, business, and engineering to design the products people use every day. In fact, these designers are responsible for the style, function, quality, and safety of almost every manufactured good. " [1]

The most common way to look at economic and workforce development is by analyzing total industry employment by specific industry sector. This is the methodology used by the Los Angeles Economic Development Corporation in the 2010 Otis Report on the Creative Economy of the Los Angeles Region. However, the government also tracks employment by occupation regardless of industry. The purpose of this paper is to look at how product designers are employed across industry sectors in various occupational categories. In addition to Commercial and Industries Designers, the Bureau of Labor Statistics covers related occupations such as jewelers and precious stone and metal workers, plastic and wood model makers, craft artists, and "designers, all other."

Although overall unemployment is high (in California it stood at 12.3 percent in August 2010), the job prospects for Product Designers continue to be excellent. Nationally, total employment of product designers stands at 44,300. The U. S. Bureau of Labor Statistics projects a 9% growth between 2008 and 2018. The California Labor Market Information Division reports that product designers in California are expected to grow by 7.3% during the same time period. California currently employs about 10% of all product designers. Total openings due to net replacements are estimated at 1,300 positions over the 10 year period. More than half of those openings will be in Los Angeles and Orange Counties. And, nearly 27% of commercial and industrial designers are self-employed.

Another positive element is that these designers are well paid across the state. The median annual wage is $67,047 (median hourly of $32.24) with the highest wages in Silicon Valley ($79,296). Los Angeles comes in at $66,714 and Orange County at $69,815. Such figures compare well to the median annual wage for all California payroll workers which is $37,275. From 2005 to 2009, product designers' median annual wages went up 16.8% compared to 13.4% for all workers in California. The Consumer Price Index went up 9.4% during that same period.

Product Designers are employed in 69 different industry sectors. This shouldn't come as a surprise as the vast majority of industries produce some type of manufactured good and that manufactured good has a designer somewhere in the production pipeline. The Industrial Design Association of America (www.idsa.org) gives their annual design awards in 18 different categories. They are Commercial and

[1] Bureau of Labor Statistics *www.bls.gov/oco/ocos290.htm*

Industrial Products, Communication Tools, Computer Equipment, Design Strategy, Ecodesign, Entertainment, Environments, Home Living, Interactive Product Experiences, Medical and Scientific Products, Office Productivity, Packaging and Graphics, Personal Accessories, Research, Service Design, Transportation, Leisure and Recreation and Student Designs. Winning designs from the 2010 competition ranged from an electrosurgery unit tester, the Jawbone icon phone headset, an LED traffic light, a heating humidifier with a built in air purifier, TruFocals eye glasses, a lightweight folding self-propelled skate called a Freerider, the first perfectly balanced and torque-free golf putter, Method super concentrated laundry detergent packaging and other amazing things you know you want to own!

Below is a chart showing the top industries employing commercial and industrial designers in the U. S.

Industry	2008		Projected 2018		Change, 2008-2018	
	Employment (in thousands)	Percent of Occupation	Employment (in thousands)	Percent of Occupation	Number (in thousands)	Percent
Total employment, all workers	**44.3**	**100.00**	**48.3**	**100.00**	**4.0**	**9.0**
Self-employed workers; all jobs	11.8	26.70	12.4	25.76	0.6	5.1
Management of companies and enterprises	3.4	7.61	3.5	7.30	0.2	4.5
Specialized design services	3.3	7.55	5.9	12.25	2.6	76.7
Architectural and landscape architectural services	0.9	1.96	1.0	2.08	0.1	15.6
Plastics product manufacturing	0.9	2.13	0.9	1.80	-0.1	-7.9
Employment services	0.8	1.79	1.0	1.97	0.2	20.1
Motor vehicle parts manufacturing	0.8	1.89	0.7	1.37	-0.2	-21.1
Research and development in the physical, engineering, and life sciences	0.6	1.40	0.8	1.56	0.1	21.9
Miscellaneous durable goods merchant wholesalers	0.6	1.33	0.6	1.32	0.0	8.4
Converted paper product manufacturing	0.5	1.08	0.4	0.77	-0.1	-22.1

Source: California Labor Market Information Division

Except for specialized design services and architecture and landscape services, these industry sectors are not covered in the 2010 Report on the Creative Economy because their end products are not part of a defined "creative sector". It is particularly interesting to note the large projected growth in specialized design services. One explanation is that companies may be reducing or eliminating in-house design staff in favor of smaller specialized firms that only do design. These firms will provide design services for many different clients – perhaps in many different industry sectors.

A further complication is that product design skills are now embedded in many other occupations within other industries. Since the employer determines the occupational classification of their own employees, many of these workers will not be reported as product designers but perhaps as electrical or aerospace engineers. But this actually bodes well for product designers as there are large numbers of employers in the industries that employ product designers. See chart below for California employers in some of these sectors.

INDUSTRY TITLE	# OF EMPLOYERS IN CALIFORNIA	% OF TOTAL EMPLOYMENT OF PRODUCT DESIGNERS IN CALIFORNIA
Specialized Design Services	12,743	14.5%
Misc. Durable Goods Merchant Wholesalers	15,967	2.4%
Architectural and Engineering Services	24,146	2.5%
Motor Vehicle Parts Manufacturer	585	1.0%

Source: California Labor Market Information Division

With at least 22 automotive design studios in Southern California, one might wonder why Motor Vehicle Parts and not just the general automotive category are listed. While the official government codes assigned to each company are confidential, a company called InfoUSA does provide these NAICS codes on the state's labor market information site. Using that information, a look at some well-known design studios and automobile manufacturers offers some interesting insights. For example, several of the automobile manufacturers with in-house design centers are classified as Wholesale Trade Agents and Brokers. One of the top foreign auto design firms shows up with Graphic Design as their industry classification. While it may seem we live in our cars, it does seem unusual that a third major auto company design studio is oddly classified as Residential Remodelers!

