FILM AND DIGITAL MEDIA INDUSTRY

LOS ANGELES COUNTY PERSPECTIVE

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PREPARED BY
BEACON ECONOMICS

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

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COMMISSIONED BY County of Los Angeles, Chief Executive Office

Los Angeles County is one of the nation's largest counties, totaling 4,084 square miles, and is its most populous with nearly 10 million residents, who account for approximately 27 percent of California's population. As a subdivision of the state, the County is charged with providing numerous services that affect the lives of all residents, including law enforcement, tax collection, public health protection, public social services, elections, and flood control.

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The contents of this report are based on information derived from carefully selected sources we believe are reasonable. We do not guarantee its accuracy or completeness, and nothing in this document shall be construed to be a representation of such a guarantee.

PREFACE

The Los Angeles County Chief Executive Office engaged Beacon Economics to undertake an analysis of the Film and Digital Media industry with a focus on Los Angeles County and strategies for inclusive growth.

Film and television production has long been at the core of the L.A. regional economy, and Beacon Economics was tasked with examining the industry implications of disruptions accompanying the rise of digital distribution and emerging online platforms.

Key goals of the Los Angeles County Chief Executive Office in commissioning this report include identifying priority issues for the Film and Digital Media industry and recommending specific action items for the County of Los Angeles' consideration in enhancing the industry's regional competitiveness as it evolves and in facilitating its inclusive growth in L.A. County.

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EXECUTIVE SUMMARY

As global content consumption increases, due in part to seamless access to video content across a diversifying menu of devices – mobile, laptop, television – the arbitrary lines between television, film, publishing, and advertising have becoming increasingly blurred.

The blurring of traditional industry lines presents a challenge to researchers attempting to define and measure the reach and scope of such a dynamic and large sector of the economy. Official government economic statistics are useful in classifying and measuring data with regard to current and legacy industries, but they are often misleading amid rapid, cross-sectoral industry disruption. This report draws from a number of data sources to define the Film and Digital Media industry in L.A. County and to offer a conceptual roadmap for supporting its future economic growth and talent development. This report posits that the perceived fragmentation of the market for services and products generated by the Film and Digital Media industry may ultimately be representative of a broader shift toward greater integration and interconnectedness and importantly, an opportunity for L.A. County.

ICONS

FILM SECTOR
(COMPRISED OF 3 SECTORS)

- Film
- Artists and Agents
- Sound Production and Recording

DIGITAL MEDIA
(COMPRISED OF 4 SECTORS)

- Publishers
- Broadcasting
- Professional Services & Business Operations
- Emerging Digital Media*

*Emerging Digital Media specifically refers to three subsectors: Data Processing, Hosting, and Related Services; Internet Publishing and Broadcasting and Web Search Portals; and, Custom Computer Programming Services.

FILM AND DIGITAL MEDIA INDUSTRY CLUSTER
(COMPRISED OF 30 SECTORS)

- Advertising Agencies
- Agents and Managers for Artists, Athletes, Entertainers and Other Public Figures
- Commercial Photography
- Graphic Design Services
- Independent Artists, Writers, and Performers
- Libraries and Archives
- Marketing Research and Public Opinion Polling
- Media Buying Agencies
- Media Representatives
- Photography Studios, Portrait
- Cable and Other Subscription Programming
- Internet Publishing and Broadcasting
- Internet Publishing and Broadcasting and Web Search Portals
- News Syndicates
- Television Broadcasting
- Web Search Portal
- Motion Picture and Video Distribution
- Motion Picture and Video Production
- Music Publishers
- Other Motion Picture and Video Industries
- Teleproduction and Other Postproduction Services
- Other Sound Recording Industries
- Sound Recording Studios
- All Other Publishers
- Book Publishers
- Newspaper Publishers
- Periodical Publishers
- Software Publishers
- Custom Computer Programming Services
- Data Processing, Hosting, and Related Services

Source: Beacon Economics

FILM AND DIGITAL MEDIA CLUSTER DEFINITION
FIGURE 1.1

FILM

- Motion Picture and Video Production
- Motion Picture and Video Distribution
- Teleproduction and Other Postproduction Services
- Other Motion Picture and Video Industries

ARTISTS AND AGENTS

- Agents and Managers for Artists, Athletes, Entertainers, and Other Public Figures
- Independent Artists, Writers, and Performers

SOUND PRODUCTION AND RECORDING

- Music Publishers
- Other Sound Recording Industries
- Sound Recording Studios

Example Firms Per Sector

FILM	ARTISTS AND AGENTS	SOUND PRODUCTION AND RECORDING
• Amazon Studios • Netflix • Deluxe Entertainment • Disney Enterprises • Warner Bros. • Universal Studios • Sony Pictures Entertainment	• International Creative Management, Inc. (ICM) • Creative Artists Agency (CAA) • William Morris Endeavor Entertainment (WME) • The Young Turks • Bento Box Entertainment	• Universal Music Group • Warner Bros. Records • Sony Interactive Entertainment • Stupid Buddy Studios

Source: Beacon Economics

DIGITAL MEDIA

PUBLISHERS

- Book Publishers
- Newspaper Publishers
- Periodical Publishers
- Software Publishers
- All Other Publishers

- Electronic Arts
- Activision
- Scopely
- Hollywood Reporter
- Los Angeles Times

BROADCASTING

- Cable and Other Subscription Programming
- Television Broadcasting
- News Syndicates

- HBO
- Viacom
- Hulu
- ABC Studios
- Fox Television
- AwesomenessTV
- Associated Press

PROFESSIONAL SERVICES & BUSINESS OPERATIONS

- Advertising Agencies
- Commercial Photography
- Graphic Design Services
- Libraries and Archives
- Marketing Research and Public Opinion Polling
- Media Buying Agencies
- Media Representatives
- Photography Studios

- TBWA Worldwide
- 72andSunny
- Trailer Park
- Horizon Media
- BLT Communications
- The Third Floor
- Getty Images

EMERGING DIGITAL MEDIA

- Data Processing, Hosting, and Related Services
- Custom Computer Programming Services
- Internet Publishing and Broadcasting and Web Search Portals

- Snapchat
- Buzzfeed
- Condé Nast Entertainment
- Mashable
- Google
- Twitter

Source: Beacon Economics

TAXONOMY

LABEL	DESCRIPTION	EXAMPLE OF USAGE
FILM AND DIGITAL MEDIA INDUSTRY CLUSTER	Film and digital media encompass a wide variety of industries. As film and digital media continue to co-evolve, embracing new and innovative activities, film and digital media become increasingly more co-mingled. Beacon Economics distinguishes between traditional sectors of the economy that predate the digital age, though they are certainly enhanced or broadened by it, and those industries that have recently emerged as a result of the digital age and whose core functions pivot around the generation and distribution of digital content. Beacon Economics aggregated thirty-two (32) relevant industries at the 6-digit North American Industry Classification System level into seven (7) unique sectors: Film, Publishers, Broadcasting, Professional Services and Business Operations, Emerging Digital Media, Artists and Agents and Sound Production and Recording in order to create a taxonomy of convergent creative sectors. The seven (7) sectors capture the collection of industries that have a locally configured value chain of relationships among firms and suppliers of inputs and support services. That chain consists of production and post-production firms, broadcasters, distributors, digital platforms, and specialized service providers such as production facilities, guilds, unions, agencies, and a specialized labor pool.	Nationally, the Film and Emerging Digital Media sectors are the only sectors of the industry to have grown over the period between 2001 and 2016.
SECTOR	For purposes of this report a sector refers to one of the following: Film, Publishers, Broadcasting, Professional Services and Business Operations, Emerging Digital Media, Artists and Agents and Sound Production and Recording as defined above.	Within the Film and Digital Media industry, the Emerging Digital Media sector pays the highest wages nationally, roughly $124,700 per worker.

Source: Beacon Economics

JOBS

The Los Angeles County Film and Digital Media industry includes 265,000 jobs that produce or facilitate digital video production – accounting for around 9% of United States' Film and Digital Media employment.

The Film sector is the largest component of the cluster in L.A. County employing 164,100 people – 46% of the nation's film sector employment. Following Film is Emerging Digital Media with 36,200 employees, and Professional Services employing 29,000. The Broadcasting sector employs 18,600 people and Publishers and Sound Production round out the cluster with 15,600 and 1,700 respectively. The Film and Digital Media industry accounts for 6.1% of jobs in Los Angeles County.

INDUSTRY WAGES

The average wage in the Film and Digital Media industry in Los Angeles County is $117,000. The industry has a +95% wage premium compared to the average wage economy-wide ($59,900) in the County.

In the Film sector, the average wage is $98,800 in Los Angeles County compared to $90,800 nationwide. The average wage in the Publishing ($147,800), Broadcasting ($141,500), and Emerging Digital Media ($123,200) sectors all eclipsed the average wage found in Film. Across each industry sector the average wage in Los Angeles County beat the national average except for Emerging Digital Media where wages were on par with the national average of $124,700.

GROWTH

From 2011 to 2016 Los Angeles County Film and Digital Media industry added 49,500 jobs, growing faster than the national rate of growth for the industry.

The industry grew from 215,800 jobs to 265,200, an increase of 23%. In comparison, employment in the industry grew by 12% in New York and 15% nationally. The Film Sector accounted for the majority of job gains adding 34,300 jobs followed by the Emerging Digital Media Sector with 7,700 jobs. Beacon Economics believes growth will continue through 2020 with the Film and Digital Media industry adding 16,500 additional jobs. Beacon Economics estimates 7,000 new jobs will be in the Film Sector and 3,800 in Emerging Digital Media

ECONOMIC IMPACT

The Los Angeles County Film and Digital media cluster generates 640,500 jobs, $58.8 billion in income for labor, and $158.3 billion in annual output.

Of the 640,500 total jobs, 265,000 are workers directly employed in the Film and Digital Media industry and 375,500 jobs are indirectly generated by the industry. In total, the direct employment and jobs created through multiplier effects comprise 17% of Los Angeles County's total workforce.

$158.3 BILLION
IN ECONOMIC OUTPUT

$97.1 BILLION
DIRECT OUTPUT

$29.5 BILLION
INDIRECT OUTPUT

$31.7 BILLION
INDUCED OUTPUT

INDUSTRY OCCUPATIONS

In Los Angeles County, 40% of jobs in the Film and Digital Media Industry are in Arts & Entertainment.

Of those jobs in Arts & Entertainment, the largest categories include Producers and Directors (20%), Designers (14%), Editors (7%) and Writers (7%). From 2006 to 2016 occupations in Arts and Entertainment saw job growth of 37.8%. Producers and Directors accounted for 8.5% of the growth, followed by Actors and Designers with almost 5% growth each.

The Film and Digital Media Industry has begun employing more highly skilled individuals in the Computational and Mathematical occupations, which increased from 7.7% of the workforce in 2006 to 11.5% in 2016 and is now the fastest growing occupation in the Industry.

INDUSTRY WORKFORCE DEMOGRAPHICS

Los Angeles County has been making progress toward diversifying the workforce in the Film and Digital Media Industry.

Non-Hispanic Whites compose a slight majority (56.8%) in Film and Digital Media, however, employment growth among racial minorities have all outpaced that of non-Hispanic Whites from 2006 to 2016. In Los Angeles County, the employment ratio by gender remains virtually unchanged from 2006 to 2016 – for every 100 male workers in Film and Digital Media, there are 60 female workers. This is consistently lower than that of New York City's metro area, which has hovered between 70 to 75 female workers per 100 male workers. Average wages have risen faster for female professionals than their male counterparts, however in 2016 female workers still only earned about 80 cents per 1 dollar earned by male professionals in Film and Digital Media Industry in Los Angeles County. The Film and Digital Media Industry workforce is becoming increasingly educated. Those with a bachelor's degree or above had the lion's share of employment gains between 2006 and 2016. The number of workers with less than a high school level of education fell by 36% and those with only a high school diploma fell by 5%.

THE FILM AND DIGITAL MEDIA INDUSTRY IS MORE DIVERSE THAN 10 YEARS AGO.

ARTS AND ENTERTAINMENT OCCUPATIONS IN LOS ANGELES COUNTY, WHICH INCLUDE PRODUCERS, DIRECTORS, EDITORS, AND WRITERS, HAVE LESS WAGE INEQUALITY THAN 10 YEARS AGO.

AVERAGE WAGES IN THE INDUSTRY HAVE RISEN FASTER FOR WOMEN OVER THE LAST 10 YEARS, BUT WOMEN STILL ONLY EARN 80 CENTS FOR EVERY $1 MALE COUNTERPARTS EARN.

OPPORTUNITIES FOR L.A. COUNTY TO SUPPORT INDUSTRY GROWTH

1.RESOURCE AND PRIORITIZE EXISTING EFFORTS

The County has already put in motion efforts that help to provide a top-down mandate, strengthen the County's enforcement mechanism, and increase industry access to County personnel and properties. Motions regarding these topics were put forward in May 2016 by Supervisors Knabe and Kuehl, in January 2017 by Supervisor Ridley-Thomas, and in May 2017 by Supervisors Keuhl and Hahn.

In order for those mandates to be actionable and perceived as legitimate by the industry, they must be prioritized and thus resourced by County leadership. The Office of the CEO and the County's Film Liaison must have the necessary capacity to convert on goals that have been publicly formulated in good faith with stakeholder input through efforts like this report.

While more efficient infrastructure is put in place around fees and enforcement, increased staff capacity is needed to address constituent concerns, troubleshoot challenges as they arise, and follow through with solutions. Given the vast and diverse coverage of the County's jurisdiction, the capacity required to implement and respond to issues like special conditions on permitting for particular communities is unique in the County's case and significant. The County cannot strategically engage and partner with industry stakeholders in responding to the more crucial, adaptive challenges of the day without competently addressing the clearly solvable problems.

UTILIZE COUNTY LEVERS & ASSETS: INDUSTRY GROWTH

DEVELOP SOUNDSTAGE SPACE OR FACILITATE ITS DEVELOPMENT

Stakeholders encouraged the County to consider actively developing soundstage space or expediting through the regulatory and approval process the development of such spaces. The strategic development of brick and mortar spaces can play an important role in anchoring certain parts of the industry in specific geographies and in otherwise excluded communities.

OPEN COUNTY ASSETS TO FILMING

Stakeholders expressed interest in easier and more open access to County assets for filming, presenting an opportunity for national and global brand building for Los Angeles County, a valuable benefit for which other jurisdictions actively pay.

REMOVE USE FEES (WHERE POSSIBLE)

Reduction of use fees at the County level not intended for cost recovery would not only incentivize more filming in the County, but it would help to level and make more consistent the playing field between the County and the City of Los Angeles.

2. FOCUS ON L.A. COUNTY'S CORE COMPETENCY: TALENT DEVELOPMENT

L.A. County has a clear workforce advantage; the talent of the Film sector and in many cases the creative capital of the U.S. congregate here.

Currently, the permitting process is the core focal point of the region's engagement with the Film sector and the Film and Digital Media industry. Widening both the purview of that engagement and those it includes will help competitively position L.A. County, as the firms in the industry's supply chain reorder themselves and the format of *film* evolves. As the industry breaks out of its historically vertical silos into a lateral, multi-dimensional configuration, so too can the County's approach to the industry and the talent that powers it.

UTILIZE COUNTY LEVERS & ASSETS: TALENT DEVELOPMENT

SUPPORT TALENT AND SMALLER, INNOVATIVE COMPANIES

Focusing on identifying the needs of up-and-coming talent and small, innovative companies contributing to the industry's disruption may help to keep the frontlines of industry innovation in L.A. County. As this report indicates the challenges of smaller, emerging companies and their leaders are different from those of large legacy behemoths.

CREATE INTER-DISCIPLINARY CAREER PATHWAYS

As the occupational analysis demonstrated, computer-mathematical skills are on the rise among the industry's workers reflecting broader trends in the economy. Also, a creative skillset is increasingly touted by education practitioners as a core competency of well-adjusted, adaptive 21st century workers capable of problem-solving in an ever-changing, technology-driven market. Government intervention strategies like the establishment of STEAM (Science, technology, engineering, arts, and math) Centers in New York City target this intersection of computer-mathematical and creative skills. Los Angeles County not only has applicable workforce dynamics for developing a STEAM-oriented, inter-disciplinary skillset among its workers, but it also has the industry base to translate that skillset into market opportunity.

BUILD ON INDUSTRY'S GROWING DIVERSITY

The industry is slowly becoming more diverse, however knowledge of its opportunity landscape remains limited. Community-based awareness campaigns were put forward as a successful way of not only democratizing knowledge of the industry's opportunities but also normalizing for communities pursuit of them as a feasible career option.

INTRODUCTION

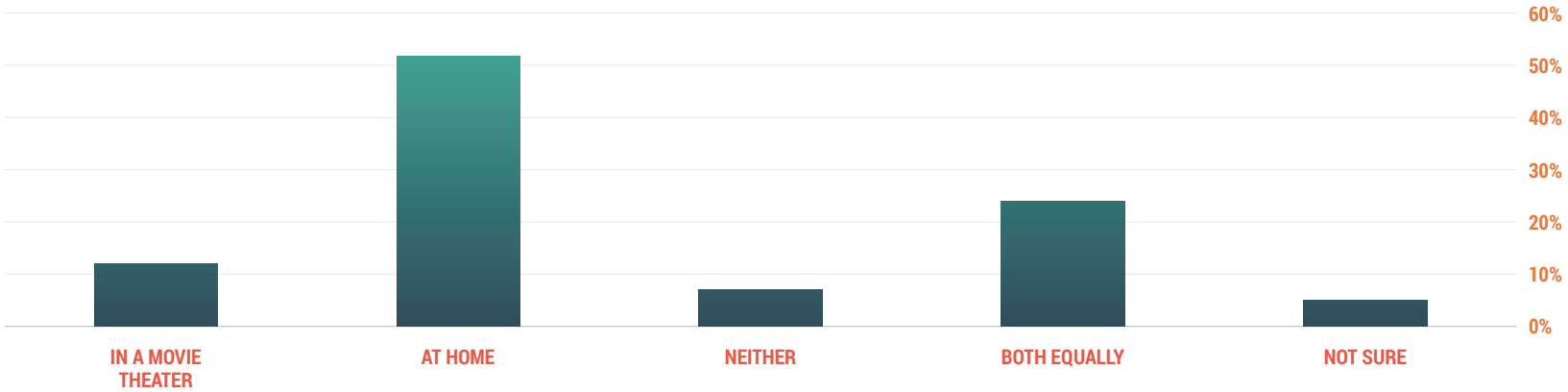
THE SHIFTING MEDIA LANDSCAPE

The Film and Digital Media industry is experiencing meaningful disruption as a broader convergence across the whole economy blurs the boundaries of the industry's subsectors. Changing consumer behavior and rapid technological advances in video content delivery have resulted in a shifting media landscape.

For example, more than half of U.S. residents now prefer to forfeit large movie screens and wait for films to be available on home release.[1] Movie theater attendance in the U.S. and Canada declined 5.9% in 2017 to 1.24 billion, marking the lowest attendance since 1995.[2] Domestic box office revenues edged down 2.3% in 2017 from 2016's record $11.4 billion.[3] Increases in average ticket prices have blunted top line revenues from the drop off in attendance, but the recent shifts in consumer behavior may indicate a longer-term downward trend for movie going and perhaps for other traditional ways of consuming media as well.

PREFERRED MOVIE WATCHING LOCATION IN THE U.S. 2018

FIGURE 2.1



Source: YouGov; The Economist. United States; February 25 - 27, 2018; 1,497 respondents; 18 years and older; Analysis by Beacon Economics

[1] YouGov. (n.d.). Do you prefer to see movies in a movie theater or wait for them to come out on home release?. In Statista - The Statistics Portal. Retrieved from: https://www.statista.com/statistics/264399/preferred-place-of-movie-consumption-in-the-us/.

[2] National Association of Theater Owners. (n.d.) "Annual U.S./Canada Admissions." Retrieved from: http://www.natoonline.org/data/admissions/

As consumers move from traditional linear viewing, of television and other types of media, to on-demand and mobile viewing, the advertising ecosystem has had to move beyond its legacy marketing models and innovatively reimagine itself. Up and down the industry food chain, revenue models have been necessarily transformed in response to brands demanding a more dynamic relationship with their audiences, commensurate with the dynamism of the media they consume. This same transformation motivated by changing consumer behavior has taken place across legacy and emerging sectors of the media landscape, affecting traditional publishers like Conde Naste and new digital players like Facebook, Apple, and Snapchat. Old silos are falling rapidly as new partnerships are announced quarterly, and a great convergence is crystalizing around how media firms, across sectors previously thought to be unrelated, engage with their audiences in the digital age. Video content production is increasingly at the center of that mass metamorphosis.