Are our educational institutions training enough workers to fill the expected demand? The answer appears to be "not quite." According to the National Center for Educational Statistics, the total number of training program completers nationally for the 2007-08 year amounted to about 88% of the projected annual demand for commercial and industrial designers.

Let's turn for a moment to other occupations related to commercial and industrial designers such as craft artists. In 2008, there were 13,400 craft artists across the U. S. and the 2018 projections indicate a 7.4% increase to 14,600 people. The average annual openings are estimated at 400 workers. These craft artists work for clay product and refractory manufacturing, glass and glass product manufacturing

and museums, historical sites and similar institutions. [2] Self employment among this occupation is significantly higher at 60%. In May 2009, there were 10, 510 people employed nationally as "Designers, all others" with a mean annual wage of $54,420. The industries with the highest concentration of "designers, all others" were architectural, engineering and related services, specialized design services, management of companies and enterprises, employment services and home furnishing stores. [3]

As with the motion picture industry, California has established a strong presence in this area. However, as with all maturing industries, companies begin to search for lower cost labor to fill the growing demands. An important fact in the Report is that while manufacturing is experiencing continued decreases in employment*, 'The trend toward retaining local design and quality control while outsourcing production overseas is well entrenched in these sectors and will certainly continue in the next five years'* Southern California is in a unique position to maintain its hold on these creative workers, as we have a specialized infrastructure of institutions that provide training as well as challenging opportunities for artists to work across industry sectors. These industries all rely on a continuous supply of innovation, inspiration and new ideas. While designers have always tried to identify and design products that fit consumers' needs, more designers are now focused on creating that product before a competitor does. More of today's designers must also focus on creating innovative products as well as considering the style and technical aspects of the product.[4] With the proper care and feeding, Southern California should be able to continue its prominence in this field.

[2] Occupational Supply and Demand System http://www.occsupplydemand.org/
[3] U. S. Bureau of Labor Statistics Occupational Employment Statistics http://www.bls.gov/oes/home.htm
[4] BLS Occupational Outlook ibid.

Los Angeles:

America's Artist Super City

Ann Markusen

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For information contact:
Center for Cultural Innovation
244 S. San Pedro Street, Suite 401
Los Angeles, CA 90012
(213) 687-8577
www.cciarts.org

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Los Angeles:
America's Artist Super City

Ann Markusen
Markusen Economic Research Services

For the Center for Cultural Innovation

September 2010

Center for Cultural Innovation | the James Irvine foundation | DCA Department of Cultural Affairs City of Los Angeles

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Artists by Density and Discipline back page
Los Angeles Metropolitan Area
Subregions, 2000

Preface

Los Angeles is widely regarded as one of the creative capitals of the world, yet few would think of it as an "artist super-city" – home to more working artists than any other major metropolis in the United States. This abundance of artists was, in fact, one of the motivations for the Center for Cultural Innovation (CCI) to open its doors in Los Angeles in 2002, to see if innovative programs in business training, grantmaking and community-building could strengthen the support system for artists living here.

Nearly ten years have passed, and CCI's cumulative work with Los Angeles artists has confirmed two things: that many artists are still in great need of support, and that arts organizations, funders and policymakers in the region have not, for the most part, focused enough on individual artists and creative entrepreneurs as important drivers of our creative economy. This apparent paradox – the fact that there are so many creatives in Los Angeles, yet with no coherent plan or infrastructure to support them – led to the commissioning of this paper. Our aim was to provide a 30,000 foot view on working artists in Los Angeles, as well as food for thought about policies and programs that could be undertaken to make Los Angeles a more artist-friendly place to live and work.

The policy brief was authored by Professor Ann Markusen, noted research economist and Director of the Project on Regional and Industrial Economics (PRIE) at the Humphrey Institute of Public Affairs, University of Minnesota, who is currently serving as Fulbright Distinguished Chair at the MacIntosh School of Architecture's Glasgow Urban Lab, where she is conducting a US/UK comparative study of creative cities. She brings considerable enthusiasm and expertise to this effort and we are most grateful for her collaboration.

Our hope is that this work will stimulate new ideas, discussion, strategic planning and civic actions among the many stakeholders who are invested in the future creative and economic vitality of Los Angeles – government officials, philanthropic organizations, business leaders, arts educators, nonprofit organizations and, of course, artists themselves. We are optimistic about the possibilities because Los Angeles already has the human capital in place – it is only ours to lose.

Cora Mirikitani
President and CEO
Center for Cultural Innovation

Executive Summary

Los Angeles' artists produce hidden economic dividends for the Los Angeles region. Alone and with others, musicians, writers, performing and visual artists, designers, and architects create businesses, export their work outside of the region, donate their skills to make Los Angeles a festive and tourist-attracting city, and staff cultural industries, non-profit arts organizations, schools and non-arts companies. Los Angeles hosts the largest pool of artists of any metro in the nation and is the top net attractor of young artists. Yet our conceptions of cultural Los Angeles, dominated by entertainment industry glamour, greatly underestimate the region's creative talent cornucopia. As a result, public policy and philanthropy focus too heavily on buildings, organizations, and tax breaks rather than the artistic prowess that anchors mature culture enterprises and incubates new ones.

This policy brief provides the evidence for Los Angeles' status as America's Artist Super City. It summarizes what we know about what matters to artists in choosing a place to live and work. It explores the human capital infrastructure and services needed to home-grow, attract, nurture and retain artists in Los Angeles. It probes how we can construct a region-wide incubator for artists on the dispersed foundations that already exist. It outlines the kinds of programs and partnerships that work, including references to recent successful innovations elsewhere. It speculates on how stakeholders and policymakers can fashion unique strategies tailored to Los Angeles' treasury of artists and their challenges.

Los Angeles enjoys a clear comparative advantage, even vis-à-vis New York, in its sheer numbers and disciplinary array of artists, the degree to which artists work in the for-profit sector, their relatively high earnings, and the surprising range of industries and communities in which they work. We note the healthy appetite for crossover among Los Angeles area artists – the way they build careers and livelihoods across for-profit, non-profit, public and community arenas. We show that many Los Angeles artists are marketing their skills and creations outside of the region, generating earnings not counted in cultural industry balance sheets or non-profit arts economic impact studies.

The brief also documents challenges to Los Angeles' artistic pre-eminence. The region has been a beneficiary of decades-long in-migrations of artists from other places. But this pipeline may be narrowing because of the area's persistent high costs of living, unemployment rates and recession setbacks and restructuring in the entertainment industry. These same factors may make it more difficult to retain home-grown artists. Unless the region maintains its magnetism as the place to be for artists of all disciplines, it will begin losing cultural productions, firms and tourists to other places.

Compared with other cities, Los Angeles has no coherent strategy for celebrating and nourishing the artistic capital that comprises the region's innovative and creative genius. Many other cities and metros, large and small, have well-developed artist-centered policies that are attentive to training, career planning, marketing and space provision. Over the course of the next few years, how the County and its cities, philanthropists and cultural industry leaders respond to these challenges can make a huge difference to the survival of the region's cultural industries and the commitment of artists to Los Angeles. We suggest a number of productive fronts for Los Angeles artist initiatives, drawing examples from other cities around the country.

The Great Recession provides not only an opportunity but an imperative for doing things differently. The last great Los Angeles recession, running for the first two-thirds of the 1990s, was caused by a national defense spending implosion of 40% in real terms. Los Angeles was not poised to help its aerospace companies, plants, technologies, scientists and engineers and blue collar workers move into other productive enterprises (Oden et al, 1996). Of the many large cities hit by defense cuts, Los Angeles sustained the greatest relative losses for the longest period of time, undercutting the region's economic prowess and diversity. Today, another of Los Angeles' outstanding economic engines is at stake - its stature as artist super-city.

We hope this brief reaches unusual as well as the usual suspects, jump-starting a conversation between public sector policymakers, non-profit funders, cultural industry leaders, educators, artists, and entrepreneurs about artists as place-based, community and economic revitalizers. In the face of discouraging belt-tightening, cuts in arts education, and arts organization closures, people are freer to abandon old strategies and try something new. New resources will be hard to come by, but there are promising synergies upon which to build. After all, artists are widely acknowledged to be among our most creative people. We look forward to spirited conversations around an artist-centered approach.

I. Artists as Los Angeles' Hidden Artistic Dividend

Locally and globally, the primacy of the Los Angeles entertainment complex is well-understood. Hollywood and Los Angeles are synonymous with each other in the mind of billions of people, even though much of the creative industries' work takes place elsewhere in the basin and beyond of the motion picture and television sector. The most recent Otis College of Art and Design study finds that nearly 1 million Los Angeles Basin jobs are directly or indirectly attributable to the creative industries (Los Angeles County Economic Development Corporation. 2009). Yet studies of creative industry employers don't track how the region's artistic talent pool is formed and maintained, whether artists are home-grown or migrate here from elsewhere, the conditions under which they stay, how they cobble together a living, and the contributions they make to built environments and communities.

Viewing the Los Angeles economy through its entrepreneurs, managers and workers–by what people do (occupation) rather than what they make (industry)–reveals that many artists work for employers outside of the cultural industries and for non-profits and community organizations. Many are self-employed and directly export their work or work on contract or in a second job not captured in employer data. Many are entrepreneurs, creating cultural opportunities that capture Los Angeles residents' discretionary income and recycle it in the region. Some launch new enterprises that attract tourists and export cultural products and services (Markusen and Schrock, 2009).

Artists contribute to the Los Angeles creative economy in multiple ways. Those who work full or part-time or on contract for the cultural industries help to make its products competitive. Many work for profitable companies in professional, scientific and technical services, management consulting, publishing, computer systems and design, and restaurants, music venues and bars. Yet others work in food processing, machinery and equipment, and producer services where their talents make companies more productive and competitive. Some have created storefront spaces where aspiring artists can learn artistic skills, access equipment, exhibit and perform. Others work for non-profit religious, civic, social, advocacy and grant-making organizations or for public sector cultural affairs, recreation, and educational enterprises (Markusen, Gilmore et al, 2006). Furthermore, local venues and the artists that animate them are increasingly understood to be magnets for and retainers of skilled workers drawn to quality-of-life locales (Florida, 2002; Clark, 2004).

The omission of artists in economic studies distorts our understanding of Los Angeles' creativity. Companies make decisions on whether to make films, TV shows, and recordings in Los Angeles. Creative workers decide where to invest in training, live, and sell their artwork. Economists have long understood that people don't just follow jobs: jobs follow people as well. A contemporary study of Hollywood finds that despite lucrative incentives offered to LA producers to make films elsewhere, many film-making functions (script-writing, financing, casting, sound tracks, editing) remain anchored in Los Angeles because of its heavily networked talent pool (Scott, 2005). Thus nurturing, attracting and retaining artists may be more important than devoting expensive and budget-debilitating tax breaks to employers.

Los Angeles artists also stimulate community life and place-making through their gifts of leadership and skills to celebrations, festivals, dances, community murals, community organizing and the mentoring of younger people in artistic practice. These may have large economic impacts, through community and business revitalization, tourist-related spending, and incubation of future talent. But their chief impacts are incalculable: preserving cultural legacies and neighborhood histories, bridging among cultures and generations, validating the unique experiences of groups of people, solving problems through artistic expression and remedies, and giving young people a means of expressing who they are and imagining artistic careers that also encompass community service.

II. Los Angeles as America's Artist Super City

In absolute numbers of artists, Los Angeles tops a short list of American super arts metros. It hosts more working artists than any other metro, including New York. Its artists form a larger share of the workforce as well, underscoring LA's distinctive creative economy. The region's record in home-growing, attracting and retaining artists is unmatched. Diversified across artistic skill sets and types of employers, Los Angeles is the nation's premier place to pursue an artistic career.