NEW BEDFELLOWS
TABLE 2.1

	Network	Series
Snapchat[3]	Condé Nast Entertainment	True crime series, "True Crime/Uncovered."
	A&E Networks[4]	Relationship crisis show "Second Chance" entering second season.
	TBS	"Team Coco's Comedy Club," with Conan O'Brien featuring stand-up routines.
Facebook[5]	Vox Media	
	BuzzFeed	
	Group Nine Media	
Twitter[6]	NBCUniversal	Live and original programming from NBC, NBC News, MSNBC, Telemundo, TODAY and E! News.
	Hearst Magazines Digital Media	
	Buzzfeed News	
	Viacom Digital Studios	Shows from Comedy Central, BET, MTV News and MTV News International.
	NASA and Vice News	
	Ellen Digital Studios	

Source: Beacon Economics

[3] Patel, Sahil. (2018, Feb 22). Snapchat is enlisting more publishers to make video shows. Retrieved from: https://digiday.com/media/snapchat-is-enlisting-more-publishers-to-make-video-shows/

[4] Flynn, Kerry. (2018, Feb 14). Snapchat's dating show 'Second Chance' returns for season 2. Retrieved from: https://mashable.com/2018/02/14/snapchat-second-chance-dating-show-reality-second-season/#ypwqaACo.iqW

[5] Toonkel, Jessica. (2017, May 24). Exclusive Facebook signs BuzzFeed, Vox, others for original video shows -sources. Retrieved from: https://www.reuters.com/article/us-facebook-tv-idUSKBN18K2U0

[6] Swant, Marty. (2018, April 30)- Twitter is Debuting 30 New Shows Focused on Activism, Entertainment and Sports. Retrieved from: http://www.adweek.com/digital/twitter-is-debuting-30-new-shows-focused-on-activism-entertainment-and-sports/

OPPORTUNITY IN DISRUPTION

for Los Angeles County

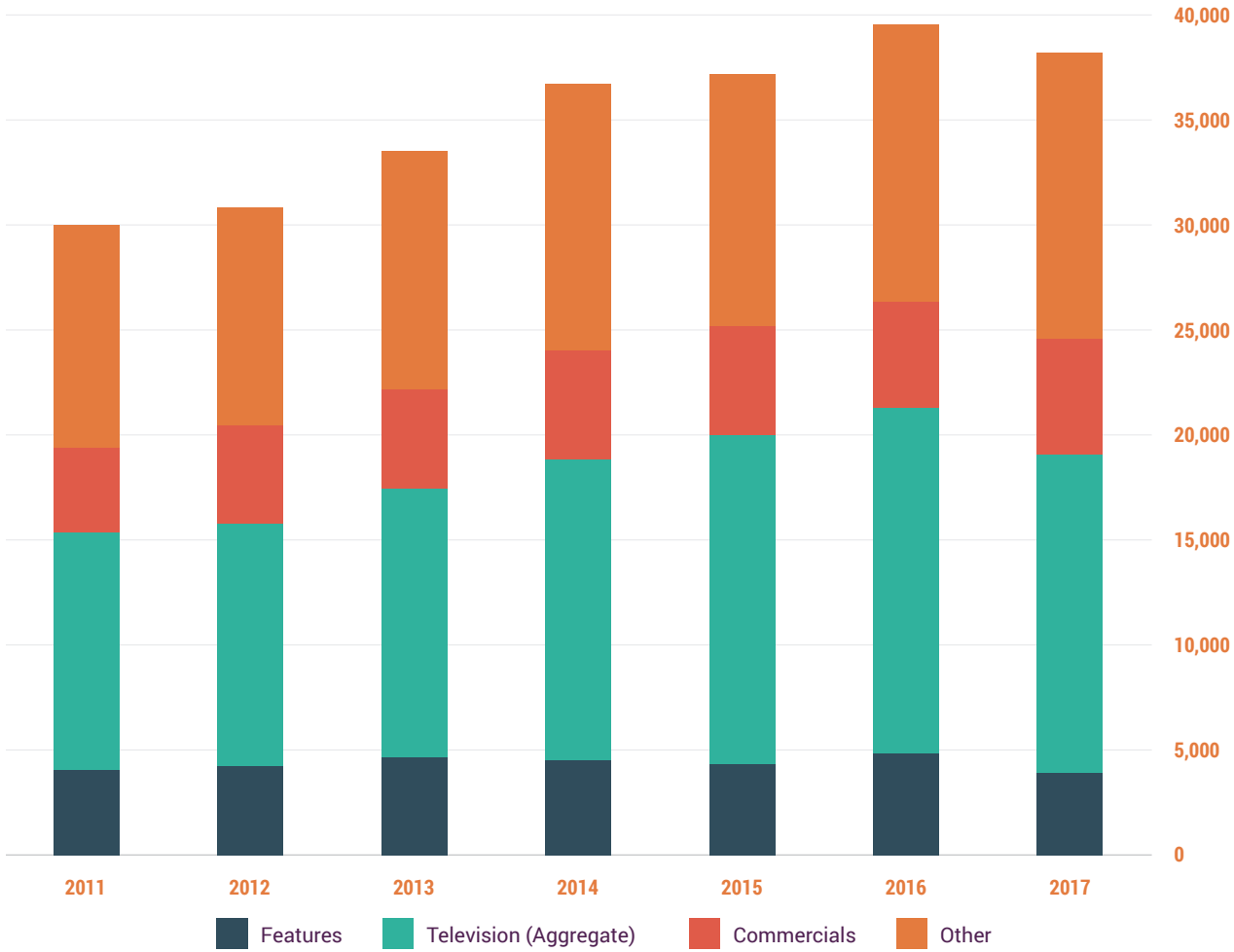
There is no lack of industry reporting or analysis highlighting the increasingly fragmented nature of Consumer-to-Business and Business-to-Business markets for services and products generated by the Film and Digital Media industry. This report takes a more discerning view, namely that the disruption observed in the industry is a broader move toward integration and interconnectedness. The ability to seamlessly access video content across devices—mobile, laptop, television—blurs the arbitrary lines between television, film, publishing, and advertising. On the other hand, the technology and the mechanics of producing top quality video content are not changing as quickly or significantly, and the demand for quality video content continues to increase.

In 2017 alone there was a combined total of 38,284 shoot days (across project type) filmed on location in Los Angeles County. Total project filming in the County grew by 23.9% between 2012 and 2017. Compared to 2012, feature film on-location shooting has fallen 8.2%, while TV projects have increased by 31.5%. Between 2012 and 2017, web-based TV has increased by 55.4%, the second highest growth after TV dramas, and commercial filming is up 18%.

This report endeavors to redefine the legacy film industry in the context of digital media disruption as the Film and Digital Media industry, parsing the vast world of digital media through the lens of film. It can be easy for industry analysts and policymakers

SHOOT DAYS TOTAL BY FILMING TYPE LOS ANGELES COUNTY

FIGURE 2.7

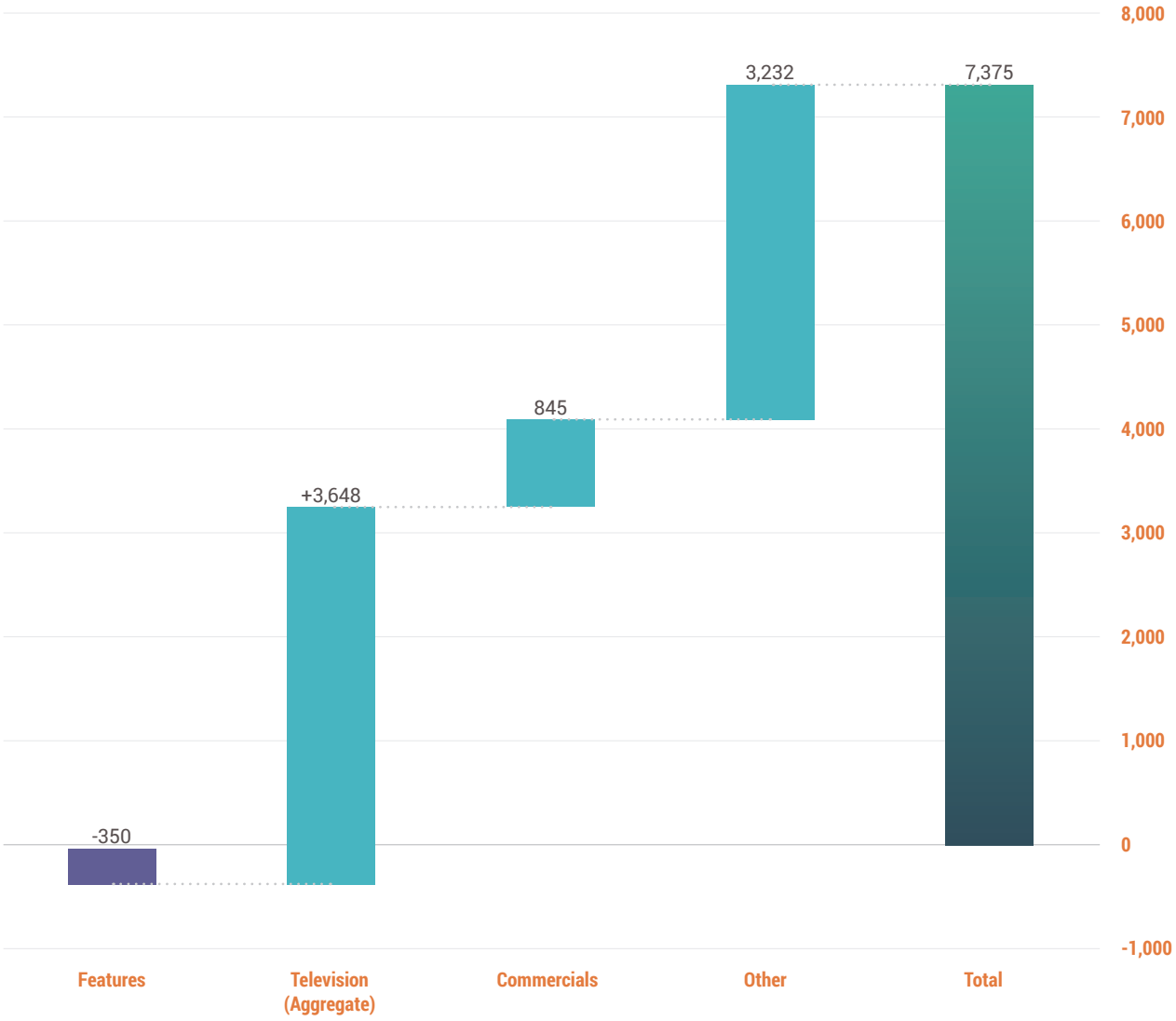


Sources: FilmL.A.; Anaysis by Beacon Economics

to get lost amid alarmist rhetoric about industry fragmentation, mutating supply chains, changing consumer behavior, and technological innovation, all moving at seemingly neck-breaking speed. This report where relevant will dig into these discrete elements as they relate to the broader and more stable industry picture for L.A. County. Fortunately for L.A. County, the shapeshifting of the media landscape has translated directly into opportunity pertinent to its fundamental core competencies. As the media, film, television, publishing, and advertising landscape transitions from a historically one-dimensional clean set of vertical relationships to a multi-dimensional convergence of access, medium, format, and intention, the video content that powers it and the way it is made have by comparison remained stable. Ultimately, that is great news for L.A. County's unchallenged foothold in video content production. With these opportunities in mind, this report defines the Film and Digital Media industry amid rapid innovation, evaluates its potential for growth and inclusivity in L.A. County, and assesses the role the County can play to facilitate both.

5-YEAR GROWTH (2012 VS. 2017) IN SHOOT DAYS LOS ANGELES COUNTY

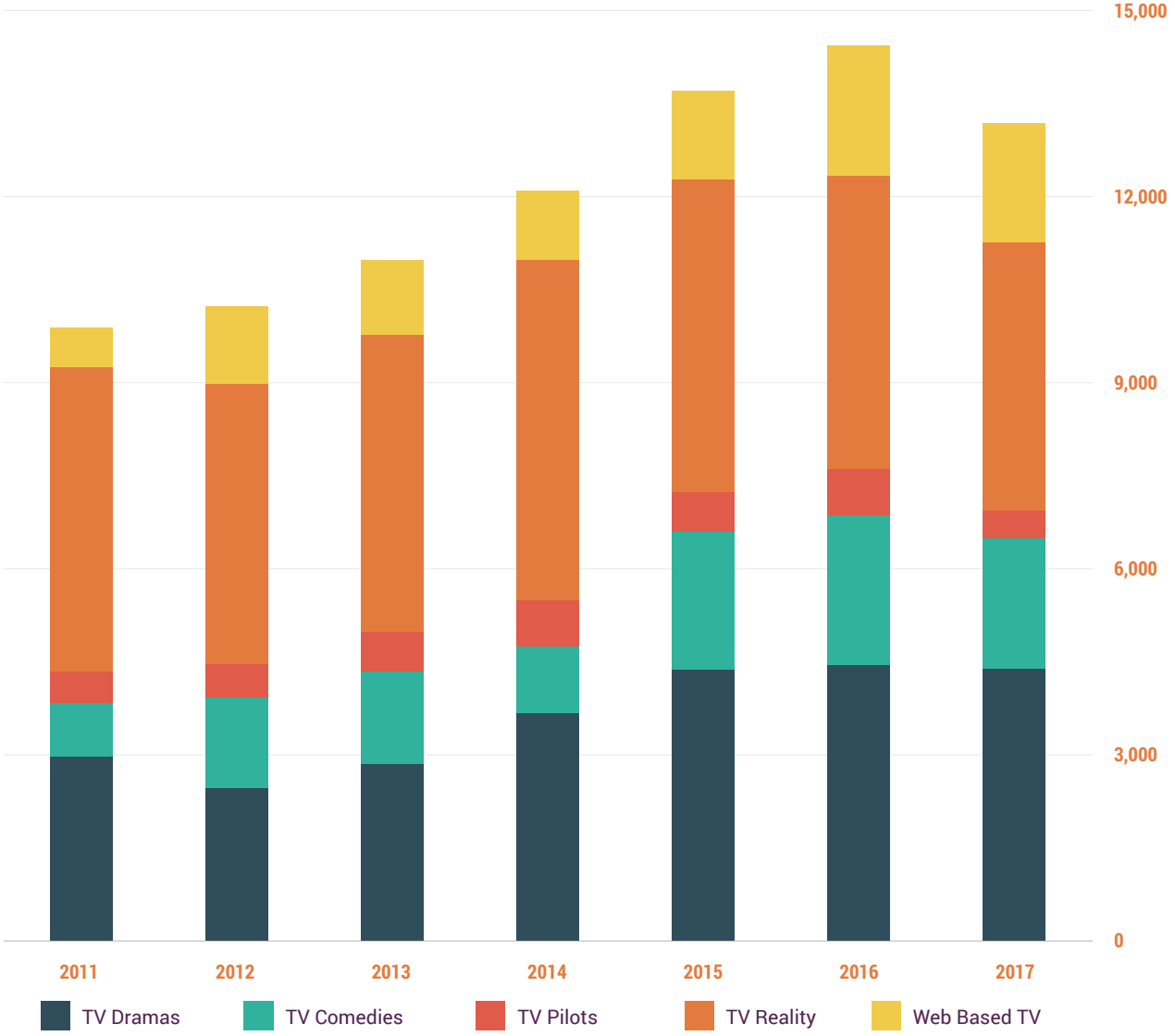
FIGURE 2.8



Sources: FilmL.A.; Anaysis by Beacon Economics

TOTAL ANNUAL SHOOT DAYS FOR TELEVISION LOS ANGELES COUNTY

FIGURE 2.9



Sources: FilmL.A.; Anaysis by Beacon Economics

INDUSTRY ANALYSIS

OF THE FILM & DIGITAL MEDIA INDUSTRY IN L.A. COUNTY

FILM AND DIGITAL MEDIA CLUSTER

In the simplest terms, "digital media" refers to content and information encoded in an electronic, computer-readable format.

In its broadest form, it includes a range of diverse activities and industries woven together in the digital age, which has spawned new industries and transformed many traditional ones. The Internet Revolution produced new digital media companies created to exclusively distribute digital content, such as Facebook and Google, which have become some of the largest multinational corporations in the world. It also reshaped legacy media industries such as television broadcasting and newspaper publishing.

The Film sector is a classic example of an industry fundamentally transformed by the digital age. In 2004, there were more than 9,000 Blockbuster Video stores in the U.S.[7] Today, there are fewer than 10 Blockbusters nationwide—one in Bend, Oregon and six in Alaska—as viewers increasingly consume entertainment content through their smart TVs, smart phones, and other connected devices.[8] Film is also now digitally distributed to households by companies like Netflix, Hulu, and Amazon, which have quickly grown beyond their role as distributers of content and have become creators of content. This same dynamic is playing out in other industries, such as publishing, sound recording, and broadcasting.

A distinction can be drawn, therefore, between traditional sectors of the economy that predate the digital age, though certainly enhanced or broadened by it, and industries that have recently emerged as a result of the digital age and whose core functions pivot around the generation and distribution of digital content.

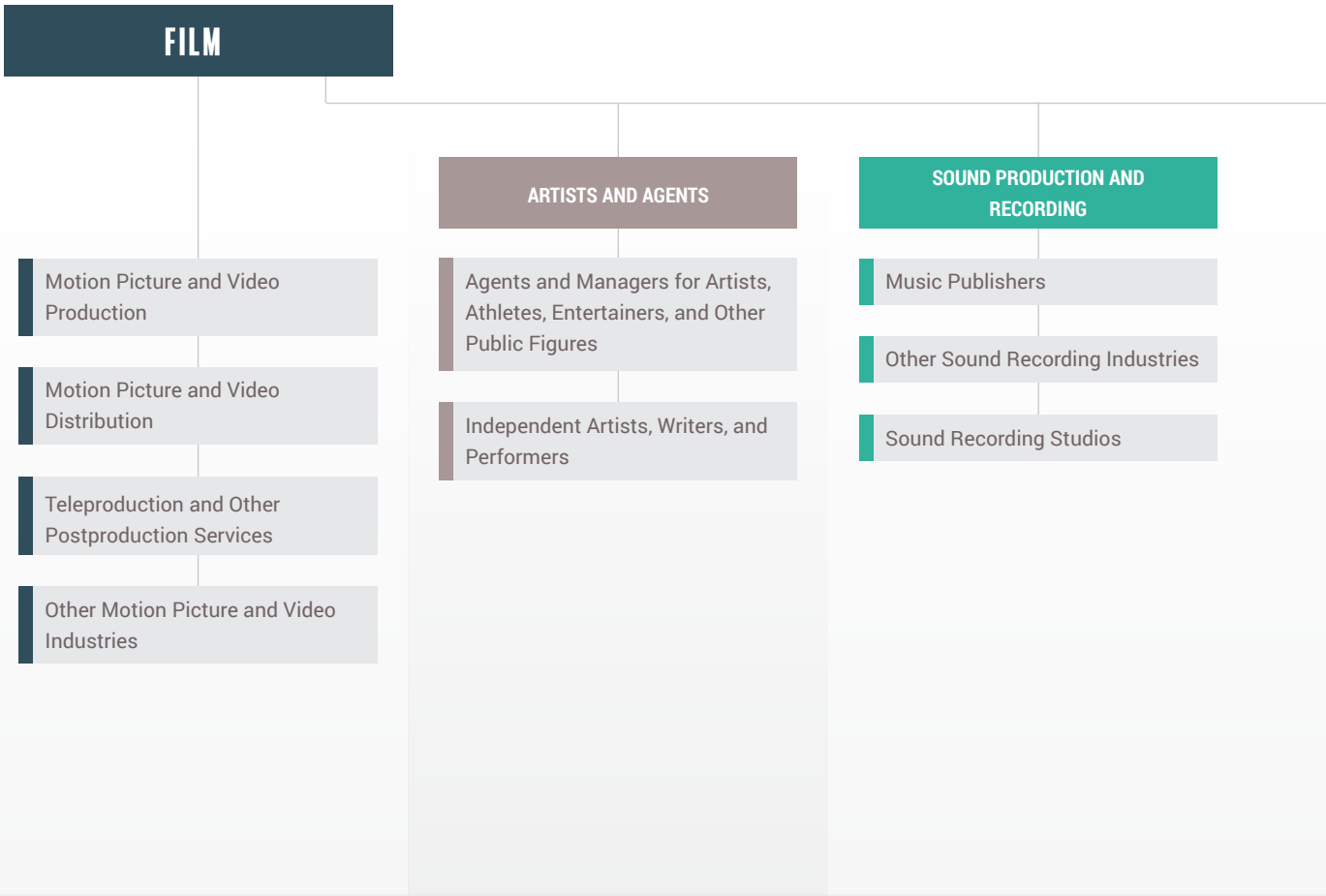
Figure 3.1 defines the Film and Digital Media industry across various subsectors of the economy. Traditional media sectors include **Film**, which covers all activities related to the creation, production, and distribution of motion pictures and TV programming; **Publishers**, which covers a range of traditional publishing activities, such as the publication of newspapers and books, as well as more recent extensions of the industry, such as software publishing; **Sound Production and Recording**, which includes primarily music production and sound recording; Broadcasting, which covers companies engaged in traditional forms of content distribution like television and cable networks; and **Professional Services**, which covers a range of services that are key inputs to film and digital media content creation, including graphic designers, photography, and market research. The final category, **Emerging Digital Media**, covers the elements of media that produce or distribute digital content exclusively, such as Facebook, Google, and Snapchat.

[7] Clifford, S. "Other Retailers Find Ex-Blockbuster Stores Just Right. The New York Times. April 8, 2011. Accessed April 27, 2018. Retrieved at: https://www.nytimes.com/2011/04/09/business/09blockbuster.html

[8] Krazit, T. "Blockbuster's last stand: Inside one of the iconic video rental chain's final U.S. stores." GeekWire. March 31, 2018. Accessed April 27, 2018. Retrieved at: https://www.geekwire.com/2018/blockbusters-last-stand-inside-one-iconic-video-rental-chains-final-u-s-stores/

FILM AND DIGITAL MEDIA CLUSTER DEFINITION

FIGURE 3.1



Example Firms Per Sector

Film

- Amazon Studios
- Netflix
- Deluxe Entertainment
- Disney Enterprises
- Warner Bros.
- Universal Studios
- Sony Pictures Entertainment

Artists and Agents

- International Creative Management, Inc. (ICM)
- Creative Artists Agency (CAA)
- William Morris Endeavor Entertainment (WME)
- The Young Turks
- Bento Box Entertainment

Sound Production and Recording

- Universal Music Group
- Warner Bros. Records
- Sony Interactive Entertainment
- Stupid Buddy Studios

Source: Beacon Economics

DIGITAL MEDIA

PUBLISHERS

- Book Publishers
- Newspaper Publishers
- Periodical Publishers
- Software Publishers
- All Other Publishers

- Electronic Arts
- Activision
- Scopely
- Hollywood Reporter
- Los Angeles Times

BROADCASTING

- Cable and Other Subscription Programming
- Television Broadcasting
- News Syndicates

- HBO
- Viacom
- Hulu
- ABC Studios
- Fox Television
- AwesomenessTV
- Associated Press

PROFESSIONAL SERVICES & BUSINESS OPERATIONS

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- Photography Studios

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- Horizon Media
- BLT Communications
- The Third Floor
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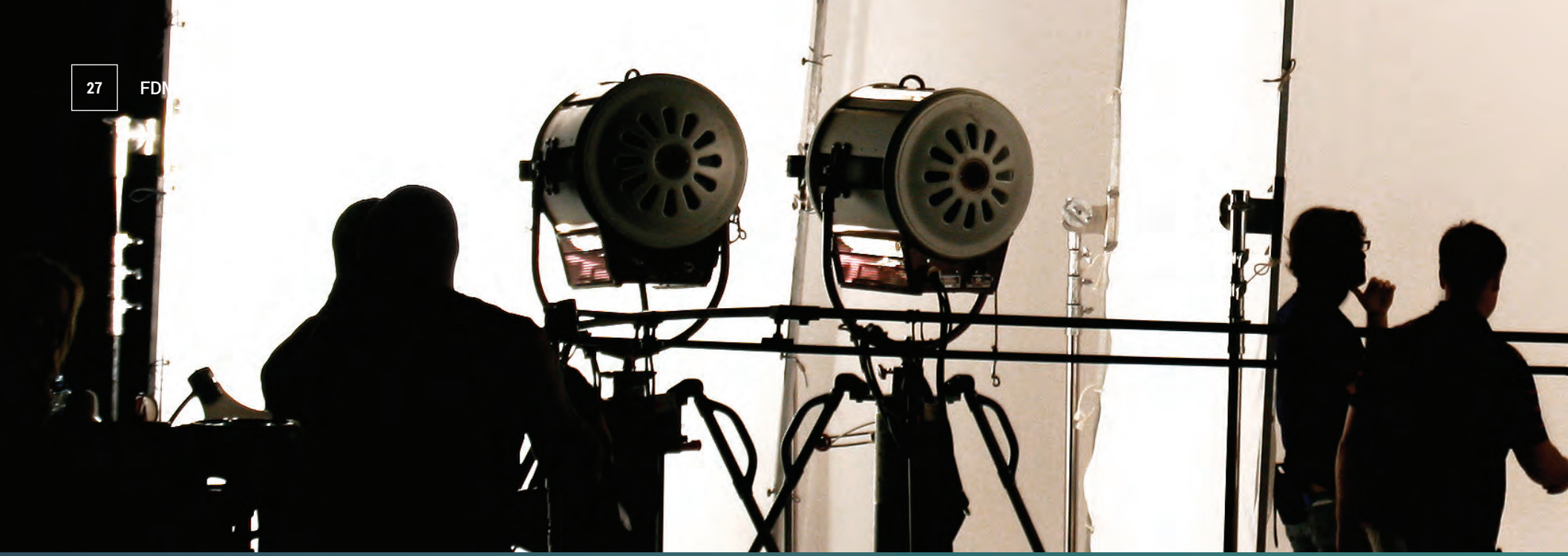
EMERGING DIGITAL MEDIA

- Data Processing, Hosting, and Related Services
- Custom Computer Programming Services
- Internet Publishing and Broadcasting and Web Search Portals

- Snapchat
- Buzzfeed
- Condé Nast Entertainment
- Mashable
- Google
- Twitter

Source: Beacon Economics



INDUSTRY PROFILE

The Film and Digital Media Industry

Despite the ubiquity of digital media companies and products, they make a relatively modest contribution to total employment in the U.S. economy. At the national level, the Film and Digital Media industry accounts for only 2% of all jobs, a share that has remained largely constant since the turn of the century.