Los Angeles County is the major employer of artists in the US (Table 1). In absolute numbers, some 80,000 Los Angeles County musicians, writers, visual artists, actors, producers and directors pursued artwork as their primary occupation in 2000 (Markusen and Schrock, 2006). With designers, architects, announcers and other entertainers, LA's total surpasses 140,000 (National Endowment for the Arts (2008: iii). Tens of thousands more create artwork as a second job or share it with their communities on a volunteer basis.

Los Angeles home-grows many of its artists and is a powerful magnet for professional and aspiring artists from elsewhere. From 1990 to 2000, the ranks of its artists grew at twice the national rate (Table 1). Between 1995 and 2000, more than 19,000 artists moved to Los Angeles County while less than 9,000 left, and these numbers to do not include the aspirants who are waiting tables or working other jobs. Los Angeles' net in-migration rate of 2.2 — more than two artists arrived for every one that left — tops the list of the nation's arts-rich metros (Table 2).

Artists are more prominent in the Los Angeles workforce than elsewhere and more diversified across art forms. Home to three times as many artists as a share of its workforce (See Table 3, page 12), Los Angeles hosts thick concentrations of artists in all core disciplines. It supports more than five times as many performing artists (actors, directors, producers) as the nation, outpacing New York substantially. Among large arts-rich metros, it enjoys denser pools of visual artists and musicians, and higher proportions of writers than all metros but New York.

Table 1. Artists totals and growth rates by metro, 1980-2000

	2000	% Change 1990-2000	% Change 1980-1990
Los Angeles-Long Beach, CA	79,781	20	52
New York-Northeastern NJ	77,216	4	33
Chicago, IL	26,901	1	50
San Francisco-Oakland, CA	25,262	20	39
Washington, DC/MD/VA	22,925	-6	70
Boston, MA	16,884	2	73
Atlanta, GA	14,808	53	64
Minneapolis-St. Paul, MN	12,155	13	63
Seattle, WA	11,030	9	52
Orange County, CA	10,656	-5	87
San Diego, CA	10,330	4	73
Miami, FL	7,033	3	42
Portland, OR	6,630	10	66
Cleveland, OH	5,667	7	28
United States	881,841	10	53

Source: Markusen and Schrock, 2006: Table 3. Artists defined as musicians, writers, performing and visual artists.

Table 2. Artists' net migration to arts-rich metros, 1995-2000

	In/out migration ratio	New artists as % of total
Los Angeles	2.16	22
Portland-Vancouver, OR	1.48	24
Orange County, CA	1.47	26
New York/Bergen, NY-NJ	1.44	21
San Francisco-Oakland, CA	1.37	28
San Diego, CA	1.25	24
Atlanta, GA	1.22	26
Washington, DC-MD-VA	1.14	24
Seattle, WA	1.11	22
Newark, NJ	1.05	26
Boston, MA	0.98	24
Minneapolis-St Paul, MN-WI	0.97	16
Baltimore, MD	0.95	21
Chicago, IL	0.83	16

Source: Markusen and Schrock, 2006: Table 4. Arts-rich metros are those where artists were over-represented in the workforce compared to the nation in 2000.

LA's artists live throughout the region. Although Hollywood, the heart of the region's cultural industries, houses the thickest concentrations, many cities and neighborhoods from Long Beach to Pasadena to the San Fernando Valley harbor above average shares of artists (See Figure 1 inside back cover). Visual artists and musician comprise larger shares of artistic workforce in the southern and eastern Los Angeles, with performing artists and writers living nearer to cultural enterprises.

LA's high cost of living, high unemployment rates, and setbacks in the entertainment industry place its artist super-city status at risk. To retain its cultural producers, its arts-related industries, and its tourist cache, the region must nurture its artists, keep the in-migration pipeline flowing, and train and recruit the next generation. It must develop an incubator strategy tailored to the particularities of artistic careers.

Table 3. Artistic Concentrations by Discipline, Selected Metros, 2000

	Total	Performing Artists	Visual Artists	Writers	Musicians
Los Angeles	2.99	5.44	2.34	2.71	1.95
New York, NY-NJ	2.52	3.71	2.01	2.99	1.85
San Francisco-Oakland, CA	1.82	1.85	1.83	2.51	1.12
Washington, DC-MD-VA-WV	1.36	1.51	1.01	2.27	1.08
Seattle, WA	1.33	1.15	1.48	1.48	1.06
Boston, MA-NH	1.27	1.24	1.02	2.00	1.15
Orange County, CA	1.18	1.21	1.36	0.92	0.98
Minneapolis-St. Paul, MN-WI	1.16	1.12	1.10	1.33	1.16
San Diego, CA	1.15	0.90	1.27	1.10	1.25
Miami, FL	1.15	1.48	1.05	.082	1.28
US AVERAGE	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**
Denver, CO	0.90	1.08	0.82	0.98	0.79
San Jose, CA	0.84	0.75	0.95	0.95	0.61
Cleveland, OH	0.79	0.61	0.79	0.74	1.05
Riverside-San Bernardino, CA	1.77	0.79	0.84	0.61	0.76
Houston, TX	0.74	0.65	0.75	0.66	0.91
Detroit, MI	0.74	0.61	0.82	0.73	0.74

Source: Markusen and Schrock, 2006: Table 1.

III. Los Angeles Artist Career-building Fundamentals

Artists differ markedly from all other professionals. Their work lives generally begin with strenuous years of specialized education, followed by a daunting search for jobs or contract work or an entrepreneurial effort to set up a business. At very high self-employment rates — six times the workforce average, artists' incomes fall short of workers with comparable educational backgrounds. In Los Angeles more than other cultural cities, artists build careers by moving across commercial, non-profit, and community spheres, and by cobbling together diverse streams of earnings.