Yet recent employment gains in the Film and Digital Media industry have been outpacing employment growth in the national economy, leading policymakers and industry analysts to label the industry a "growth sector." Since 2011, the industry has added more than 400,000 jobs nationally, which represents a 15% growth rate. By contrast, the total number of jobs in the U.S. economy grew by 9% over that same period.

In the U.S., the growth of the Film and Digital Media industry has varied by region. Between 2011 and 2016, the industry grew by 23% in Los Angeles County, faster than the national rate of growth for the industry. Furthermore, the Film and Digital Media industry in L.A. County has been growing faster than the rest of the County's economy, where employment has grown only by 12% over that same period.

The industry grew even faster in the metropolitan areas of San Francisco and San Jose, where it grew by 81% and 53% respectively. San Francisco and San Jose benefited tremendously from the recent boom in the Emerging Digital Media sector of the Film and Digital Media industry, as these two regions are disproportionately specialized in this sector, particularly their tech-enabled elements. This point will be further discussed on subsequent pages.

FILM AND DIGITAL MEDIA INDUSTRY EMPLOYMENT BY REGION
TABLE 3.1

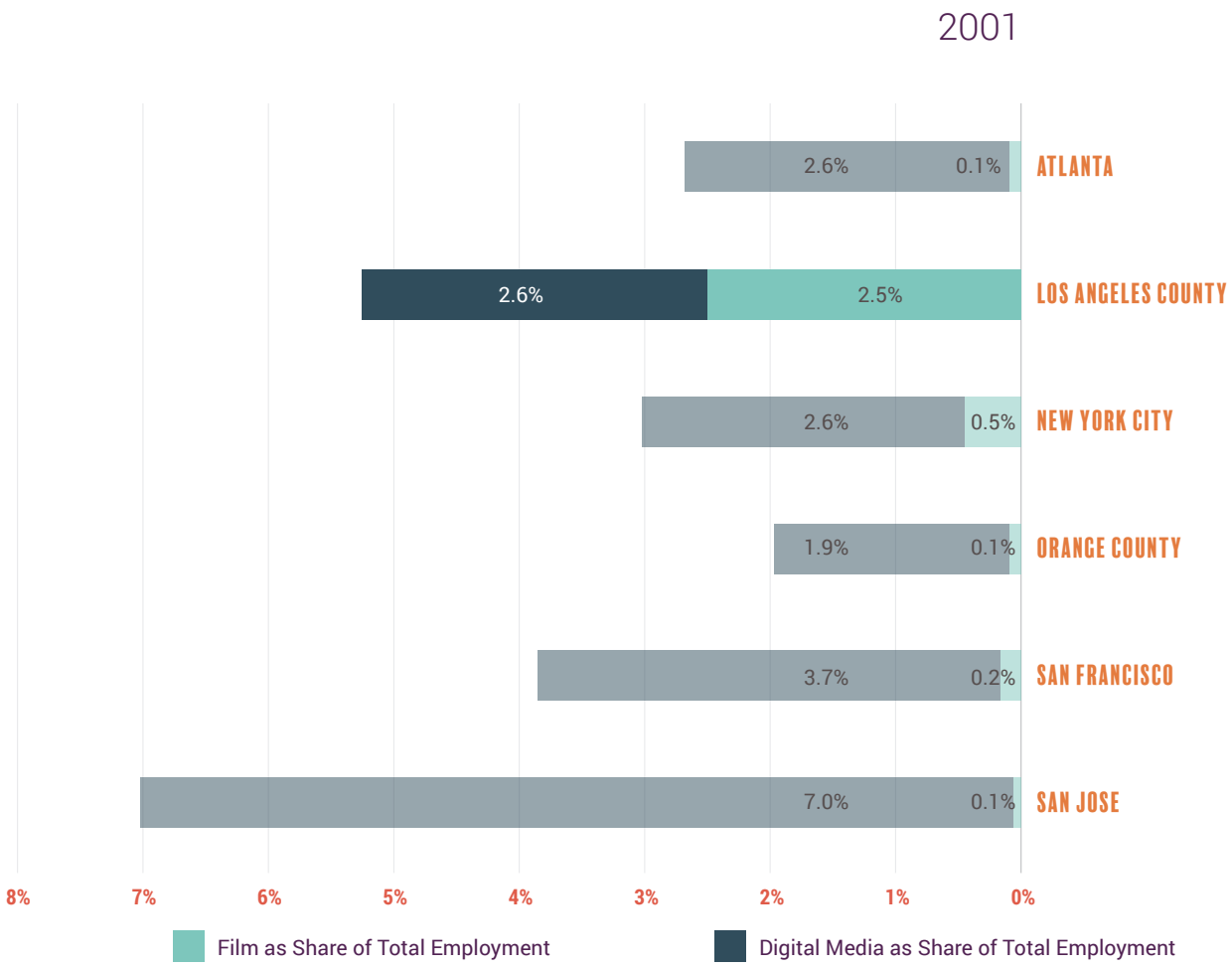
	2011 Employment	2016 Employment	Total Change 2011-2016	Percentage Change 2011-2016
San Francisco	81,200	147,300	66,100	81%
San Jose	70,500	107,700	37,200	53%
Atlanta	58,600	73,800	15,200	26%
Los Angeles County	215,800	265,200	49,500	23%
Orange County	27,800	33,600	5,900	21%
New York City	339,600	380,500	40,900	12%
National	2,699,200	3,111,500	412,300	15%

Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

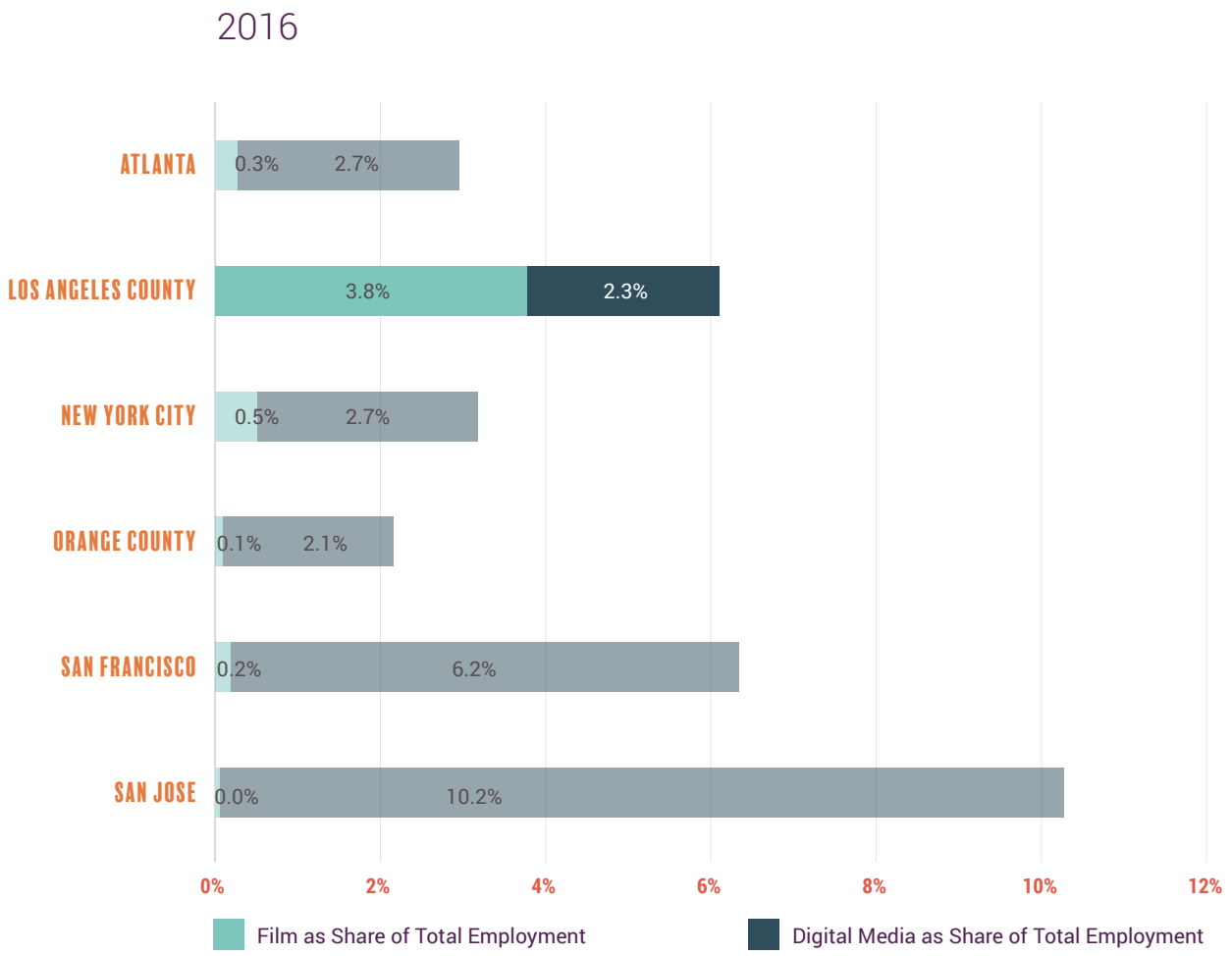
Compared to other regions with a strong presence in Film and Digital Media, only New York City has more jobs than Los Angeles County in the industry. Yet the Film and Digital Media industry comprises a larger share of the total economy in L.A. County than it does in New York City: it accounts for 6.1% of jobs in L.A. County compared to 3.2% of jobs in New York City. Together, L.A. County and New York City account for 21% of the nation's Film and Digital Media industry employment.

FILM AND DIGITAL MEDIA INDUSTRY SHARE OF EMPLOYMENT BY REGION

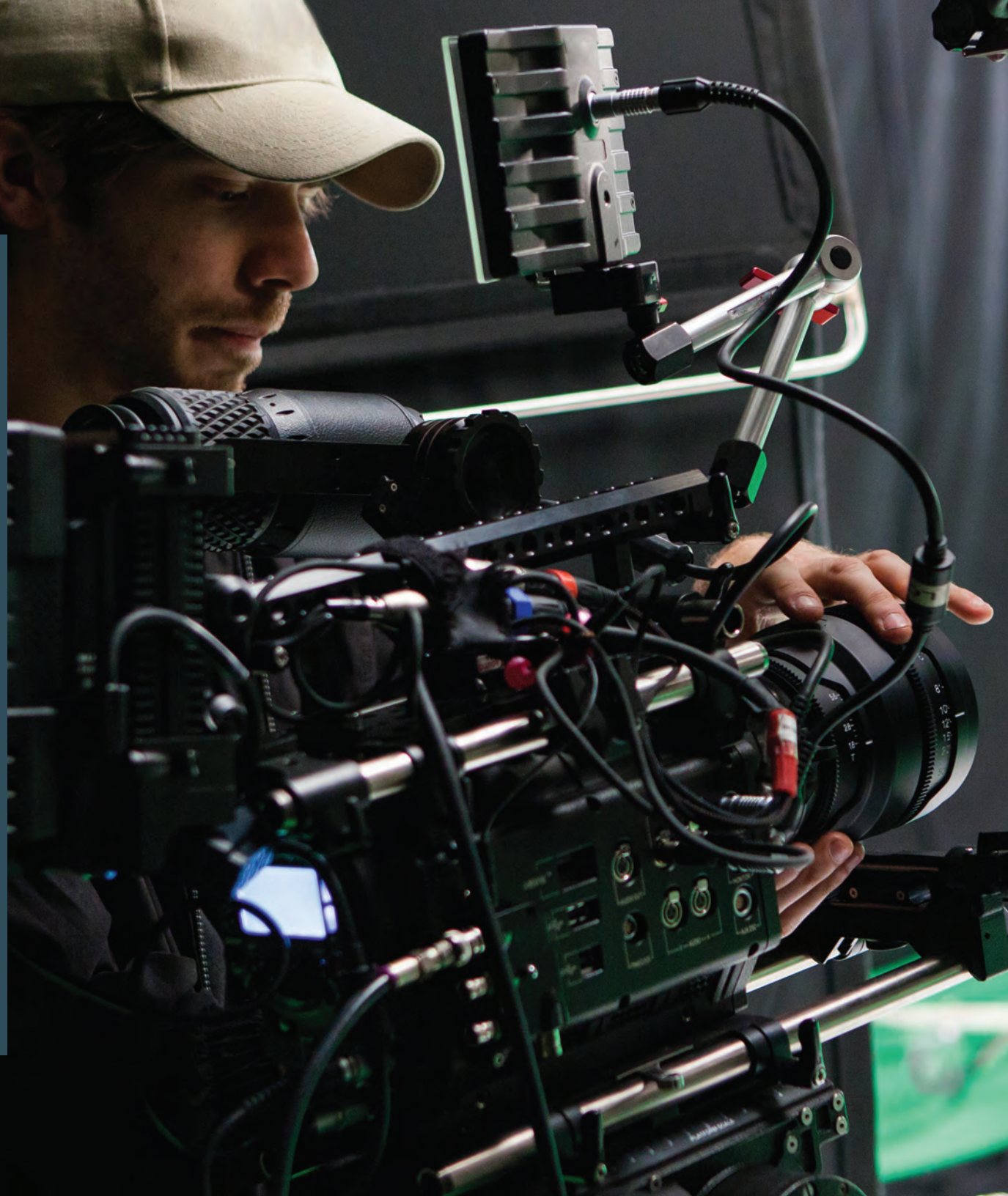
FIGURE 3.2



Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics



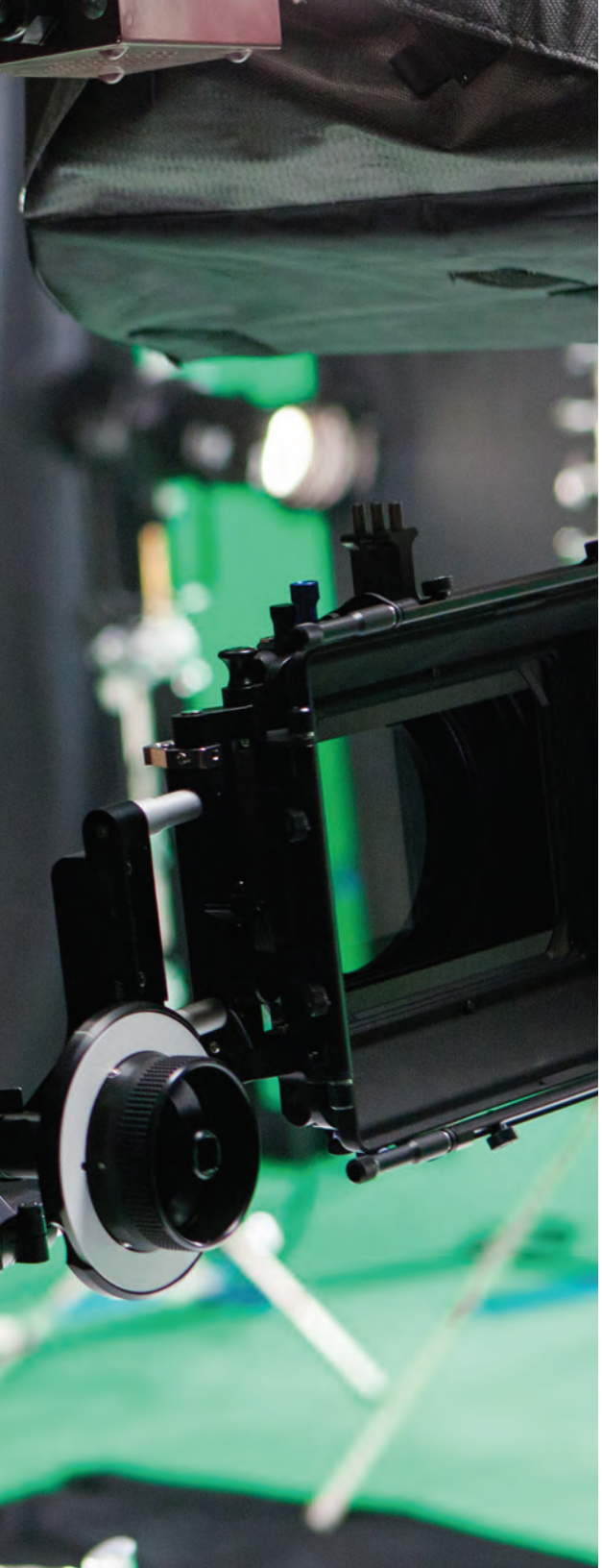
Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics



While growth has varied by region, it still has been largely concentrated. Just five regions have accounted for over 50% of the nation's employment growth in the Film and Digital Media industry since 2011, with Los Angeles County accounting for 12% of that growth.

Beyond sheer employment numbers, Film and Digital Media sectors are an important source of higher-paying jobs. On average, the sector pays nearly double the wages of other sectors in the economy. This is the case both nationally and by region.

Film and Digital Media wages in Los Angeles County are higher than the national average for the industry but lower than the industry's wages in New York City, San Francisco, and San Jose. This is due to differences in the nature of the industry from one region to another. As mentioned earlier, San Francisco and San Jose are highly specialized in the higher-paying segments of the industry, namely the heavily tech-focused Emerging Digital Media sector.

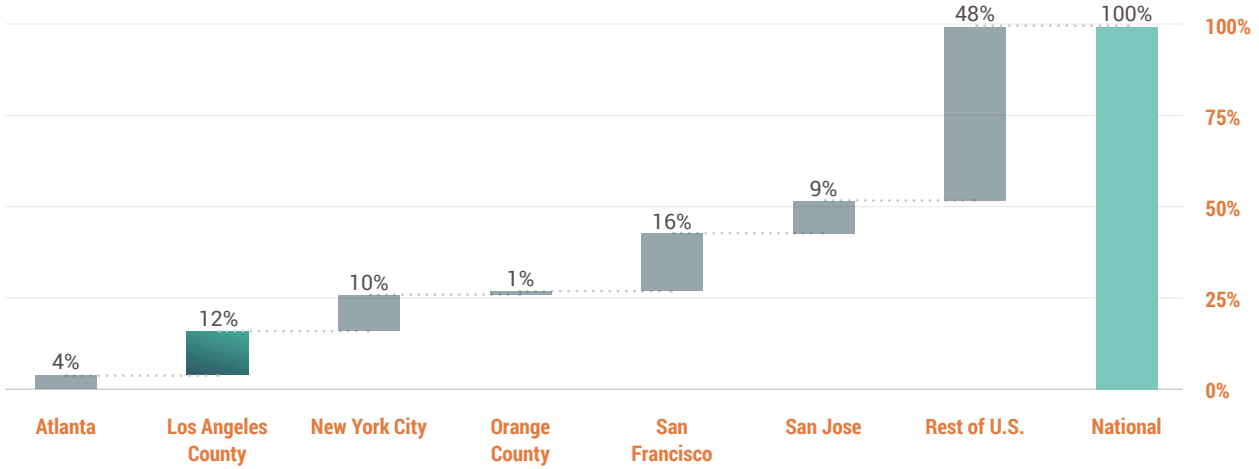


FILM AND DIGITAL MEDIA WAGES IN 2016
TABLE 3.2

	Economy-wide	Film and Digital Media	Film and Digital Media Wage Premium
Atlanta	$56,900	$104,900	+84%
Los Angeles County	$59,900	$117,000	+95%
New York City	$67,200	$124,900	+86%
Orange County	$59,800	$104,800	+75%
San Francisco	$85,200	$157,600	+85%
San Jose	$118,100	$205,200	+74%
National	$53,600	$102,200	+91%

Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

EMPLOYMENT GROWTH IN FILM AND DIGITAL MEDIA INDUSTRY, 2011-2016
FIGURE 3.3



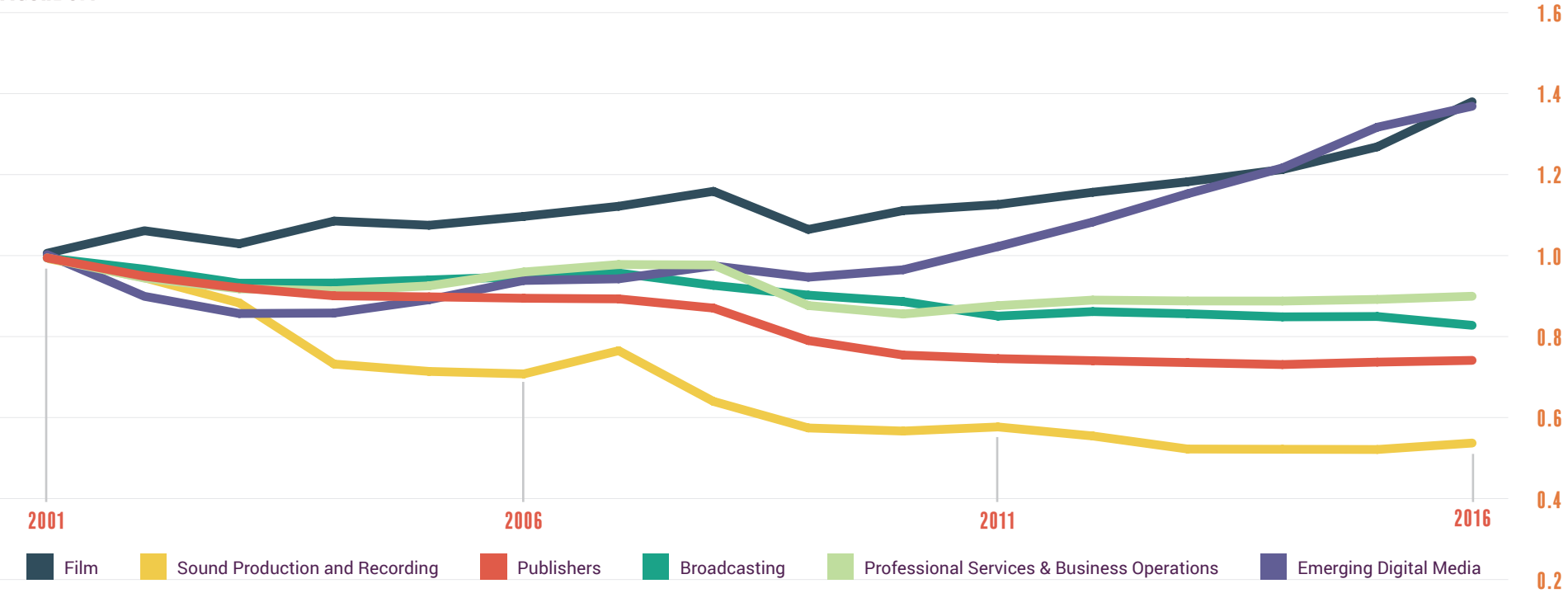
Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

FILM AND DIGITAL MEDIA INDUSTRY: A SUB-SECTORAL ANALYSIS

Since 2001, employment growth has varied across the different sectors that make up the Film and Digital Media industry. Nationally, the Film and Emerging Digital Media sectors are the only sectors of the industry to have grown over the period between 2001 and 2016. These two sectors have grown at almost identical rates, although the Emerging Digital Media sector has been growing at a faster rate since 2011. Contrastingly, significant employment losses have occurred in other sectors of the industry. The Publishing, Broadcasting, and Sound Recording sectors have experienced the steepest declines and, in some instances, the core functions of these sectors have been fundamentally transformed by the digital revolution.

EMPLOYMENT GROWTH BY SECTOR, 2001 – 2016, U.S.

FIGURE 3.4



Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

In 2016, the Emerging Digital Media sector made up the largest share of Film and Digital Media employment nationally, accounting for around 44% of total employment in the industry. This share has increased since 2011, when the Emerging Digital Media sector compromised only 38% of the nation's employment in the industry. Representing 11% of the industry's national employment in 2016, the Film sector accounts for the fourth highest number of jobs within the Film and Digital Media industry.

Nationally, the Emerging Digital Media sector has accounted for 83% of Film and Digital Media industry employment growth since 2011, with around 345,000 jobs added. Employment in the Film sector also grew by about 22% over that same period. Publishers and Broadcasters have been losing employment since 2011, which reflects longer-term trends as traditional activities in these sectors have been replaced by digital activities.

EMPLOYMENT CHANGE BY SECTOR – NATIONAL
TABLE 3.3

	2011		2016		Change from 2011 to 2016
	Employment	Share of Film & Digital Media Employment	Employment	Share of Film & Digital Media Employment	
Film	291,300	10.8%	356,700	11.5%	356,700
Sound Production	11,900	0.4%	11,100	0.4%	11,100
Publishers	703,400	26.1%	699,400	22.5%	699,400
Broadcasting	204,700	7.6%	199,300	6.4%	199,300
Professional Services	471,200	17.5%	483,500	15.5%	483,500
Emerging Digital Media	1,016,700	37.7%	1,361,600	43.8%	1,361,600
Film & Digital Media Total	**2,699,200**		**3,111,500**		**412,300**

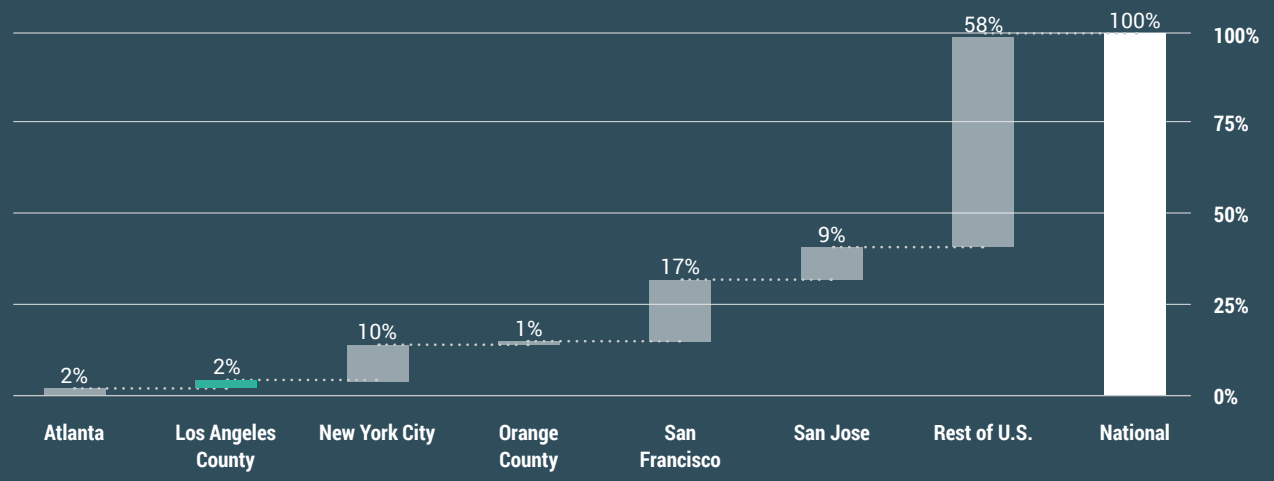
Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

EMPLOYMENT CHANGE BY SECTOR – LOS ANGELES COUNTY
TABLE 3.4

	2011		2016		Change from 2011 to 2016
	Employment	Share of Film & Digital Media Employment	Employment	Share of Film & Digital Media Employment	
Film	129,800	48.9%	164,100	61.9%	34,300
Sound Production	2,100	0.8%	1,700	0.6%	-400
Publishers	12,700	4.8%	15,600	5.9%	2,900
Broadcasting	15,300	5.8%	18,600	7.0%	3,300
Professional Services	27,500	10.4%	29,000	10.9%	1,500
Emerging Digital Media	28,500	10.7%	36,200	13.7%	7,700
Film & Digital Media Total	**215,800**		**265,200**		**49,400**

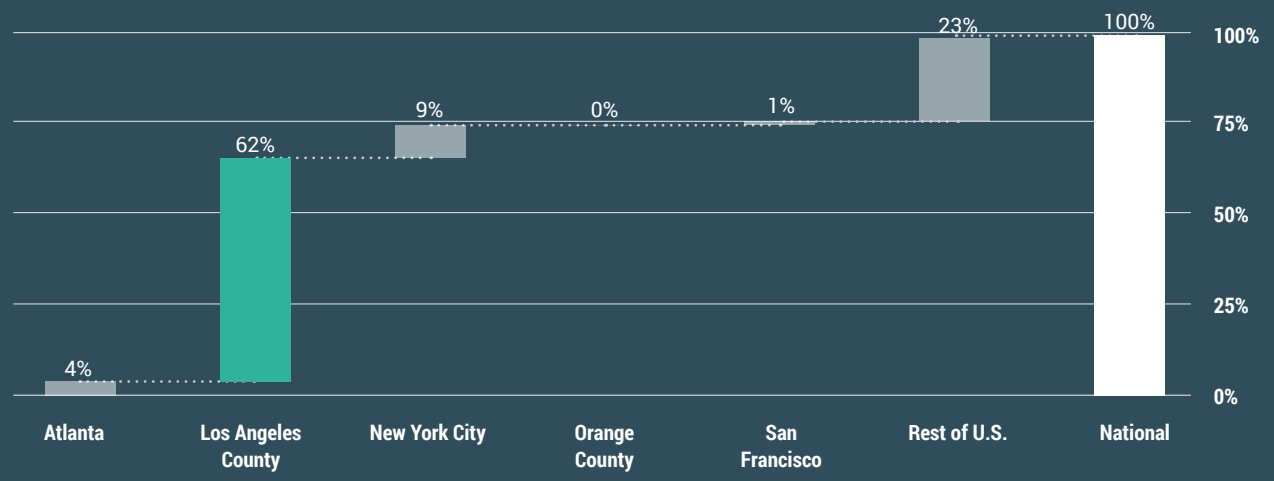
Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

GROWTH IN EMERGING DIGITAL MEDIA EMPLOYMENT FROM 2011 TO 2016
FIGURE 3.5



Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

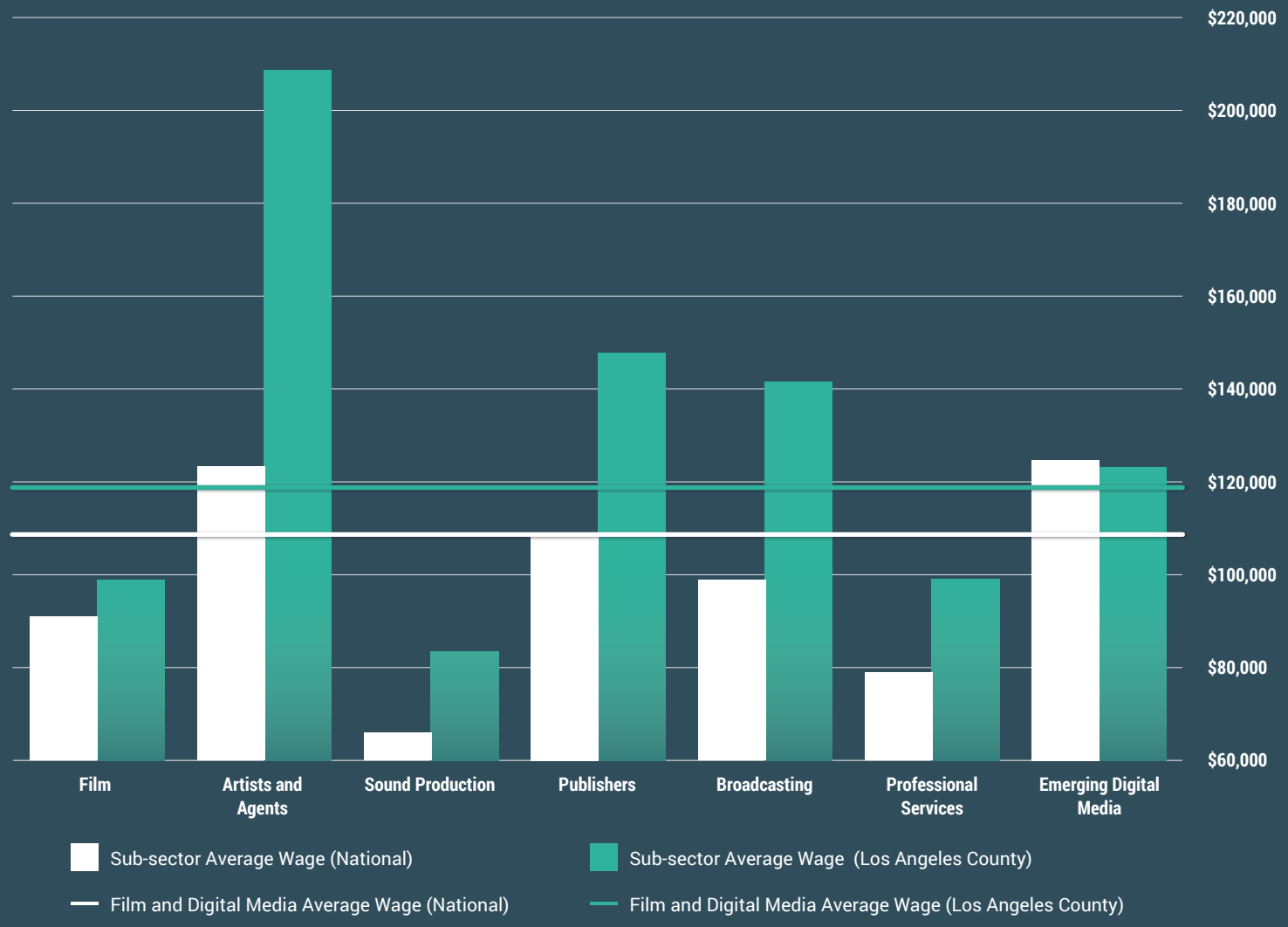
GROWTH IN FILM EMPLOYMENT FROM 2011 TO 2016
FIGURE 3.6



Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

Employment growth in the Emerging Digital Media sector has been driven largely by growth in San Francisco and San Jose since 2011. Together, the two regions have accounted for 26% of all national Emerging Digital Media employment growth over this period. Los Angeles County, on the other hand, has contributed little to national employment growth in this sector.

WAGES BY SECTOR, 2016
FIGURE 3.7



Within the Film and Digital Media industry, the Emerging Digital Media sector pays the highest wages nationally, roughly $124,700 per worker. By comparison, the average worker in the Emerging Digital Media sector in L.A. County earns $123,100—less than Artists and Agents ($208,900), workers in the Publishing sectors ($147,800), and workers in the Broadcasting sectors ($141,500).

Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

FILM AND DIGITAL MEDIA IN LOS ANGELES COUNTY'S BROADER ECONOMY

In Los Angeles County, the Film and Digital Media industry accounts for a much larger share of total employment than is the case nationally. In 2016, Film and Digital Media companies directly accounted for around 6.1% of all jobs in the County, compared to 2% for the nation.

In 2011, Los Angeles County accounted for about 8% of the nation's Film and Digital Media industry employment; by 2016, the County's share of the national industry had grown to 9%. In line with precedent, the County's growing strength in the industry at large can be attributed to the performance of its Film sector.

Given its strength in Film, the profile of L.A. County's overall Film and Digital Media industry is vastly different from that of the national industry. Film accounts for 61% of the County's Film and Digital Media industry, while it accounts for only 11% of the nation's Film and Digital Media industry.

REGIONAL SHARE OF FILM AND DIGITAL MEDIA EMPLOYMENT, 2016

TABLE 3.5

	Film and Digital Media Employment	Share Of Total
Atlanta	73,800	3.0%
Los Angeles County	265,200	6.1%
New York City	380,500	3.2%
Orange County	33,600	2.2%
San Francisco	147,300	6.3%
San Jose	107,700	10.3%

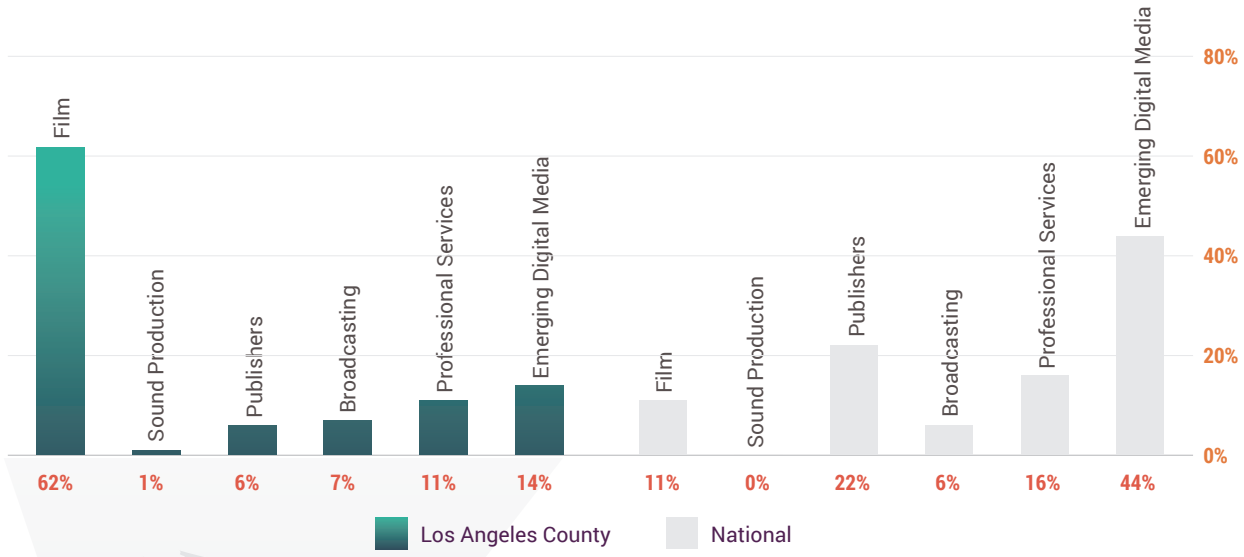
Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

The Emerging Digital Media sector accounts for a far lower share of the County's Film and Digital Media industry: 13.5% compared to 44% at the national level. The County has accounted for only 2% of the nation's employment growth in the Emerging Digital Media sector since 2011. By contrast and as mentioned, the County has accounted for 62% of the nation's employment growth in the Film sector since 2011.

With regard to Film, Los Angeles County accounts for 46% of the nation's sector. This position has strengthened since 2011, when Los Angeles County accounted for 40% of employment in the Film sector nationally.

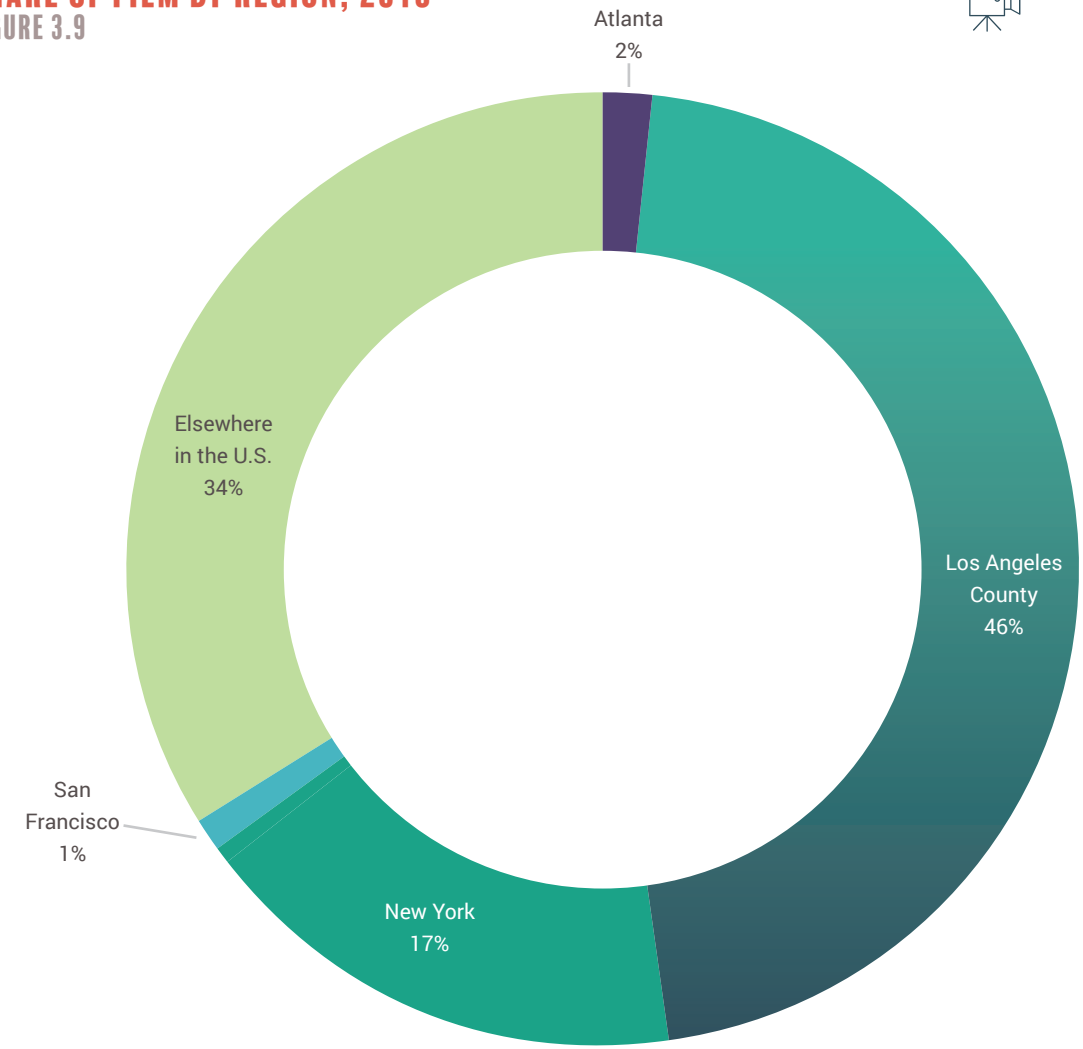
SHARE OF EMPLOYMENT ACROSS INDUSTRY SECTORS, 2016

FIGURE 3.8



Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

SHARE OF FILM BY REGION, 2016
FIGURE 3.9



Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

In summary, the County's Film and Digital Media industry is dominated by the Film sector. Los Angeles County has increased its strength in the Film sector relative to the rest of the nation.

Further, the Film sector has enjoyed an upward growth trajectory almost identical to that of the Emerging Digital Media sector, with the latter picking up more quickly since 2011. While there is no obvious causal relationship from the data between the two, there is a working assumption among industry analysts and industry stakeholders that the growth in the Emerging Digital Media sector has acted as an input to growth in the Film sector, as many of the digital media platforms and ecosystem actors are increasingly participating in the production of video content.

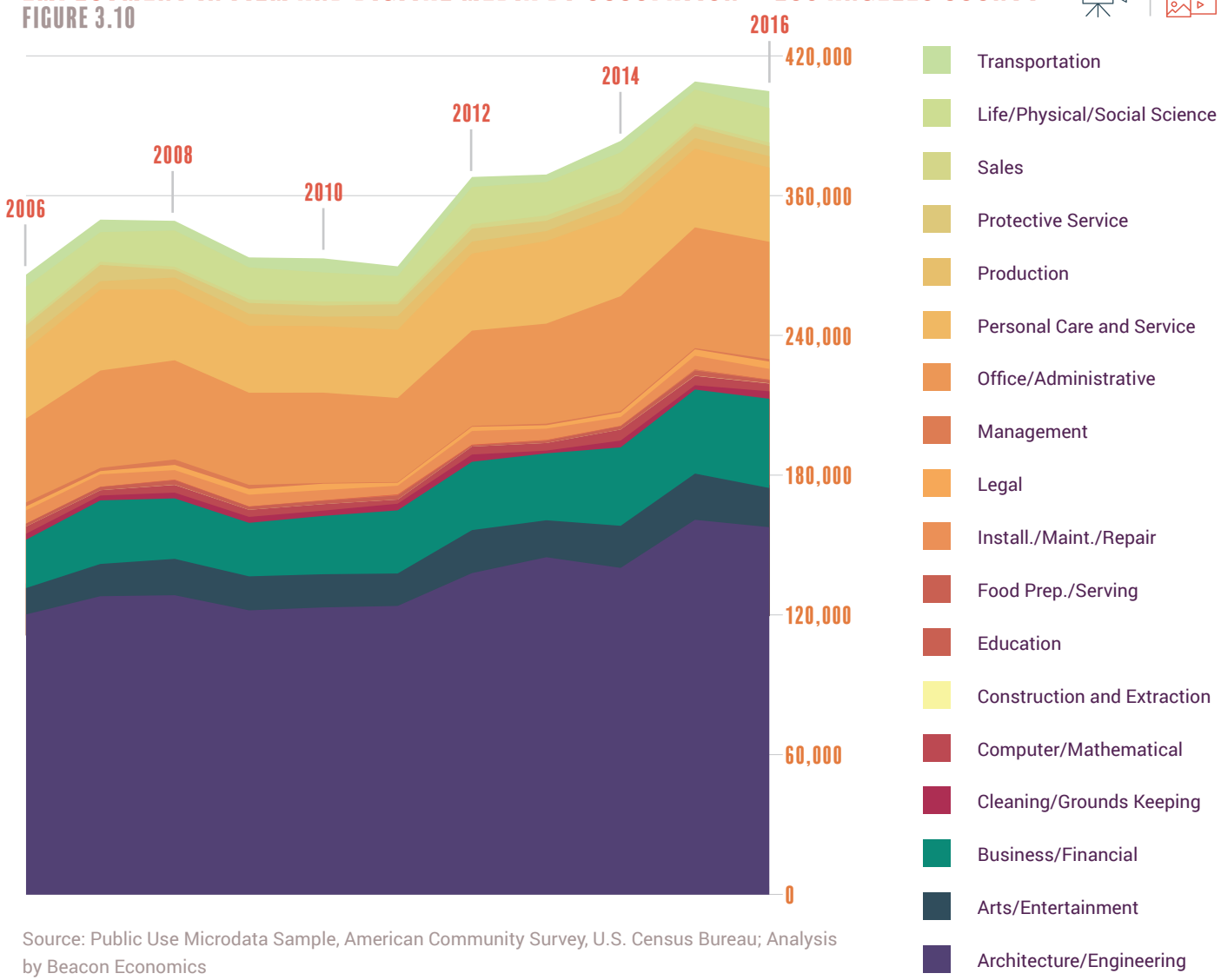
OCCUPATIONAL OVERVIEW

Trends in the Fastest Growing and Highest Paid Occupations

The Film and Digital Media industry has experienced impressive employment growth in the last ten years in Los Angeles County. From 2006 to 2016, employment increased 32%, substantially more than in all other industries combined (21%) in the County.[9] The increase is more than the 14% growth in New York City Metro's Film and Digital Media industry. Figure 3.10 provides the industry employment trend by occupation.