Artists' extraordinarily high rates of unemployment distinguish them from members of other occupational groups. In 2000, 40% of Los Angeles County's artists were self-employed while the rest worked for commercial, non-profit, and public sector employers (Table 4). Musicians, writers and performing artists were more apt to be self-employed than in the Bay Area metros. Nationally, these detailed Census numbers underestimate the self-employed share by 20% to 35%. In Los Angeles, the true ranks of self-employed artists are likely well over 50%.

Thanks to the region's rich cultural milieu, Los Angeles artists often work across artistic disciplines. In a 2006 survey, 60% reported a second art form, most notably writing (including screenwriting, playwriting, storytelling) and film and visual art-making (Markusen, Gilmore et al, 2006: Table 1). A majority of artists also reported working simultaneously across for-profit, non-profit, public and community sectors, more common in Los Angeles than the Bay Area. As a group, artists found commercial sector more lucrative and network-rich than not-for profit and community work. But they preferred the latter sectors for aesthetic satisfaction, innovation, working

Table 4. Los Angeles, Bay Area Artists, Employment type, 2000

	Los Angeles	San Francisco Oakland	San Jose
All Artists			
%Self-employed	40	44	36
%Private employer	54	43	52
%Nonprofit, public	6	13	12
Visual artists			
%Self-employed	41	48	45
Performing artists			
%Self-employed	28	21	6
Musicians, Composers			
%Self-employed	51	45	43
Writers			
%Self-employed	57	55	40

Source: Markusen, Gilmore et al, 2006: Table A1.

Table 5. Shares of Arts Income by Source, Primary Discipline, 2006, %

Percent	Wages or salary	Direct selling	Contract work	Grants awards, fellowships, residencies	Advances, royalties, copyrights
Not applicable	26	19	48	53	62
35% or less	24	39	34	36	30
35-65%	18	13	10	7	5
65% or more	32	29	8	4	3

Source: Markusen, Gilmore et al, 2006: Table 4.

across art forms, and achieving emotional, community, social and political goals. If money were not an issue, many fewer artists would specialize in any one sector (Markusen, Gilmore et al, 2006: 52-8).

Artists' arts earnings are varied, reflecting their movement across sectors and between self-employment and work for others (Table 5). In 2006, less than one third earned more than 65% of their arts income from wage and salary employment or by directly selling their work. The rest cobbled together earnings from work on contract, grants, and creative property rights.

Yet despite Los Angeles' robust cultural ecology and opportunities for crossover, artists earn relatively low returns. In the 2000 Census, Los Angeles artists' median personal incomes of $40,000 matched those of artists in San Jose, were 42% higher than artists nationally, and 60% higher than LA County workers as a whole. But much of that income derived from non-arts work. In the 2006 survey, LA median annual earnings from artwork were well below $20,000 while earnings from all work were close to $40,000 (Table 6). Because of other household members earnings, reporting artists lived in households where median income surpassed $60,000. These low returns are troubling given the high levels of educational attainment of Los Angeles artists, the high cost of living in the region, and the region's internationally renowned cultural prowess.

Table 6. Annual Average Incomes Ranges, LA and Bay Areas, 2006

	Individual Artwork	% Responses Individual All work	% Change Household Income
$5,000 or less	31.1	5.3	1.3
$5,001 – 10,000	16.7	5.5	1.9
$10,001 - 20,000	15.5	13.7	6.4
$20,001 – 40,000	19.3	30.2	19.6
$40,001 – 60,000	8.8	22.2	19.4
$60,001 – 75,000	4.6	11.6	14.7
$75,001 – 100,000	2.0	6.2	15.0
$100,001 – 150,000	1.1	3.3	12.2
$150,001 – 200,000	0.5	1.0	5.4
Above $200,000	0.4	1.0	4.1

Source: Markusen, Gilmore et al, 2006: Table 3.

IV. Los Angeles as an Artist Incubator: Special Challenges

Successful artistic livelihoods, studies show, require lifelong learning, validation, access to financial and physical resources (including space to work and equipment), health insurance, business skills, and networks that help expand markets or land jobs (Jackson, 2003). In Los Angeles, these are especially pivotal and yet underinvested in.

On the business front, a study of CalArts graduates found that artists require business and marketing skills not generally taught or acquired through formal schooling (Backer et al, 2005). Nor are public-funded or University entrepreneurship programs tailored to help artists set up a business working across art forms and sectors. High rates of self-employment render conventional workforce development programs ill-fitted to artistic occupations.

Funding resources are especially meager. Fellowship and grant resources are much smaller per capita in LA than in many other metros, stretched thin across so many worthy artists. Private foundation funding has been stagnant, while state funding has imploded. Although city and country support has increased markedly over the last decade, the share of public dollars flowing into the local arts community remains well below that of other cultural capitals such as New York, Chicago and San Francisco (Howard et al, 2009: 3). Furthermore, compared with New York and other arts-rich cities, the profits generated in commercial cultural enterprises have not been widely shared with artist-nurturing organizations, even less so today than in the past.

Lifelong learning opportunities are chiefly confined to on-the-job training. Many artists lack ready intelligence on fast-changing LA cultural industries and the technologies and human skills they require. The digitization of media alone imposes huge retraining and upskilling costs on artists at the same time that it opens up whole new worlds of learning, networking and marketing opportunities.

The sprawling spatial layout of Los Angeles County, its balkanized cities, and the high cost of living form additional barriers to artist incubation. High real estate premiums, for instance, make it harder for LA artists than their counterparts in most other cities to find adequate space to live, work, perform and exhibit. Affordable space is often a very long distance, commute-wise, from employers and marketing and performance venues. The competition between Los Angeles County and its constituent cities from giant Los Angeles to Long Beach, Pasadena, and Santa Monica and many more, complicates the formation of a coherent strategy for artist support, as does the fragmentation of responsibility for policies that shape arts and culture inside each unit of government.