EMPLOYMENT IN FILM AND DIGITAL MEDIA BY OCCUPATION - LOS ANGELES COUNTY

FIGURE 3.10



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

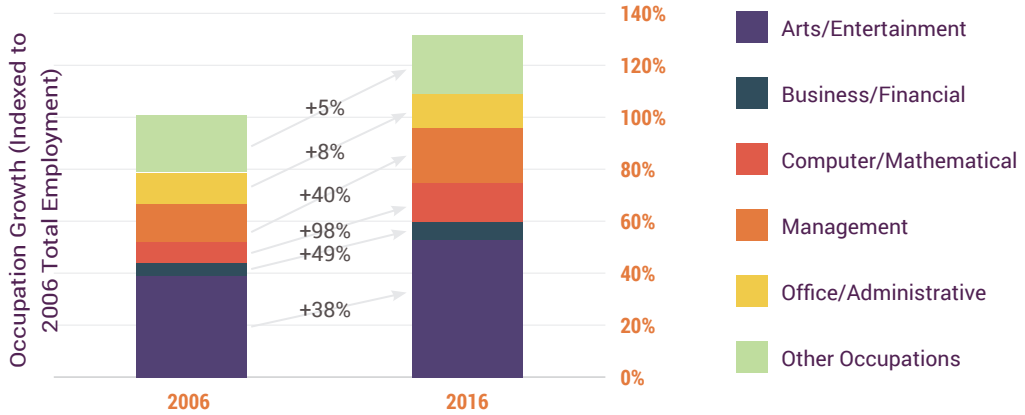
[9] Employment by industry and occupation can be calculated only by using U.S. Census Bureau's Public Use Microdata Sample (ACS PUMS). Incidentally, these employment estimates are higher than the estimates from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) because the QCEW excludes several types of workers whereas the ACS PUMS does not. Specifically, the QCEW employment

Arts, Design, Entertainment, Sports, and Media (hereinafter Arts/Entertainment) is by far the most common occupational category in L.A. County in 2016, employing 40% of workers in the Film and Digital Media industry, followed by Management (16%) and Computer/Mathematical Occupations (11%). An increasing share of people employed in the Film and Digital Media industry work in these three broad occupations, and percentage growth rates of the largest occupations have outpaced other occupations (Figure 3.11). Overall, the top five occupations (listed in Figure 3.11) accounted for more than 80% of total employment in the Film and Digital Media industry.

Another notable trend is the employment by the Film and Digital Media industry of more highly skilled individuals in the Computational/Mathematical occupation, which increased from 7.7% in 2006 to 11.5% in 2016 (Figure 3.12). Much of the increase can be attributed to the booming Computer Systems Design and Related Services sector. Overall and unsurprisingly, the Emerging Digital Media sector accounted for most of the increases in Computer and Mathematical occupational demands. Notably however, demand for Computer/Mathematical professionals also rose in the Motion Picture and Video sector, with employment increasing by 12% from 2011 and by 16% from 2006. Figure 3.13 shows the trend for Computer/Mathematical occupations by industry. The Computational/Mathematical

EMPLOYMENT GROWTH IN FILM AND DIGITAL MEDIA INDUSTRY BY OCCUPATION LOS ANGELES COUNTY, 2006 TO 2016

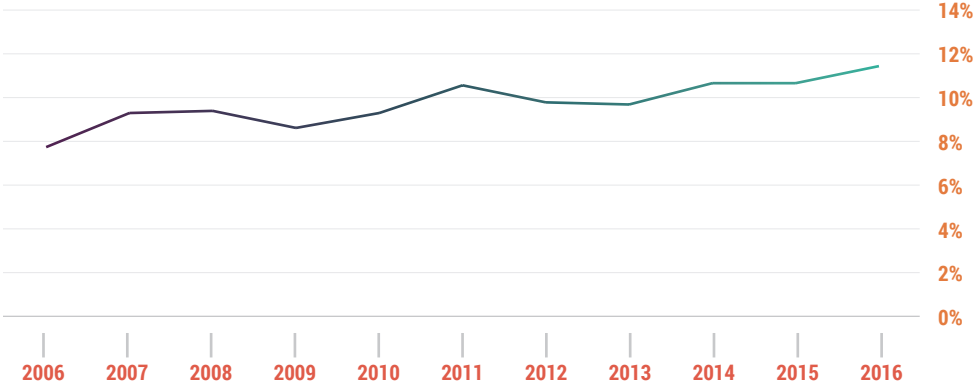
FIGURE 3.11



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

COMPUTER AND MATHEMATICAL OCCUPATIONS AS SHARE OF EMPLOYMENT IN FILM AND DIGITAL MEDIA – LOS ANGELES COUNTY

FIGURE 3.12



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

data excludes proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. The employment count also excludes workers who earned no wages during the entire applicable pay period because of work stoppages, temporary layoffs, illness, or unpaid vacations. Given the prevalence of self-employment and freelance work within creative industries such as Film & Digital Media, one can expect that the QCEW employment figures are underreported.

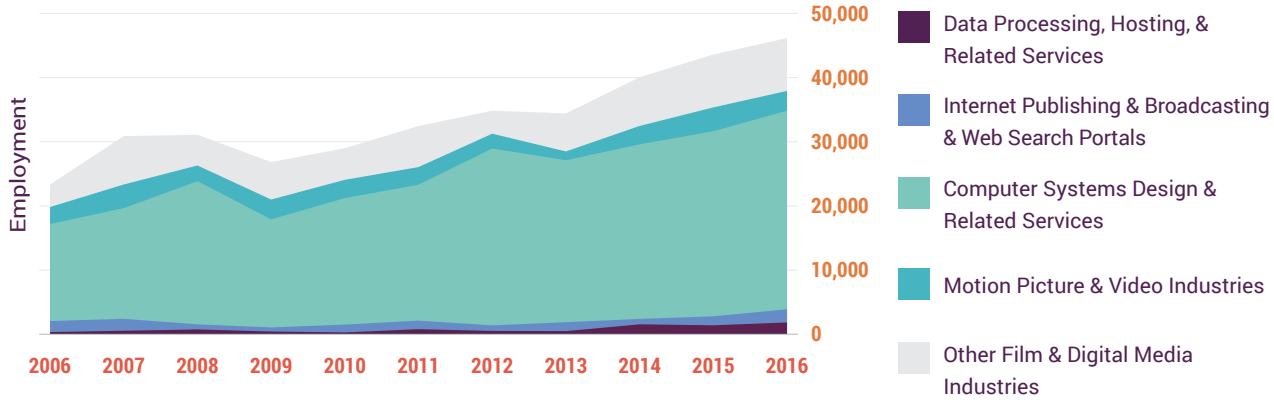
occupation is the fastest growing occupation group, followed by Legal (+83%), Architecture/Engineering (+62%), and Business/Financial (+49%). The County saw only a few occupations decline in the industry's employment over the last 10 years. With the exception of Science (-38%), the declining occupations are manual labor-intensive: Cleaning/Grounds Keeping (-30%), Installation/Maintenance/Repair (-20%), and Production (-29%).

The "Other Occupations" category includes a few fringe occupations, each of which makes up 1% or less Film and Digital Media workers: Cleaning/Grounds Keeping, Community/Social Service, Construction, Farming/Fishing/Forestry, Food Preparation, Healthcare Practitioners, Healthcare Support, Legal, Protective Service, and Science.

The large size of L.A. County's film sector means that a higher concentration of the workforce is clustered in fewer occupations compared with other metros that also have sizable Film and Digital Media workforces. Most notable is that in 2016 40% of the Film and Digital Media workforce in Los Angeles County were professionals in Arts/Entertainment occupations. In contrast, the shares of the Film and Digital Media workforce employed in Arts/Entertainment occupations were 30% in New York City Metro and 23% in Orange County. Beacon Economics has calculated the Herfindahl-

COMPUTER AND MATHEMATICAL OCCUPATIONS BREAKDOWN LOS ANGELES COUNTY

FIGURE 3.13



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

[10] The Herfindahl-Hirschman Index (HHI) measures market concentration and is calculated as the sum of the squares of the market share of each firm competing in a market. The resulting HHI ranges from 0 (where there is an infinite number of firms with identical market power) to 10,000 (where one firm has all the market share). Here, the HHI is implemented as a way to quantifiably measure the occupation concentration within a region. Given that Los Angeles has a large film industry—and therefore serves as a hotbed for professionals in the Arts/Entertainment occupations—it is therefore

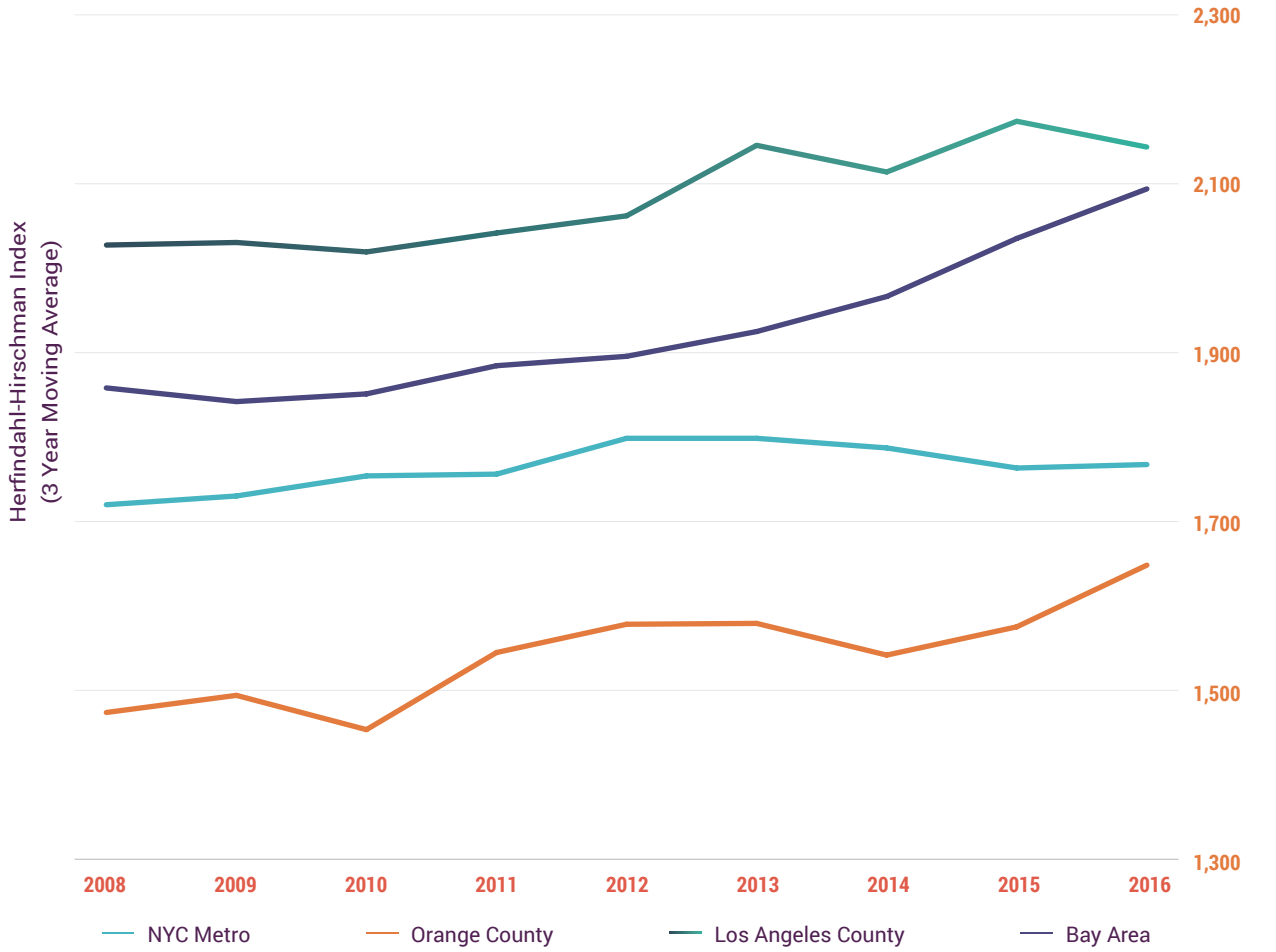
Hirschman Index[10] (HHI) for Los Angeles County, adjacent Orange County, and the New York City Metro Area. Figure 3.14 shows that Los Angeles County has a significantly higher HHI every year than Orange County and New York City Metro.

The average (mean) wages[11] across all occupations in the Film and Digital Media industry also increased at a similar pace, a 32% gain between 2006 and 2016. Wage gains across occupations varied significantly, however, and gains in the five largest occupations by workforce size have all trailed behind the 32%, which is illustrated in Figure 3.15.

Occupations stagnating or declining in employment, such as Sales and Cleaning/Grounds Keeping, posted the highest average wage increases. The top five largest occupations have all posted wage gains less than the average wage gain of all occupations in the Film and Digital Media industry. The fastest growing occupations—Computer/Mathematical, Legal, and Architecture/Engineering—require highly specialized skill sets, underscoring the importance of the County's investment in higher education or equivalent programs.

HERFINDAHL-HIRSCHMAN INDEX OF OCCUPATIONS IN FILM AND DIGITAL MEDIA, LOS ANGELES COUNTY VS NEW YORK CITY METRO AND ORANGE COUNTY, 2008 TO 2016

FIGURE 3.14

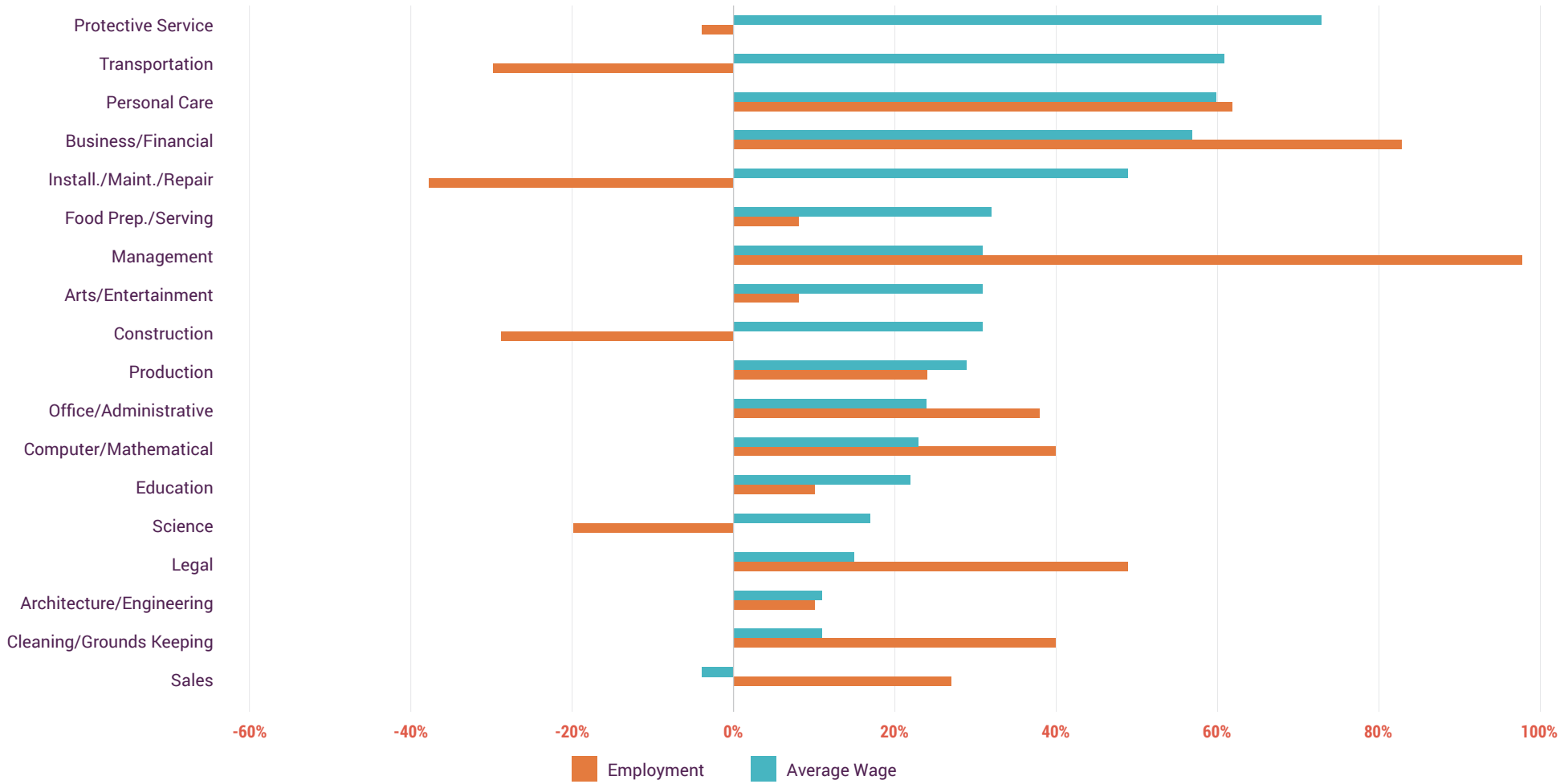


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

expected that Los Angeles has a higher HHI than either New York City metro area or Orange County. In fact, Los Angeles County actually has a lower HHI than New York City metro area or Orange County if excluding the Arts/Entertainment occupation group.

AVERAGE WAGE AND EMPLOYMENT PERCENT CHANGE, 2006 TO 2016, FILM AND DIGITAL MEDIA INDUSTRY IN LOS ANGELES COUNTY

FIGURE 3.15



Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

[11] Unless otherwise specified throughout this section, average wage refers to the mean wage rather than the median wage.

ARTS, DESIGN, ENTERTAINMENT, SPORTS, AND MEDIA OCCUPATIONS DRILL DOWN

The high concentration of Arts/Entertainment professionals in the Film and Digital Media industry in L.A. County warrants a more in-depth analysis. The following is a detailed list of what is meant by Arts/Entertainment.

ARTS, DESIGN, ENTERTAINMENT, SPORTS, AND MEDIA OCCUPATIONS LIST

TABLE 3.6

SOC Code	Occupation Description	Occupation Shorthand
27-1010	Artists and Related Workers	Artists and Related
27-1020	Designers	Designers
27-2011	Actors	Actors
27-2012	Producers and Directors	Producers and Directors
27-2020	Athletes, Coaches, Umpires, and Related Workers	Athletes, Coaches, and Umpires
27-2030	Dancers and Choreographers	Dancers and Choreographers
27-2040	Musicians, Singers, and Related Workers	Musicians and Singers
27-2099	Entertainers and Performers, Sports and Related Workers, All Other	Entertainers and Performers
27-3010	Announcers	Announcers
27-3020	News Analysts, Reporters and Correspondents	News Analysts and Reporters
27-3031	Public Relations Specialists	PR Specialists
27-3041	Editors	Editors
27-3042	Technical Writers	Technical Writers
27-3043	Writers and Authors[12]	Writers and Authors
27-3090	Miscellaneous Media and Communication Workers	Media and Comm Workers
27-4021	Photographers	Photographers
27-4030	Television, Video, and Motion Picture Camera Operators and Editors	Camera Operators and Editors
27-40XX	Broadcast and Sound Engineering Technicians and Radio Operators, and Media and Communication Equipment Workers, All Other	Engineering Techs and Operators

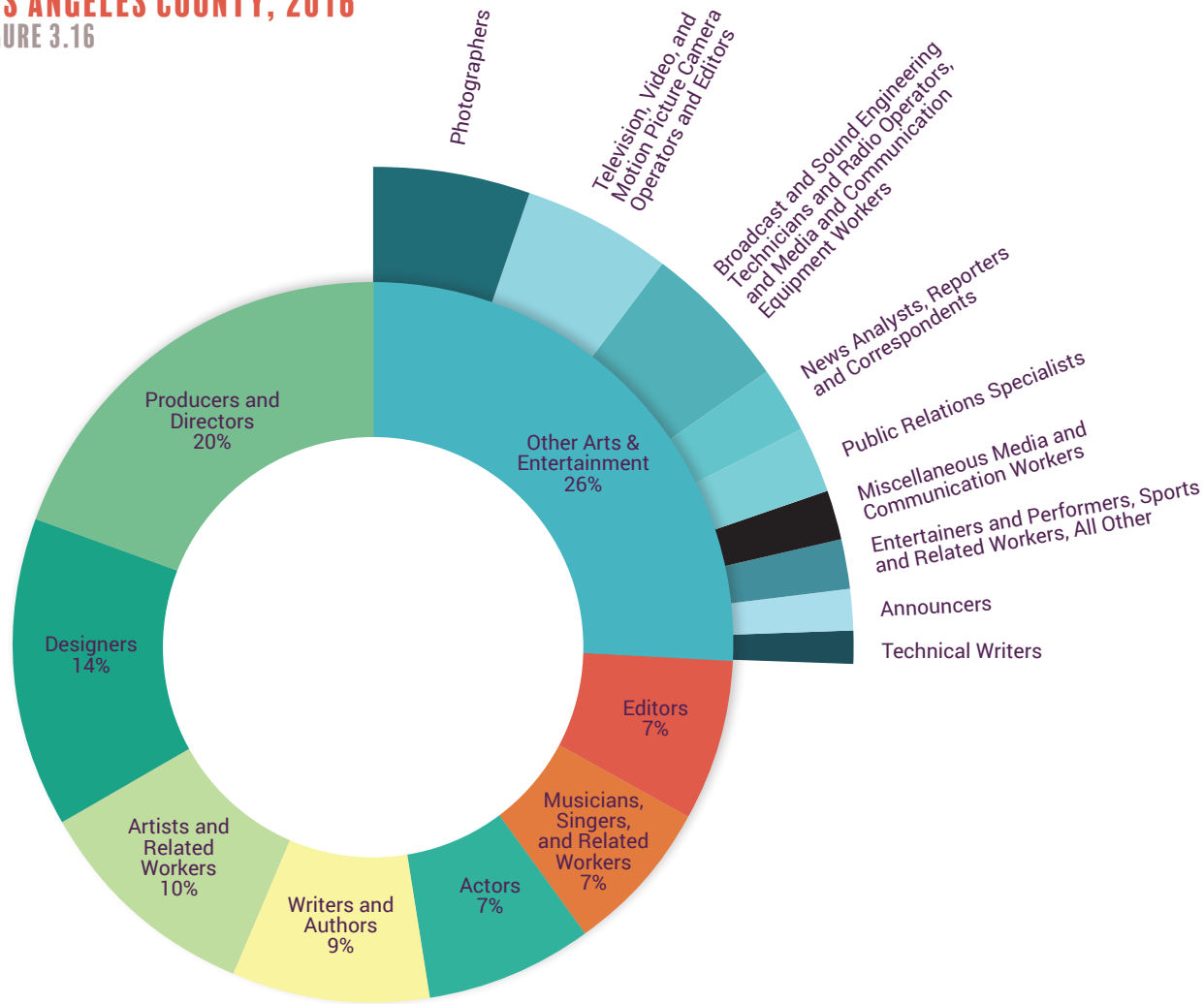
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

[12] Includes copy writers, poets, lyricists, and creative writers.

In 2016, Producers and Directors (20%) was the largest occupational category within Arts/Entertainment in L.A. County, followed by Designers (14%), Artists and Related Workers (10%), and Writers and Authors (9%). The frontstage performing occupations—Actors (Standard Occupational Classification [SOC] Code: 7-2011) and Musicians, Singers, and Related Workers (SOC Code: 27-2040)—accounted for 6% respectively of total Arts/Entertainment occupations in the Film and Digital Media industry.

ARTS/ENTERTAINMENT OCCUPATIONS DETAILED BREAKDOWN LOS ANGELES COUNTY, 2016

FIGURE 3.16

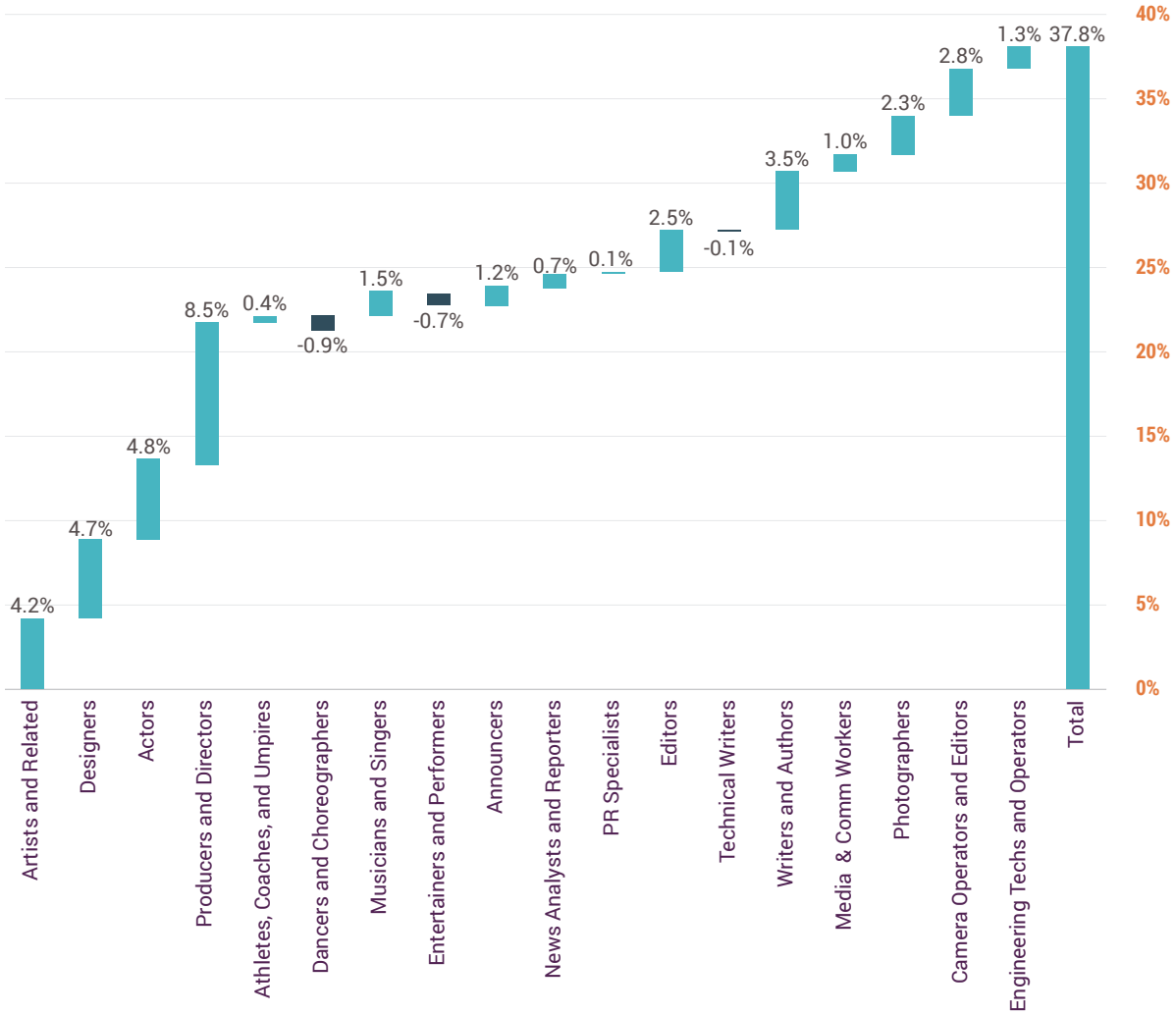


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

The number of Film and Digital Media professionals employed in Arts/Entertainment occupations has increased by 38% during the 10-year period between 2006 and 2016, exceeding the 32% increase of all occupations in the Film and Digital Media industry overall. Producers and Directors, the largest occupational category within Arts/Entertainment, accounted for 8.5% of the 38% growth figure, followed by Actors and then Designers with a 4.8% and a 4.7% contribution, respectively. The growth contribution of each individual Arts/Entertainment occupation is shown in Figure 3.17 by SOC code.

GROWTH IN ARTS/ENTERTAINMENT OCCUPATIONS LOS ANGELES COUNTY, 2006 TO 2016

FIGURE 3.17



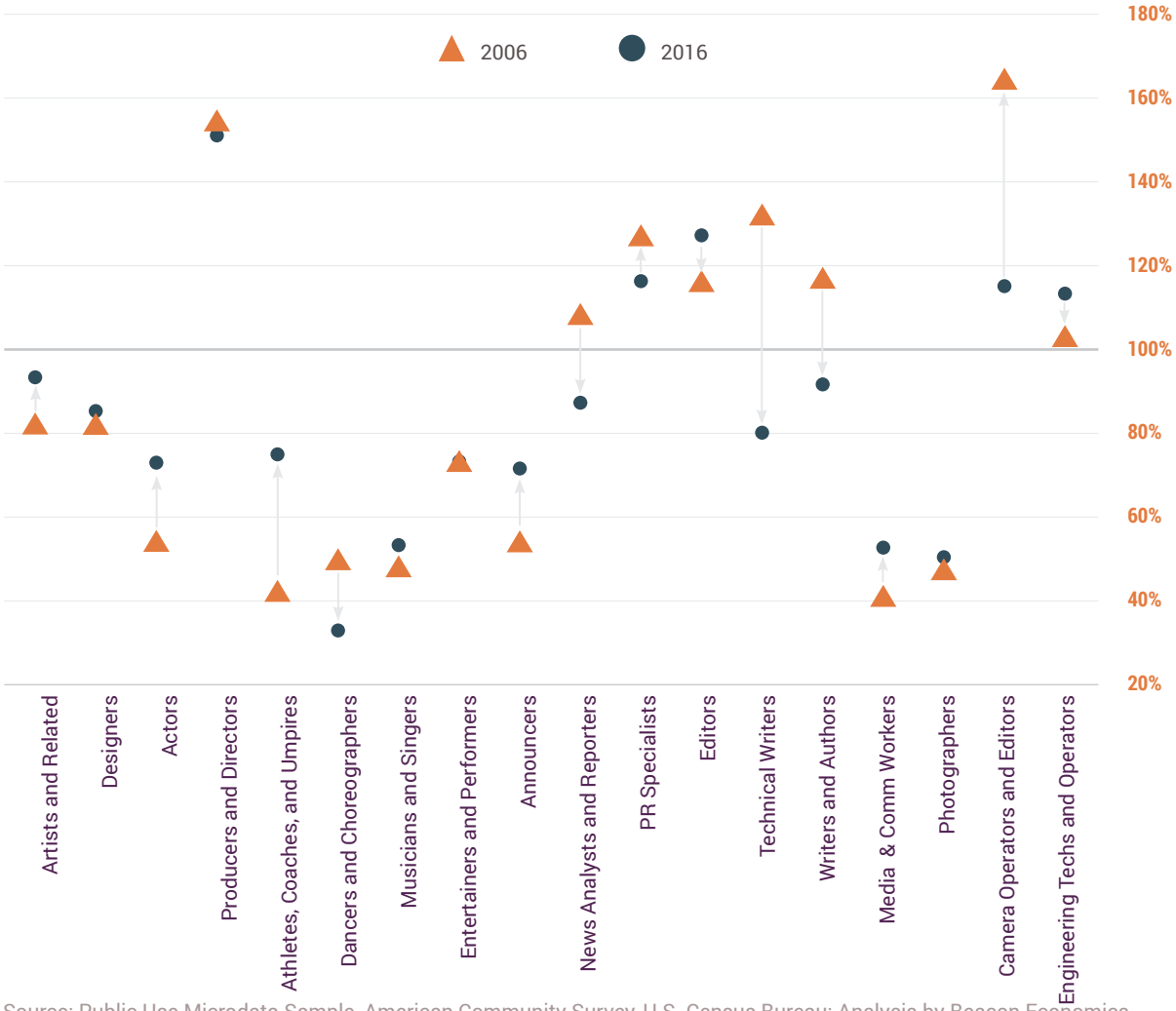
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Wages in Arts/Entertainment occupations varied considerably. The three categories with the highest average wages in 2016 were Producers and Directors (+51% above average wage of all occupations in Arts/Entertainment), Editors (+27%), and Public Relations Specialists (+16%). Frontstage performers have some of the lowest average wages relative to all occupations' average wage: Actors (-27%), Dancers and Choreographers (-67%), and Musicians, Singers, and Related Workers (-47%). Figure 3.18 illustrates average wages by occupation in 2006 and in 2016 with respect to total average wage for Arts/Entertainment.

Figure 3.18 shows that Television, Video, and Motion Picture Camera Operators and Editors (-15%) experienced the largest decline in average nominal wages.[13] Writers and Authors (-5%) and News Analysts, Reporters and Correspondents (-2%) professionals have also seen notable slumps in their wages.[14] On the other hand, Athletes, Coaches, Umpires, and Related Workers (+116%), Actors (+64%), Announcers (+61%), and Miscellaneous Media and Communication Workers (+56%) posted the highest jumps in real average wages. However, all of these occupations pay significantly less than the total Arts/Entertainment average wage. These observations indicate that perhaps the average wage of each occupation in Arts/Entertainment is becoming more equalized. Based on the employment and average wage estimates, Beacon Economics has derived the Lorenz Curve for 2006 and 2016.[22]

RELATIVE WAGES OF ARTS/ENTERTAINMENT OCCUPATIONS IN FILM AND DIGITAL MEDIA, LOS ANGELES COUNTY, 2016 VS. 2006

FIGURE 3.18



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

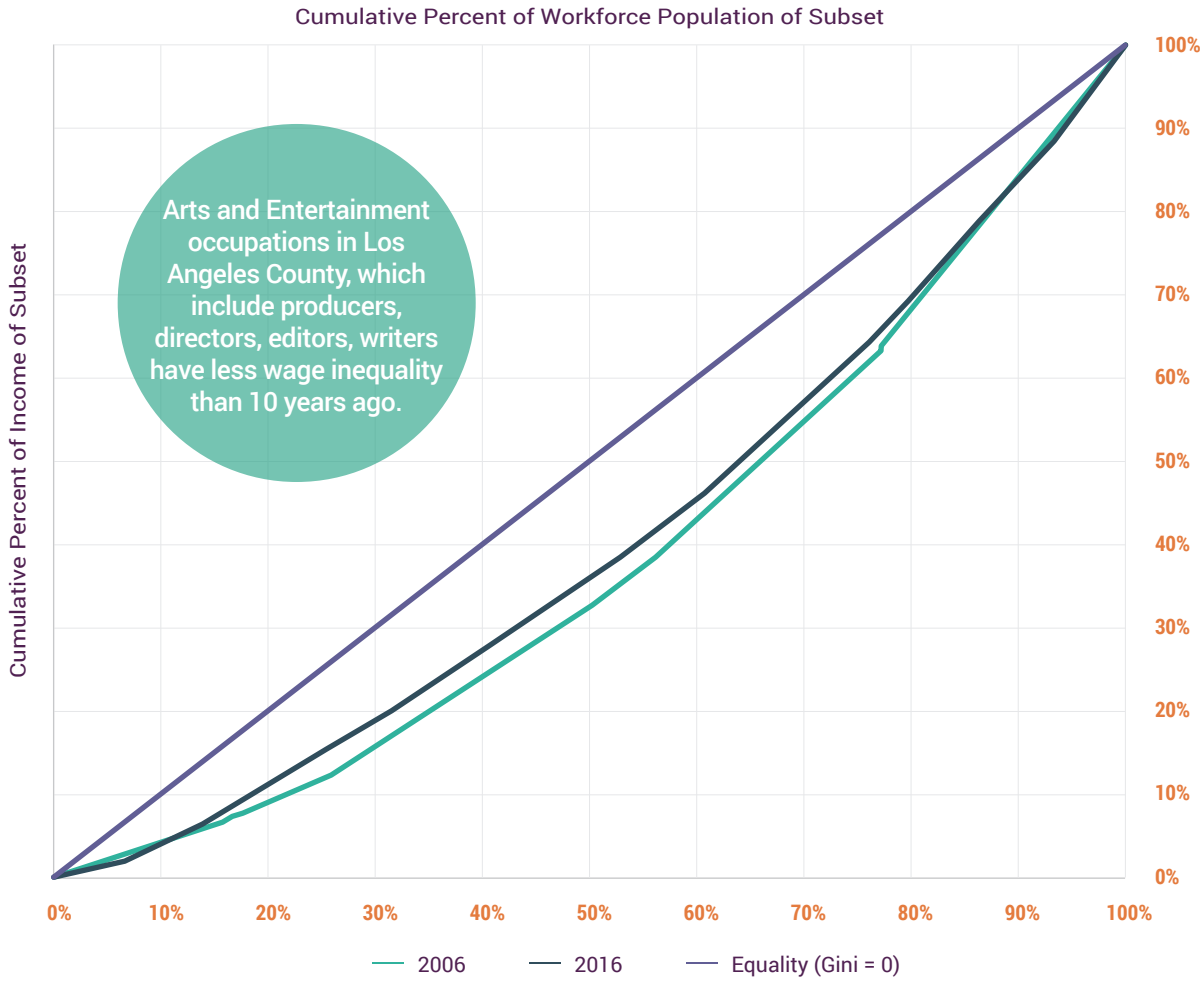
[13] These wage figures are not inflation-adjusted. Adjusting for inflation (based on all items in Los Angeles-Riverside-Orange County, CA, all urban consumers—series CUURA421SA0, CUUSA421SA0), the real average wage decreases are 38% for Technical Writers and 28% for Motion Picture Camera Operators and Editors.

[14] These are equivalent to a 20% and 18% decrease, respectively, in real average wage.

As Figure 3.19 illustrates, the average wage distribution by occupation is closer to equal in 2016 than in 2006. For example, the bottom 26% of workers earned 16% of the cumulative wage in 2016, which is a 3% improvement over the 13% cumulative wage they earned in 2006. Nevertheless, the average wage figures do not paint a complete picture of wage differences.

LORENZ CURVE OF ARTS/ENTERTAINMENT WORKERS IN FILM AND DIGITAL MEDIA, LOS ANGELES COUNTY, 2006 VS. 2016

FIGURE 3.19



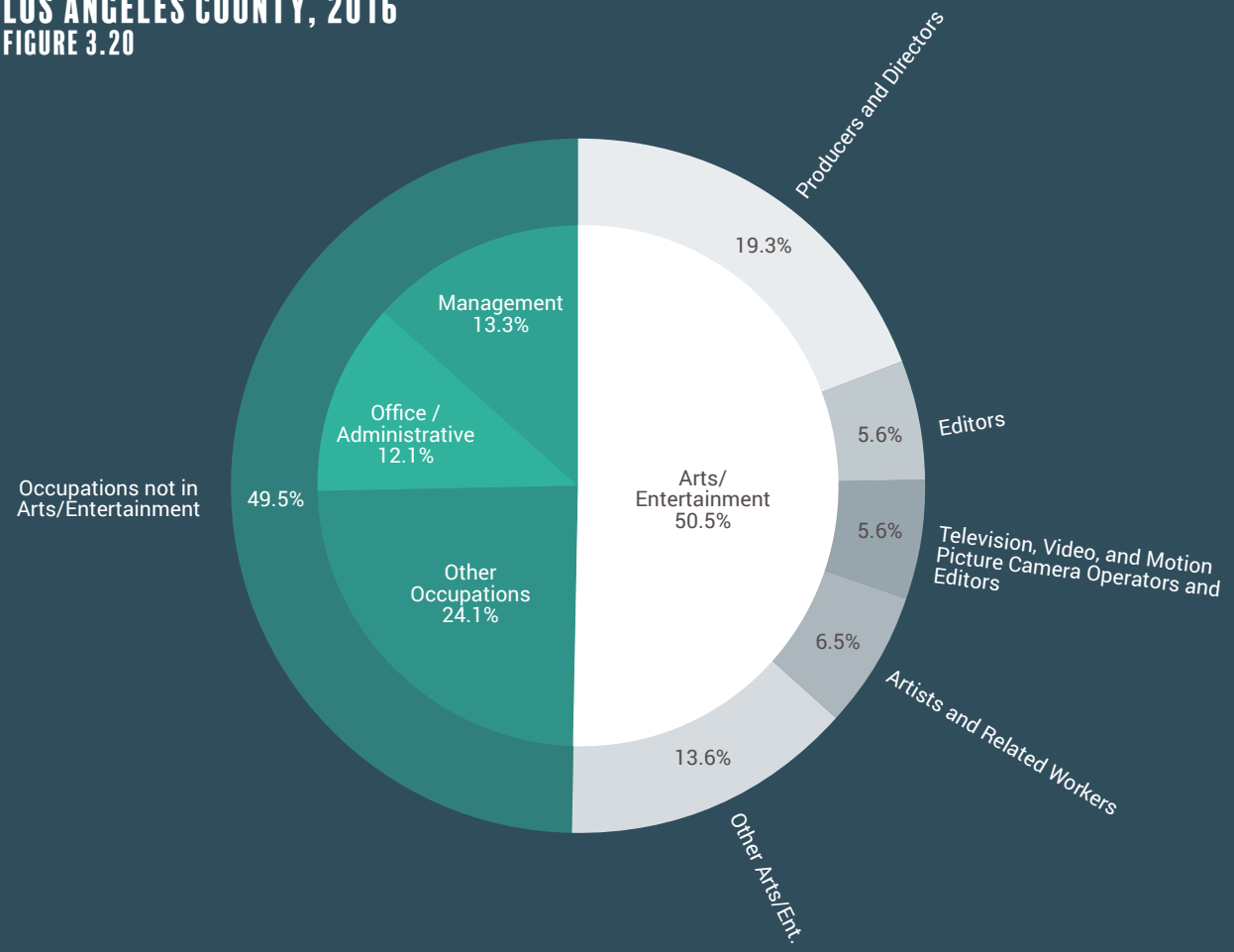
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

OCCUPATION BY SPECIFIC SECTOR IN FILM AND DIGITAL MEDIA INDUSTRY

The Internet Publishing and Broadcasting and Web Search Portals sector has the most diverse occupations, followed by the Advertising, Public Relations, and Related Services sector and Broadcasting (except Internet). Although the Film and Digital Media industry employs a diverse set of occupations, the subset of individual sectors encompassing it each employ a few niche occupational groups. In every year between 2006 and 2016, Specialized Design Services is by far the most specialized sector, with roughly 70% of its professionals employed in Arts/Entertainment occupations. Roughly half of the workforce in the Motion Picture and Video sector was employed in 2016 in Arts/Entertainment occupations, in which Producers and Directors, Artists and Related Workers, Editors, and Camera Operators alone accounted for about three-fourths of those Arts/Entertainment occupations. A breakdown of the occupations in the Motion Picture and Video sector is illustrated in Figure 3.20.

OCCUPATION BREAKDOWN OF MOTION PICTURE AND VIDEO SECTOR LOS ANGELES COUNTY, 2016

FIGURE 3.20



Source: Quarterly Census of Employment and Wage; Analysis by Beacon Economics

In 2016, Arts/Entertainment was a top-three occupation for all Film and Digital Media sectors except the Data Processing, Hosting, and Related Services sector, the Libraries and Archives sector, and the Computer Systems Design and Related Services sector, in which Arts/Entertainment occupations made up between 2% to 4% of total employment for each. Management and Office/Administrative occupations were also common in the Film and Digital Media industry. Management was a top-three occupation in 2016 for all sectors except the Newspaper Publishers sector and the Libraries and Archives sector. Finally, Emerging Digital Media sectors tend to have a relatively high concentration of Computer/Mathematical occupations: Data Processing, Hosting, and Related Services (61%), Internet Publishing and Broadcasting and Web Search Portals (22%), and Computer Systems Design and Related Services (52%).

DEMOGRAPHIC PROFILE OF INDUSTRY WORKFORCE

The County has a diverse workforce in the Film and Digital Media industry, whether assessed by race, educational attainment, age, gender, or income.

The U.S. Census American Community Survey Public Use Microdata Samples (PUMS) provide rich and unique data that enable more in-depth analysis of the characteristics of the Film and Digital Media sectors than is otherwise possible with the Quarterly Census of Employment and Wages. The PUMS data do not provide the NAICS codes at the granular six-digit level, however, so some of the more granular sectors are aggregated according to the parameters set by PUMS.

PUMS NAICS CODE LIST
TABLE 3.7

NAICS	Broad Industry	Detailed Industry
51111	Publishers	Newspaper Publishers
5111Z	Publishers	Periodical, Book, and Directory Publishers
5112	Publishers	Software Publishers
5121	Film	Motion Picture and Video Industries
5122	Sound Producing and Recording	Sound Recording Industries
515	Broadcasting	Broadcasting, Except Internet
5182	Emerging Digital Media	Data Processing, Hosting, and Related Services
51912	Professional Services and Business Operations	Libraries and Archives
51913	Emerging Digital Media	Internet Publishing and Broadcasting and Web Search Portals
5191ZM	Professional Services and Business Operations	Other Information Services
5414	Professional Services and Business Operations	Specialized Design Services
5415	Emerging Digital Media	Computer Systems Design and Related Services
5418	Professional Services and Business Operations	Advertising, Public Relations, and Related Services
5419Z	Professional Services and Business Operations	Other Professional, Scientific, and Technical Services
711	Artists and Agents	Performing Arts, Spectator Sports, and Related Industries

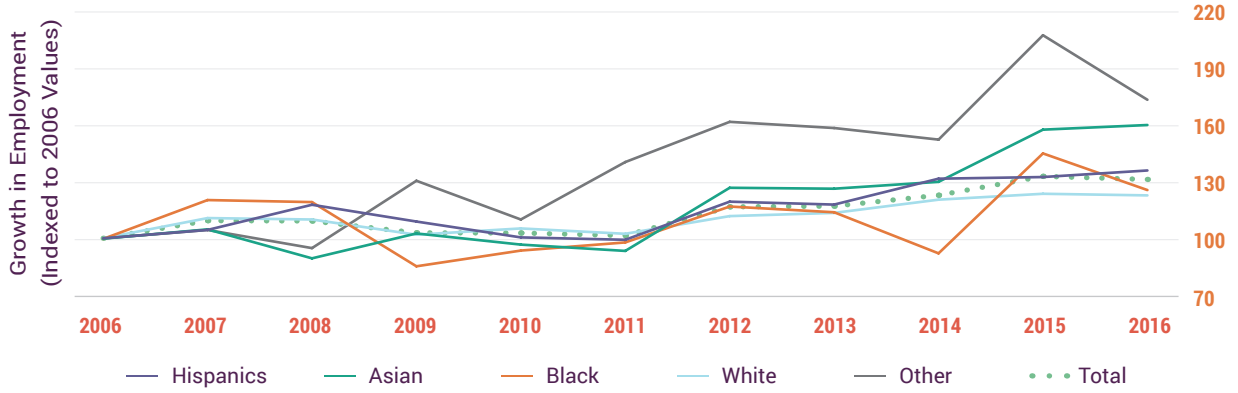
Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

RACE

The Film and Digital Media industry as a whole is becoming more diverse than it was 10 years ago. Specifically, employment growth in Film and Digital Media sectors among Asians (+61%), Hispanics (+37%), Blacks (+26%), and Other Racial Groups (+74%) has outpaced growth of Non-Hispanic Whites (+24%) from 2006 to 2016.