LA private, non-profit and public sectors offer fewer supports for artists than elsewhere. Many other cities, from close competitors New York, San Francisco and Chicago to second tier cities like Seattle, Portland, Minneapolis/St. Paul and Boston, are mounting programs to wrest film-making, music, and other art forms away from Los Angeles, often by directly nurturing film-makers, writers, musicians, and visual artists with multiple offerings. Unless Los Angeles fights hard for its artist super city status, it may lose whole segments of its extraordinary artist pool to other locales, a development that would undermine cultural industry commitment to producing in the region.

V. Artist-nurturing Frontiers

From surveys and case studies of artists' career development, researchers have identified the ingredients necessary for success: initial and ongoing artistic development, financial and career planning, training in the business of art, access to art-making equipment and workspace, strategies for understanding and reaching audiences, networking and mentoring structures, and information about artistic work and learning opportunities in the region and beyond. And a good place to live: affordable, easy to get around, with urban and environmental amenities (Jackson et al, 2003; Jeffri, 2004; Markusen et al, 2006, Markusen et al, 2008). In what follows, we review possibilities on these various fronts, with reference to pioneering examples in Los Angeles and elsewhere.

Youth arts and job training

One way to ensure a future pipeline of committed artists in Los Angeles is to focus attention on youth by nurturing their creativity, helping them learn job skills and encouraging them to imagine arts careers. Home-bred artists are more likely to be attached to the Los Angeles workforce than those who move from elsewhere in the country. Several cities have developed effective programs that combine artistic experience and mentorship with job training. Chicago's Gallery37, originally a small, downtown effort begun with local government and federal workforce development funds, has expanded throughout the City through a partnership with the Public School system. Other public/nonprofit/private initiatives that link arts training with job preparedness include Boston's Artists for Humanity, Philadelphia's Mural Arts program, Pittsburgh's Manchester Arts Guild, and Cleveland's ArtWorks. In these programs, arts leaders with artist partners have succeeded in helping young people bridge the high school/artistic career divide.

Business of art training

Huge numbers of artists are self-employed for most of their careers. In the 2000 Census, 40% of Los Angeles County artists reported being self-employed, a number that underestimates actual levels because artwork as a second job is not included. Because artists are not apt to learn business skills (planning, strategy, accounting, marketing, finance, and so on) in formal arts schools, they must learn them somewhere else. Most don't. In the past decade, new initiatives address this deficit, among them Business of Art curricula developed and offered at Los Angeles' Center for Cultural Innovation, now being replicated statewide. St. Paul's Springboard for the Arts, a public/non-profit-funded venture, counsels individual artists and helps tailor training to them. Cleveland runs' an Artist as Entrepreneur Institute with similar missions. Although Los Angeles' CCI is a national pioneer and has served thousands of artists over its short lifetime, the hunger for business training in this region has not been slaked. With over 100,000 working artists and designers, many more could be reached.

Affordable housing and workspace

In survey after survey, especially in large, high rent cities, artists report a dearth of affordable live and work space. Artists are relatively low-income for their levels of educational attainment, and when self-employed, they need more space–to create and rehearse, and to store artwork, equipment, and materials. Los Angeles in particular is known for its space crunch, with very few affordable artist-dedicated live/work or studio options. Minnesota-based Artspace Projects, a nonprofit dedicated to creating artist live/work and studio space and to owning and managing them affordably, has now completed over twenty projects nationwide, tailored to the unique needs of each city, sponsoring partners and artists. It combines low income housing and historic preservation tax credits with local public, donor, and bank financing to rehab or build new space. Boston's Artist Space Initiative offers incentives to private developers to create artist live/work space, often contributing redevelopment resources. Palm View, an Actor's Fund partnership with the West Hollywood Community Housing Corporation, offers forty low-income housing units, thirty-five dedicated to performing artists. Brooklyn-based ArtHome, an asset and equity-building initiative for artists, works with the New York Mortgage Coalition and New York Low Income Coalition to help artists qualify for mortgages and learn personal finance skills.

Presentation and convening space

Artists seek space to present their work and to gather with other artists for mutual support and feedback. In surveys, artists of all disciplines lament limited opportunities to show visual art, play their music, present their theatre and dance productions, and read their writing or speak their words. Some are attracted to cities and smaller towns where space is cheap and often vacant. One creative solution used in high-cost, high occupancy cities like Los Angeles is the temporary use

of vacant buildings as galleries and performance space. In New York City, Chashama, No Longer Empty, and the Lower Manhattan Cultural Council's Swing Space offer varying models for doing so. In San Jose, the City has opened up under-utilized storefront space in publicly-owned buildings to a visual arts cooperative gallery and other uses.

Some cities and small towns have nurtured artists' centers that invite artists to join, hang out, teach and take classes, present their work, access information, compete for funding, and share space and equipment. Minnesota's centers--including the Loft Literary Center, Playwrights' Center, Highpoint Center for Printmaking, Intermedia Arts, Juxtaposition Arts, IFP Minnesota, the Textile Center and Northern Clay Center among others--are national models, each tailored to its community or an artistic discipline.

Promotion of Artists through an Art Form/Industry Initiative

Artists benefit when a city or region brands itself as a place for arts and culture, because that attracts new residents, tourists and businesses to the region. Seattle's City of Music Initiative celebrates every aspect of the music industry, placing musicians at its center. It makes clear that commercial, nonprofit and informal community music-making, production, presentation and sales are all essential ingredients. The City commissioned two sequential studies of the complex ecology of music in the region (Beyers et al, 2004; 2008), showing how musicians are supported by composers, instructors, instrument makers/repairs/sellers, promoters, musicians' unions, operators of live performance venues, radio, recording companies, products that embed music (e.g. video games), and equipment that enables consumers to enjoy the music. The economic development initiative, coming directly from the Mayor's office, supports musicians (affordable housing and health care), live music venues, and music businesses.

For most people in the world, Los Angeles is "Hollywood," and yet this west coast cultural capital has so much more to offer. Los Angeles could enhance its visibility as the crossover cultural capital of the US, helping residents, managers, workers and visitors alike to see it as the talented, diversified creative city that it is, with rich talents pools in all art forms, including marvelous ethnic dance, music and visual art. Los Angeles could claim to be the City of All Arts.

Funding for Individual Artists

Even small and intermittent grants or loans can ensure an artist's career commitment or enable a new line of work to emerge. An evaluation of Los Angeles Durfee Foundation's Artists' Resources for Completion program concluded that "small grants are like stepping stones…allow(ing) artists to navigate across all kinds of terrain and to move from one project to the next," preventing them from becoming isolated or immobilized (Peeps, 2010: 3) Even highly accomplished, internationally recognized artists may be living financially precarious lives. Funding for artists, the study found, has surprising multiplier effects: artists used 46% of grants awarded (maximum size $3500) to hire other artists as collaborators. The grants helped them build a sense of community and keep them in LA (Peeps, 2010; Brown, 2009).

Los Angeles has long been a leader in local public funding for individual artists. Following UCLA's huge study, *Arts in the Economic Life of a City* (Perloff et al, 1979), the Los Angeles City Council in the 1980s authorized the creation of the Los Angeles Endowment for the Arts that to this day uses proceeds from the transient occupancy tax to fund individual artists as well as arts programs. Regrettably, the legislation does not specify the arts' tax share, which has dwindled over time. Los Angeles area public funders are more likely than private grantmakers to support individual artists, a gap that has widened since the late 1990s. However, some local, California and national private funders–the Center for Cultural Innovation, California Community Foundation, the Alliance for California Traditional Arts, the Herb Alpert Foundation, United States Artists, and Creative Capital, for instance–do channel support to Los Angeles artists. A recent survey for Southern California Grantmakers found that the average size of an individual artist grant from a private funder ($19,548) is nearly three times that of a grant from a public funder ($6928). These amounts may be high, however, because small funders were under-represented among the respondents (Howard et al, 2009:3, 7).

Other cities and states have recently mounted successful campaigns for new arts-dedicated revenues. In 2006, voters approved a ten-year excise tax on cigarettes that generates about $19 million annually for the public Cuyahoga Arts and Culture (CAC), serving Cleveland and its suburbs. Over $1 million is used to fund fellowships for artists through the Community Partnership for Arts and Culture, which awards about twenty $20,000 grants per year. A statewide effort, Minnesota voters in 2008 passed a Clean Water, Land and Legacy constitutional amendment devoting a 0.5% sales tax increase to these ends, including the arts. In the first year, $21 million was allocated to arts, artists and arts access via the Minnesota State Arts Board (70%) and the eleven Regional Arts Councils (30%).

Commissions for individual artists

Infusing public space and infrastructure with artwork and performance serves the public as well as providing income and visibility for artists. King County (WA) Waterworks Garden commissioned an artist to create a recreational space around the settling ponds of a wastewater treatment plant that has become well-used and loved. An even more ambitious integration of artwork is built into the County's new Bridgewater Treatment Plant, to open in 2011. Phoenix's Animating Infrastructure projects, the current Los Angeles airport overhaul, and community-tailored artwork embedded in Los Angeles' new transit stations have generated important commissions for artists. St. Paul, Minnesota, supports a city-wide artist-in-residence program.

The interiors of public and other buildings offer opportunities for commissioned artwork. During the Great Depression, the US Post Office Murals program supported hundreds of artists while creating enduring visual legacies for patrons. The Fond du Lac Indian reservation's Min No Aya Win social services complex in northern Minnesota has commissioned and purchased artwork from contemporary Ojibwe artists that hangs on walls, corridors and clinic rooms. Two decades ago, the Director convinced his Board that art is part of healing, so that 1 to 2% of each new building addition is dedicated to artwork. The Director explained to his board that utilitarian walls and doors alone cost ten times as much as the artwork he buys. Many untapped opportunities for commissionsed artwork in public, non-profit and private sector buildings and landscapes could be tapped through partnerships.

Networking, information, and marketing

Most artists believe that their access to artistic training, funding, presentation, marketing, networking and space is hampered by poor information. In some regions, a centralized website has been created that invites any artist to mount a webpage that includes a short characterization and visuals of his/her work, contact information, and links to other websites. These websites also gather, organize and mount information on many matters of importance to artists: funding opportunities, jobs, auditions, arts events, artist space rentals, artist career development programs and workshops, and informal artist gatherings. Two examples are the City of Chicago's CAR (www.chicagoartistsresource.org) and Minnesota's mnartists.org (www.mnartists.org).

City-wide initiatives

Occasionally, a region comes together to launch a major strategic initiatives centered on artists. Such was the case with San Jose in 2008. The brainchild of the City's chief strategist, an economic development executive, the San Jose Creative Entrepreneur Project was launched by the Office of Cultural Affairs with a steering committee that brought in educators, Silicon Valley high tech executives, property developers, gallery and club entrepreneurs, and nonprofit arts leaders as well as representative from other city departments such as housing and planning. Its mission was to build synergy between the Valley's already powerful science and engineering talent and an under-represented cadre of artists. It also aspired to animate the City's new downtown arts infrastructure with live performance, visual art and people on the streets, activity that artists could lead. After a full year of activity, including a San Jose area artist survey, an Artists' Town Hall attended by hundreds, and a set of prioritized recommendations, a number of important new initiatives and partnerships have helped make the City a more artist-friendly place (Mirikitani, et al, 2009). These include City-sponsored Business of Art training, the explosion of the Zero-1 festival as an artist showcase, and new private-led development initiatives to create artist space.

VI. Artist-Promoting Partnerships for Los Angeles

To articulate and broadcast Los Angeles as an artist super-city and build structures of support that anchor and nurture artists here, partnerships and thinking outside the box are key. Most of the examples in the prior section emerged when leaders stretching across organizational lines (public, nonprofit, community, cultural industry); found new partners such as environmentalists, community developers, local business people, and educators; and refused to stay in functional trenches with labels like housing, transportation, sanitation, health, human services, employment, business development, and environment. In each instance, advocates fashioned a strategy that fit their local circumstances, resources and skills.