GROWTH IN FILM AND DIGITAL MEDIA INDUSTRY EMPLOYMENT BY RACE LOS ANGELES COUNTY

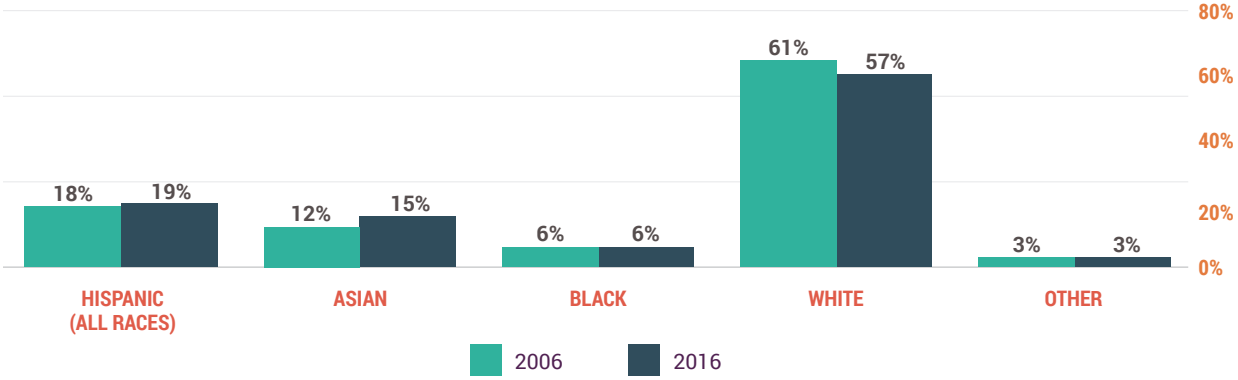
FIGURE 3.21



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

FILM AND DIGITAL MEDIA INDUSTRY EMPLOYMENT BY RACE LOS ANGELES COUNTY, 2006 VS 2016

FIGURE 3.22



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

In the Motion Picture and Video sector, Hispanics represented 15% of individuals employed in this sector in Los Angeles County in 2016, up 1.4% from 2006. Similarly, Blacks made up of 7% of this sector in 2016, up 0.8% from 2006. The percentage of workers in this sector who are of Asian descent held steady at 9%.

For the first time in 2016, Hispanics made up one-fifth of those employed in the Performing Arts, Spectator Sports, and Related Sectors in Los Angeles County, up 4.7% from 2006. In contrast, non-Hispanic Whites made up 62.5% of all workers in the sector, down 5.3% from 2006.

10-YEAR PERCENT GROWTH OF EMPLOYMENT IN FILM AND DIGITAL MEDIA SECTORS BY REGION AND RACE, 2006-2016

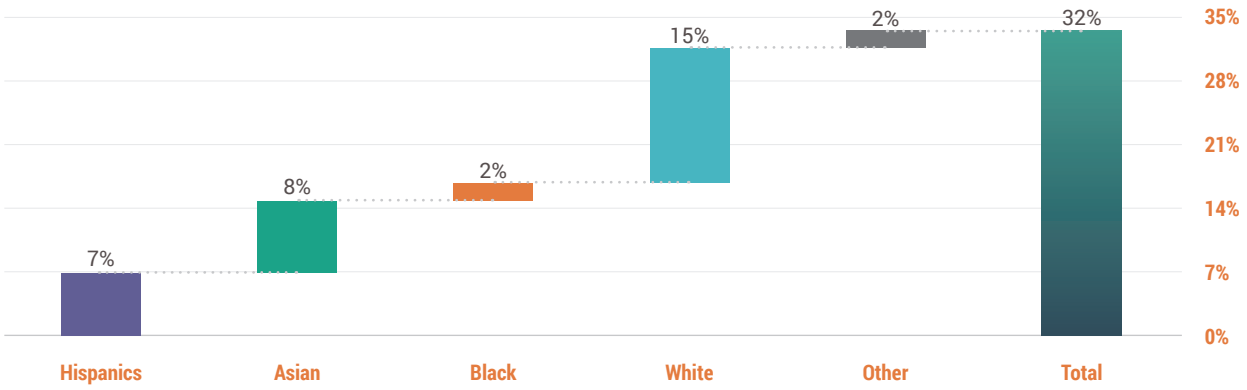
FIGURE 3.23

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

WORKFORCE GAIN BY RACE IN SELECTED FILM AND DIGITAL MEDIA SECTORS LOS ANGELES COUNTY, 2006-2016

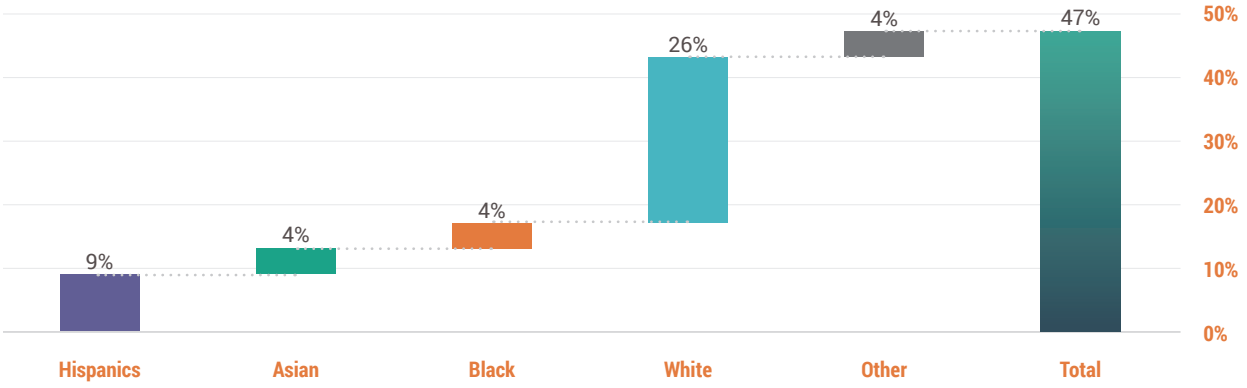
FIGURE 3.24

Film & Digital Media Industry



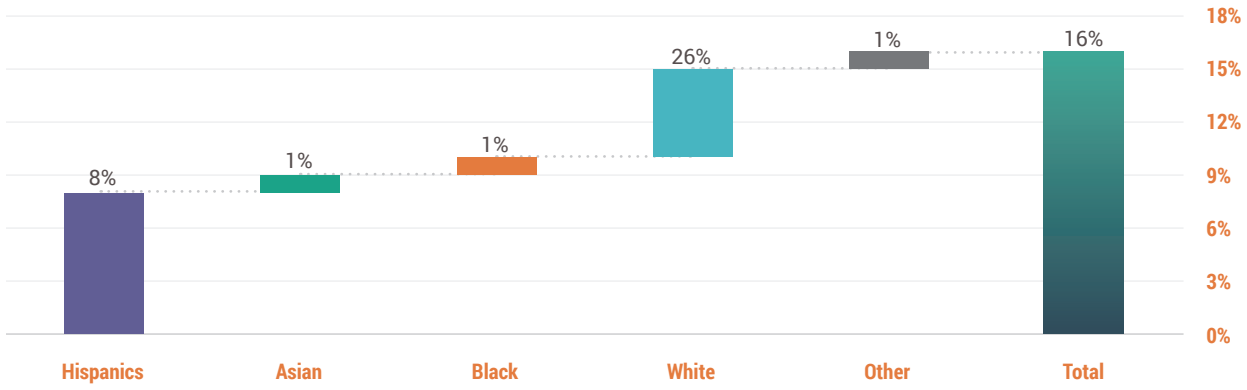
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Motion Picture and Video Sector



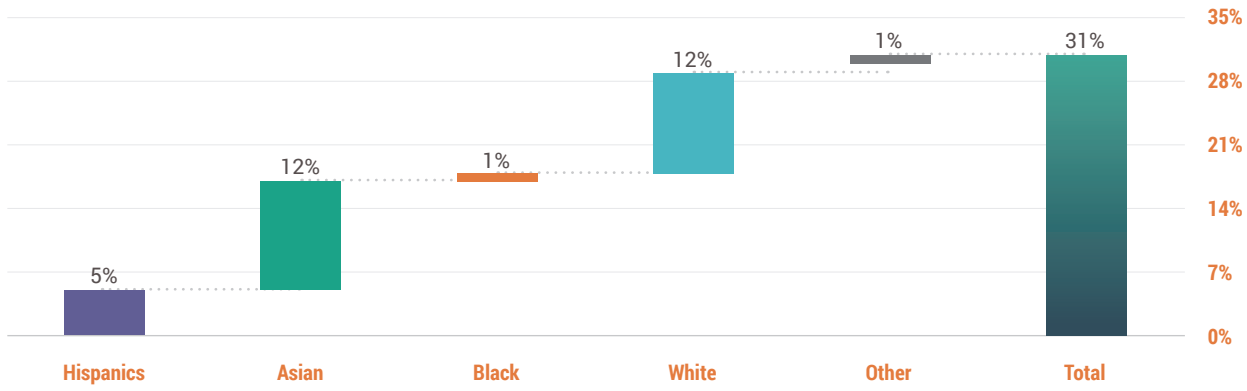
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau ; Analysis by Beacon Economics

Performing Arts, Spectator Sports, And Related Sectors



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

Other Film & Digital Media Sectors



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

In 2016, the Motion Picture and Video sector was the most popular sector employment category for all races except for Asians, whose most popular employment category was Computer Systems Design and Related Services. Of all Asian workers in the Film and Digital Media industry in 2016, 17.1% were employed in the Motion Picture and Video sector, much lower than the 29.7% average across all races. Similarly, only 6.6% of all Asian workers in the Film and Digital Media industry were employed in the Performing Arts, Spectator Sports, and Related Sectors compared to Hispanics (18.7%), Blacks (21.9%), non-Hispanic Whites (18.9%), and other races (19.2%) in 2016. Overall, despite respectable growth in these front-end, audience-facing industries, Asians accounted for a small fraction of workforce gains: 4% of the 47% gain in Motion Picture and Video and 1% of the 16% gain in Performing Arts, Spectator Sports, and Related. Between 2006 and 2016, all other Film and Digital Media sectors excluding the aforementioned two sectoral groups grew by 31%, and Asians alone accounted for 12% of that 31% growth figure.

EDUCATIONAL ATTAINMENT

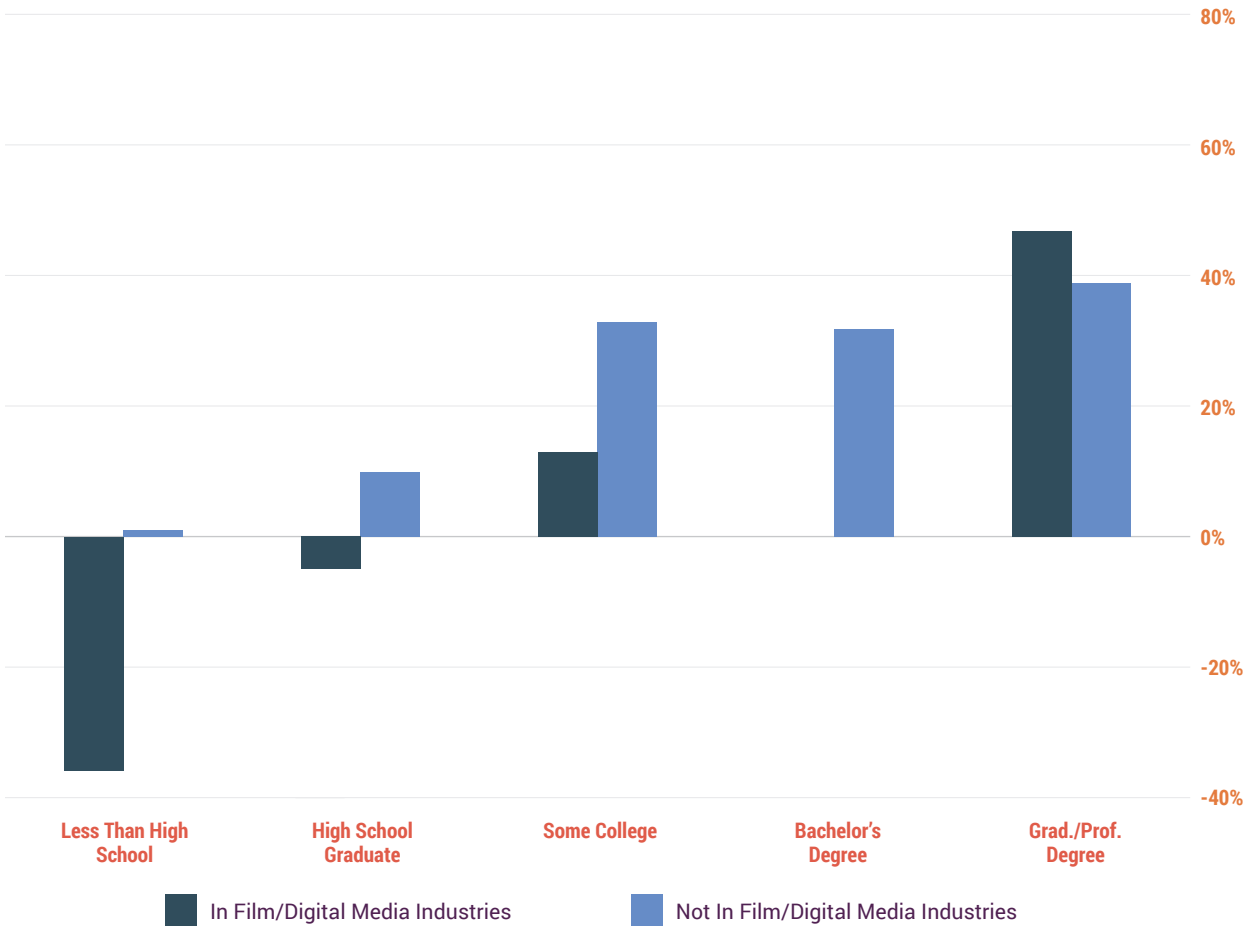
The workforce is becoming increasingly educated. Those with bachelor's or higher degrees enjoyed most of the employment gains. Compared to 2006, the number of workers with bachelor's degrees increased 60% and those with graduate or professional degrees increased 47%.

There were fewer people with no post-secondary education working in the Film and Digital Media sectors in 2016 than in 2006. Compared to 2006, the number of workers with less than a high school education fell 36% and the number with only a high school diploma fell 5%.

Individuals with bachelor's degrees made up slightly more than half of the industry's workforce in 2016[23], followed by those with some college or associate's degrees (24%).

10-YEAR PERCENT CHANGE OF WORKFORCE IN FILM AND DIGITAL MEDIA INDUSTRY BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2006-2016

FIGURE 3.25



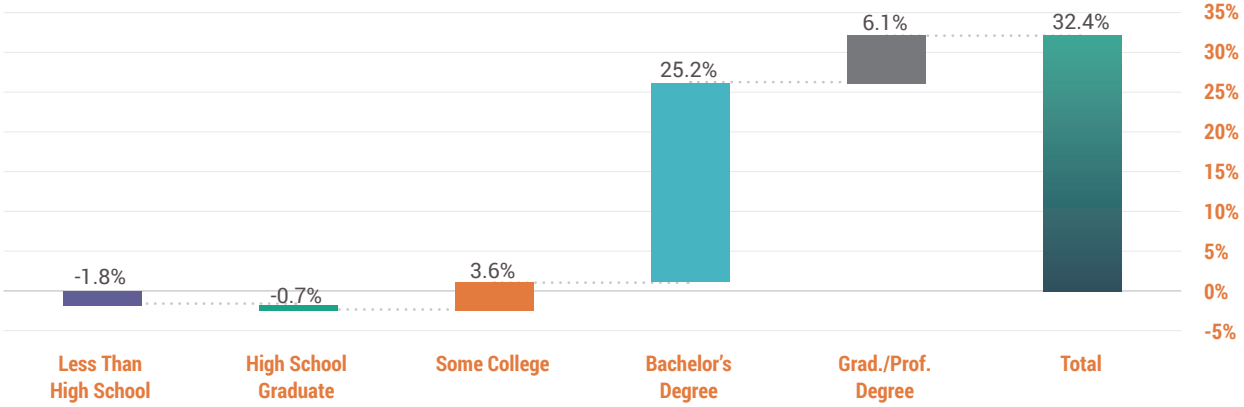
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

[23] This represents a nine-percentage point increase compared to 2006's 42%.

WORKFORCE GAIN BY EDUCATIONAL ATTAINMENT IN SELECTED FILM AND DIGITAL MEDIA SECTORS LOS ANGELES COUNTY, 2006-2016

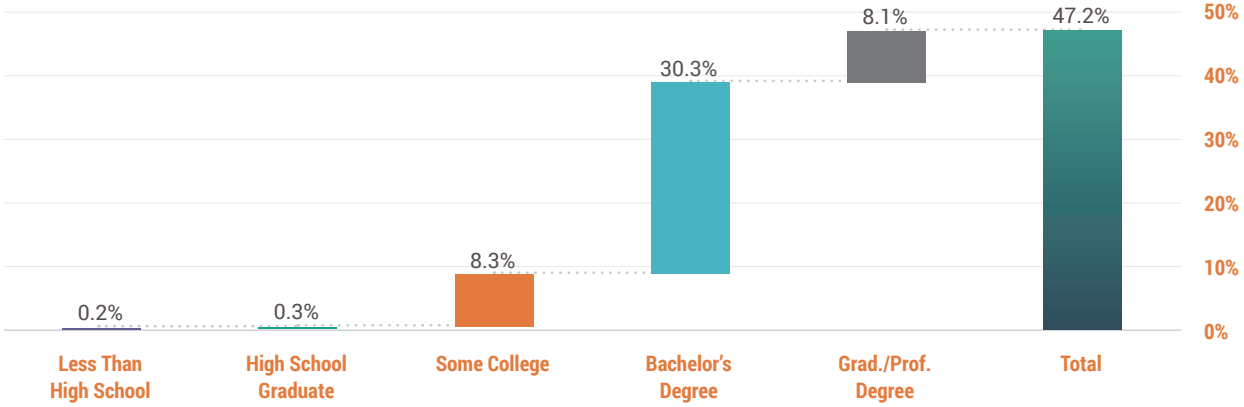
FIGURE 3.26

Film & Digital Media Industry



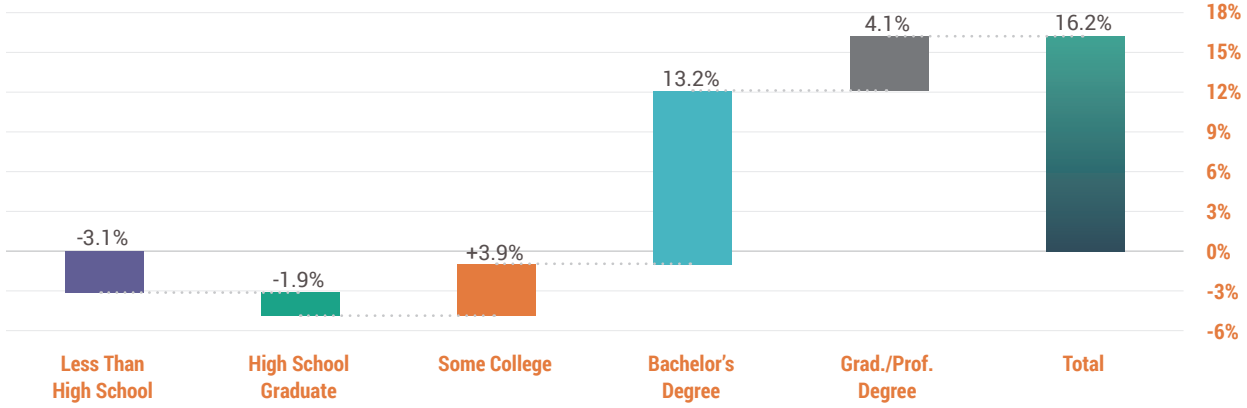
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Motion Picture and Video Sector



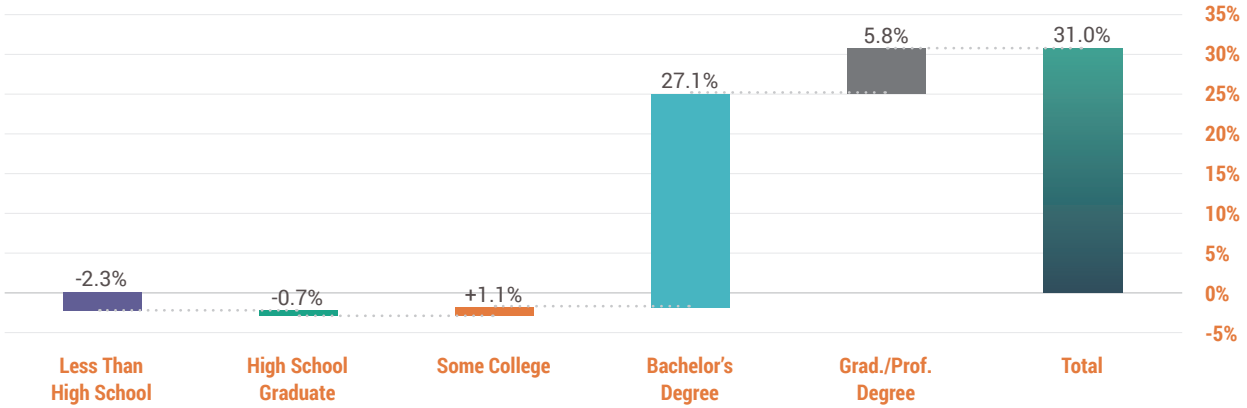
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Performing Arts, Spectator Sports, And Related Sectors



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

Other Film & Digital Media Sectors



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

Motion Picture and Video is the most popular sector for individuals across all educational attainment levels.

Those with less than a high school diploma make up just 2% of the Film and Digital Media workforce, down from 5% in 2006. Individuals with lower educational attainment levels are more likely to work in Performing Arts, Spectator Sports, and Related Sectors, and those with at least a bachelor's degree are more likely to be employed in Computer Systems Design and Related Services.

AGE

There was an increase in employment in all age groups from 2006 to 2016. The 26- to 35-year-old (+51%) and over-55 groups (+49%) were the fastest growing. However, the industry is not attracting young talents (ages 25 and under) as fast as people from other age groups.

Individuals ages 26 to 35 make up the largest age group, representing a little more than one-third of all workers employed in the Film and Digital Media industry. Individuals 25 and younger made up 11% of the Film and Digital Media workforce in 2016, down from 13% in 2006.

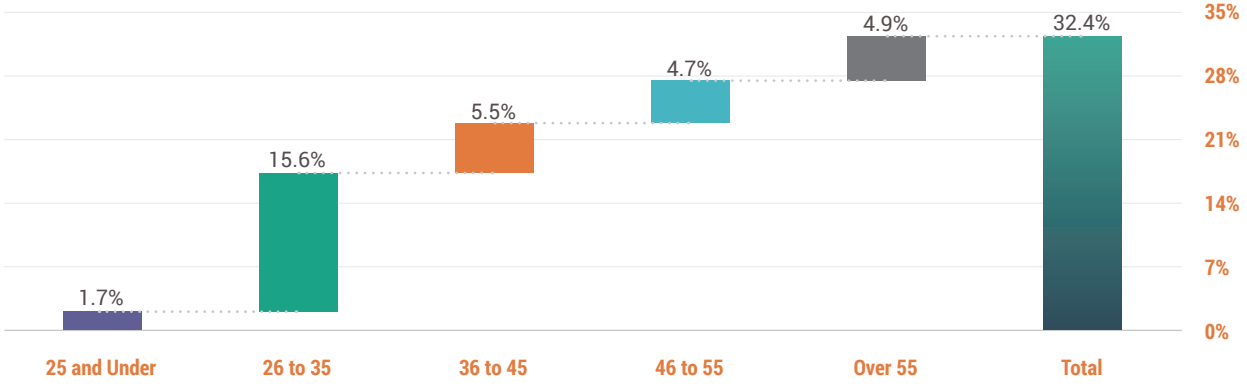
After the Motion Picture and Video sector, which is the largest sector for all age groups, Performing Arts, Spectator Sports, and Related is the next largest sector for those 25 and younger and for those 46 and older. Computer Systems and Design and Related is the next largest sector for people 26 to 45 years old.