Los Angeles has the good fortune to host the nation's premier cultural industries and its largest pool of artists and related cultural workers. It also supports well-established and successful County and city arts offices, highly creative non-profits, educational institutions and community groups actively engaged in arts and culture and engaging artists in the process. Yet the significance of this artistic core remains relatively unappreciated by leaders and people both inside and outside of the region.

Artists and related cultural workers deserve greater visibility and credit for the contributions that they make to the image of the city and its economy, quality of life, and cultural vitality (Jackson et al, 2006). Just think how an "Artist of the Day" feature on television and radio would broaden understanding. Consider the fact that such a series could run for 150 years and not cover every contemporary Los Angeles Basin artist. A campaign to portray this diversity of artists--by discipline, style, product, age, race and ethnicity, neighborhood--would animate the entertainment face of Los Angeles, currently summed up as just "entertainment."

A robust partnership among any number of players could achieve this transformation. Potential partners include cultural industry and non-profit arts leaders, philanthropists, economic development managers, city and county cultural affairs officers, arts advocates, community organizers and real estate developers, and leaders of organizations that represent or serve artists and cultural workers.

If Los Angeles can boost its cultural aura at home by celebrating and encouraging its artists, it will enhance its draw for tourists and new residents. The region will also become a more welcoming destination for artists from elsewhere who come to practice and hone their skills. By diversifying and amplifying the creative workforce, the region will expand a key source of entrepreneurialism and attract and retain employers, not only in cultural industries. Finally, partnerships can engender clear pathways for young people from minority and immigrant groups to pursue their artistic talents, develop creative expression and techniques from their own cultures, build careers, and make lasting contributions to the livability and economic viability of their communities.

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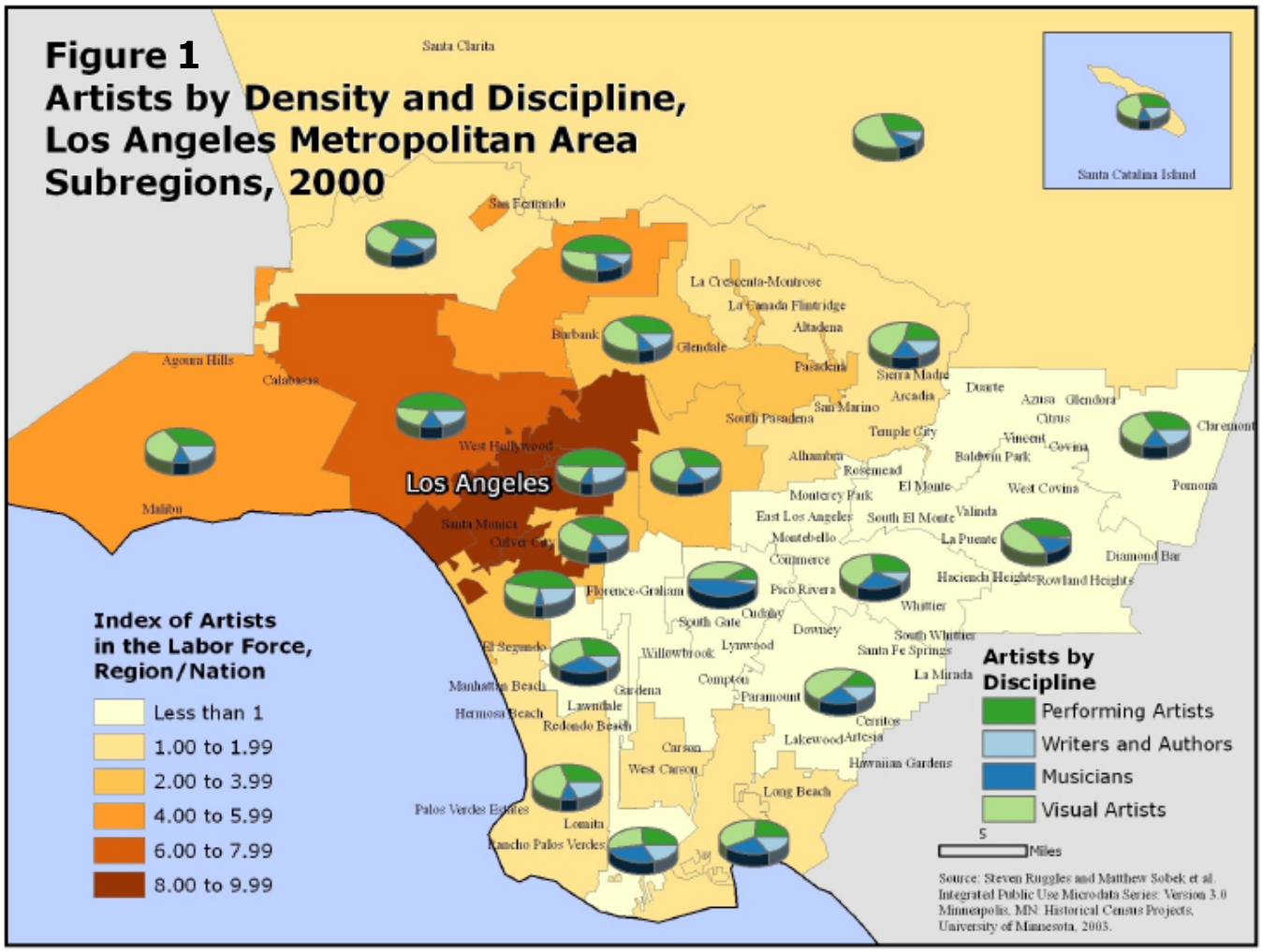

Source: Ann Markusen, Sam Gilmore, Amanda Johnson, Titus Levi, and Andrea Martinez. 2006. *Crossover: How Artists Build Careers across Commercial, Nonprofit and Community Work.* Minneapolis, MN: Project on Regional and Industrial Economics, University of Minnesota: Figure 3.

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