Newspaper Publishers, a declining sector, employs a disproportionate number of older workers. Young workers make up the majority of the workforce in Advertising, Public Relations, And Related Services.

WORKFORCE GAIN BY AGE IN SELECTED FILM AND DIGITAL MEDIA SECTORS LOS ANGELES COUNTY, 2006-2016

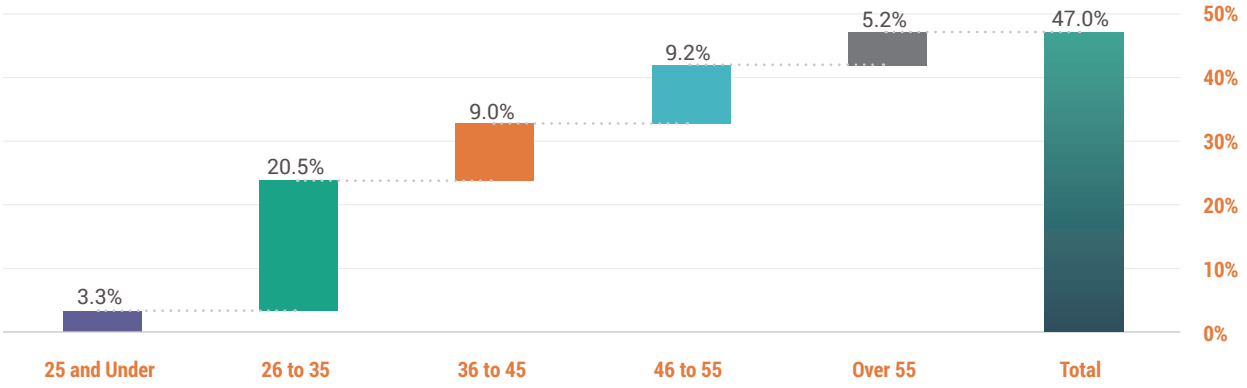
FIGURE 3.27

Film & Digital Media Industry



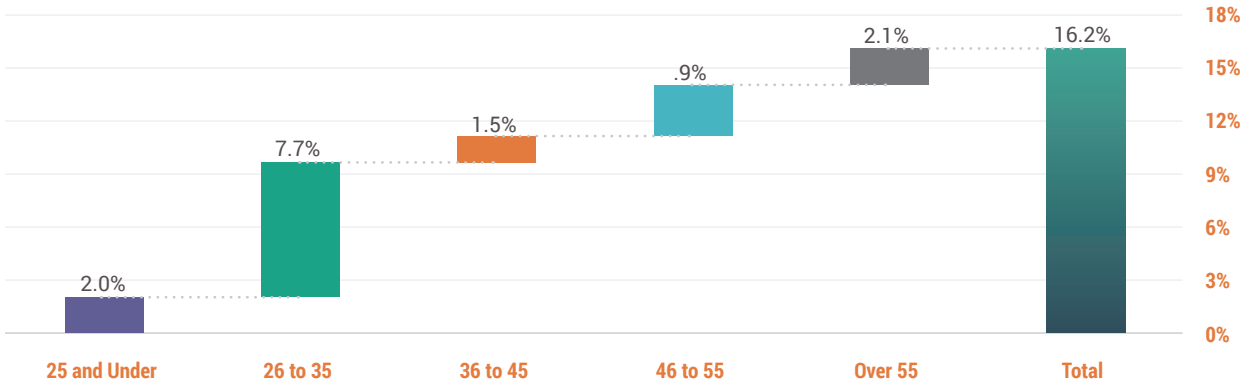
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Motion Picture and Video Sector



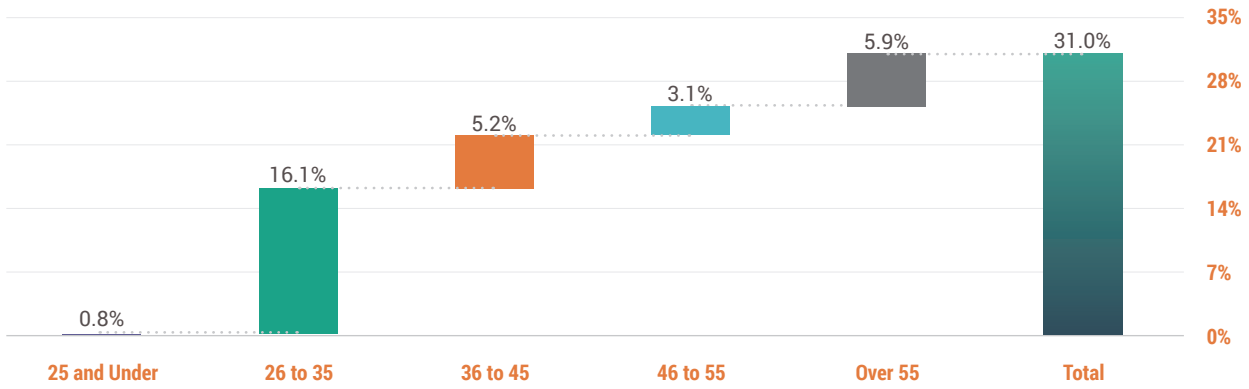
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Performing Arts, Spectator Sports, And Related Sectors



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

Other Film & Digital Media Sectors



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

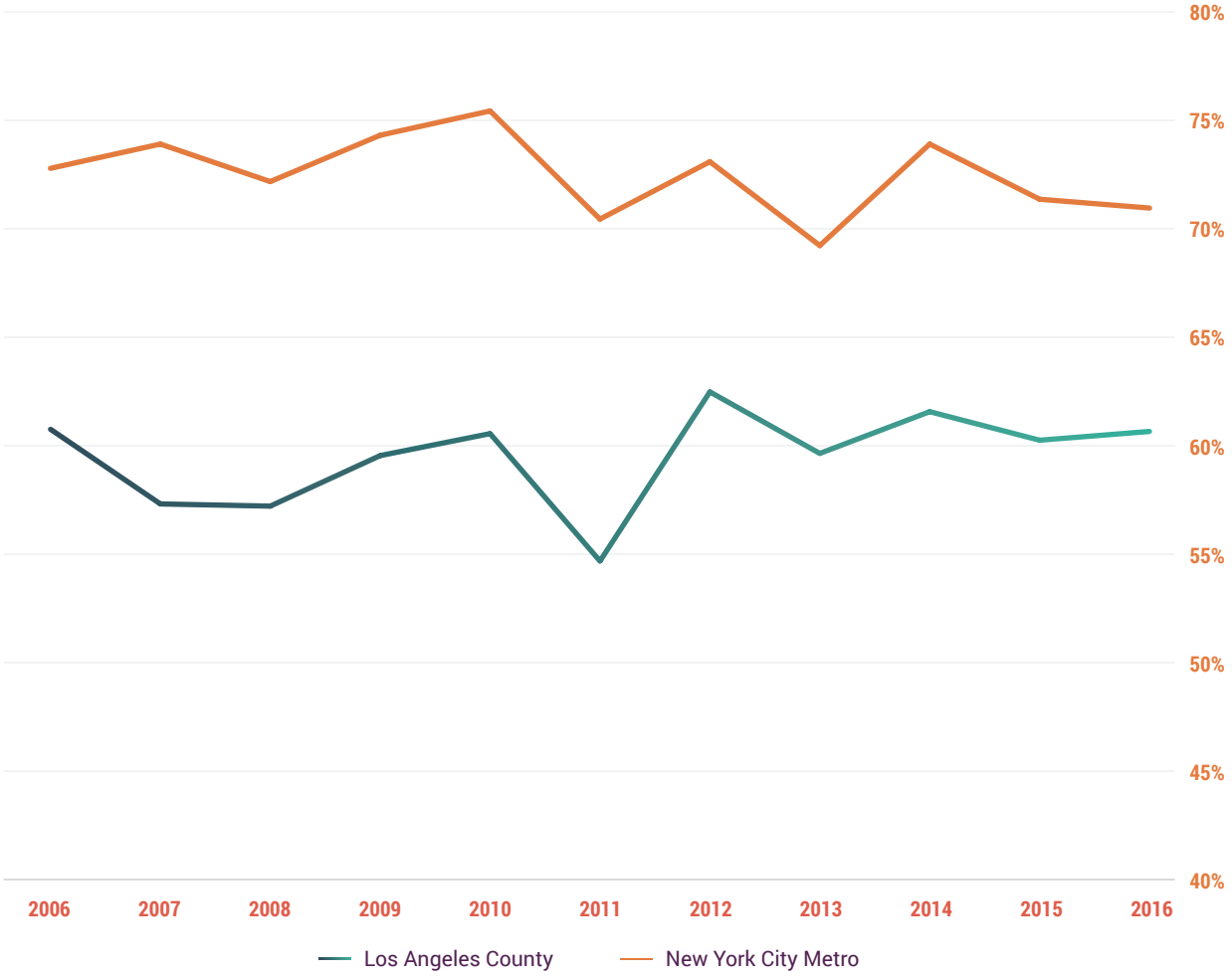
GENDER

In Los Angeles County, employment by gender remained little changed from 2006 to 2016: for every 100 male workers in the Film and Digital Media industry, there were 60 female workers. Female employment relative to male employment in the industry in L.A. County has remained consistently lower than in the industry in New York City's Metro Area, where it hovered between 70 and 75 female workers per 100 male workers over the last 10 years.

Of male professionals in the Film and Media industry, 32% were employed in Motion Picture and Video; 18% were employed in Performing Arts, Spectator Sports, and Related; and 16% were employed in Computer Systems Design and Related Services in 2016 in Los Angeles County. About 25% of female Film and Digital Media professionals were employed in Motion Picture and Video. A comparable percentage (17%) were employed in Performing Arts, Spectator Sports, and Related, and 12% were employed in Computer Systems Design and Related Services in 2016 in the County. Female professionals were more likely to be employed in Specialized Design Services and Advertising, Public Relations, and Related Services industries than their male counterparts.

FEMALE EMPLOYMENT AS PERCENT OF MALE EMPLOYMENT IN FILM AND DIGITAL MEDIA INDUSTRY, LOS ANGELES COUNTY

FIGURE 3.28



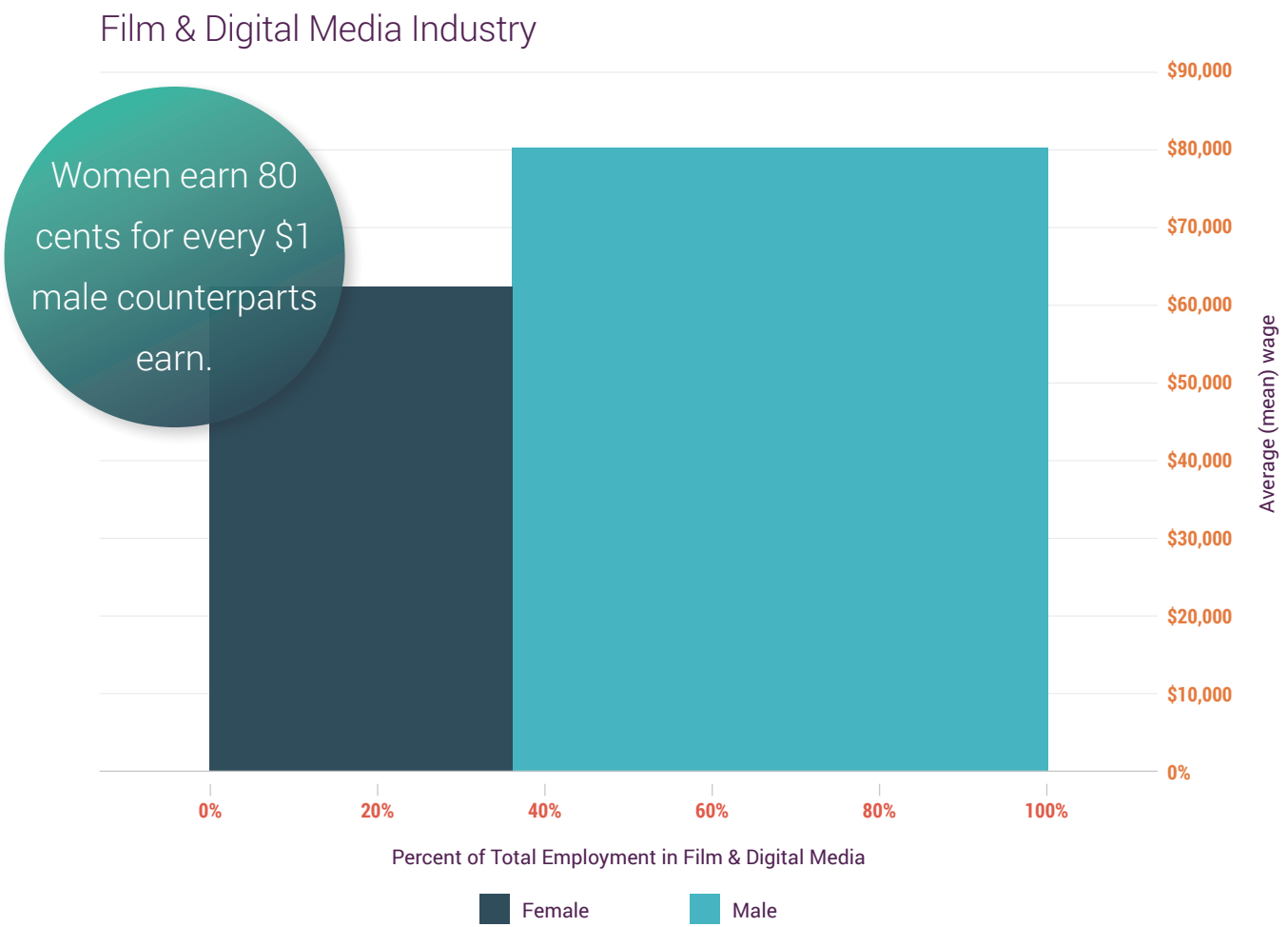
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Average wages have risen faster for female professionals than for their male counterparts, but in 2016 female workers still earned only about 80 cents per $1 earned by male professionals in the Film and Digital Media industry in L.A. County. However, female professionals earned as much if not more on average than their male counterparts in Sound Recording, Libraries and Archives, and Other Information Services. Unfortunately, female professionals are also relatively underrepresented in these sectors except for Libraries and Archives compared to male professionals.

Finally, compared to the total Film and Digital Media industry employment, females are comparatively underrepresented in Motion Picture and Video. Although they made up 38% of all employment in the Film and Digital Media industry in the County in 2016, they accounted for only 33% of all employees in the Motion Picture and Video sector. Encouragingly, the gender pay gap is smaller in the Motion Picture and Video sector than that of the entire Film and Digital Media industry.

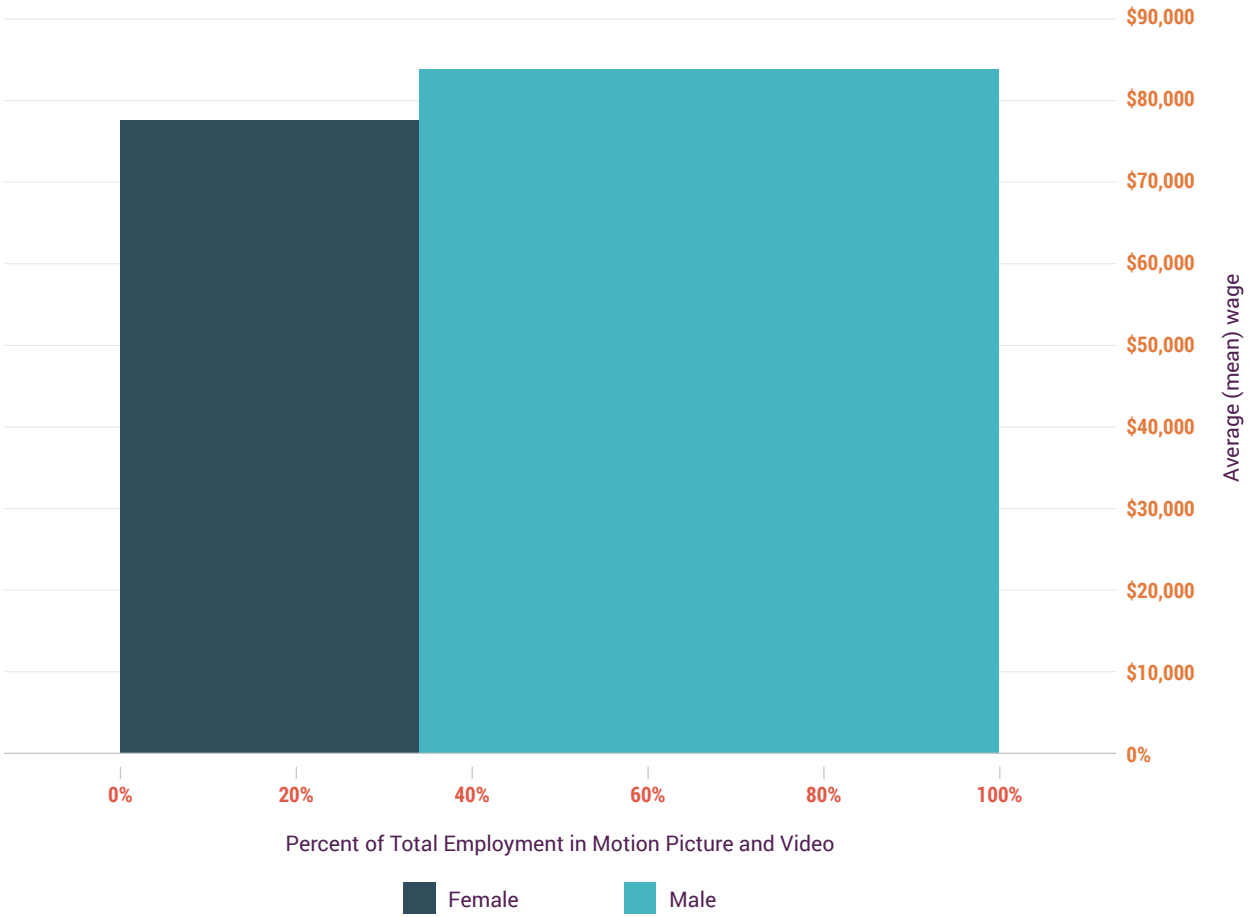
AVERAGE WAGE AND PERCENT OF TOTAL EMPLOYMENT BY GENDER, FILM AND DIGITAL MEDIA INDUSTRY VS. MOTION PICTURE AND VIDEO SECTOR, LOS ANGELES COUNTY, 2006-2016

FIGURE 3.29



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

Motion Picture and Video Sector



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

INCOME

There has been an increase in employment in the Film and Digital Media industry across all household income levels; however, as with educational attainment, households in the higher income echelons had the most employment growth in the industry.

Compared to 2006, workers from households earning more than $150,000 annually more than doubled, and those from households earning less than $20,000 a year decreased by 3%.

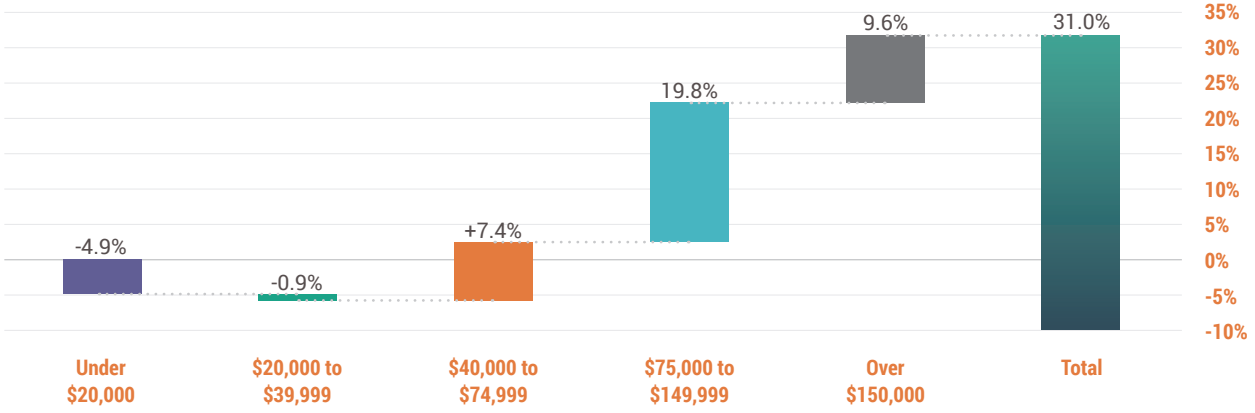
Motion Picture and Video is the largest sector for workers from all household income levels except households earning less than $20,000 per year; for these workers, Performing Arts, Spectator Sports, and Related, which tend to provide lower paying jobs, is the largest. The higher the household income level, the larger the share is of Film and Digital Media workers employed in the Motion Picture and Video sector.

More than one-sixth of Film and Digital Media workers from households earning at least $75,000 a year are employed in the Computer Systems Design and Related Services sector, a relatively well-compensated field, compared to a less than 12% representation in the sector of workers from households earning less than $40,000, as Figure 3.33 illustrates.

WORKFORCE GAIN BY HOUSEHOLD INCOME IN SELECTED FILM & DIGITAL MEDIA SECTORS LOS ANGELES COUNTY, 2006-2016

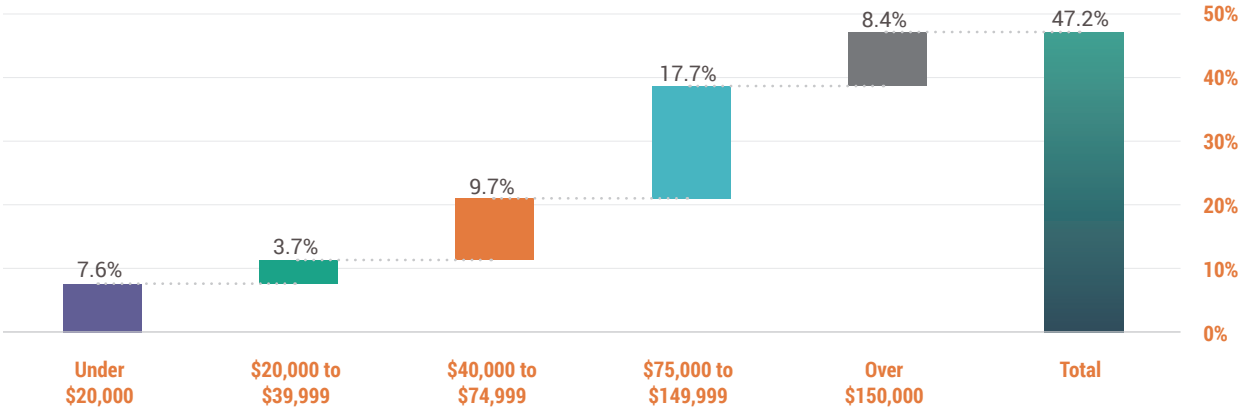
FIGURE 3.30

Film & Digital Media Industry



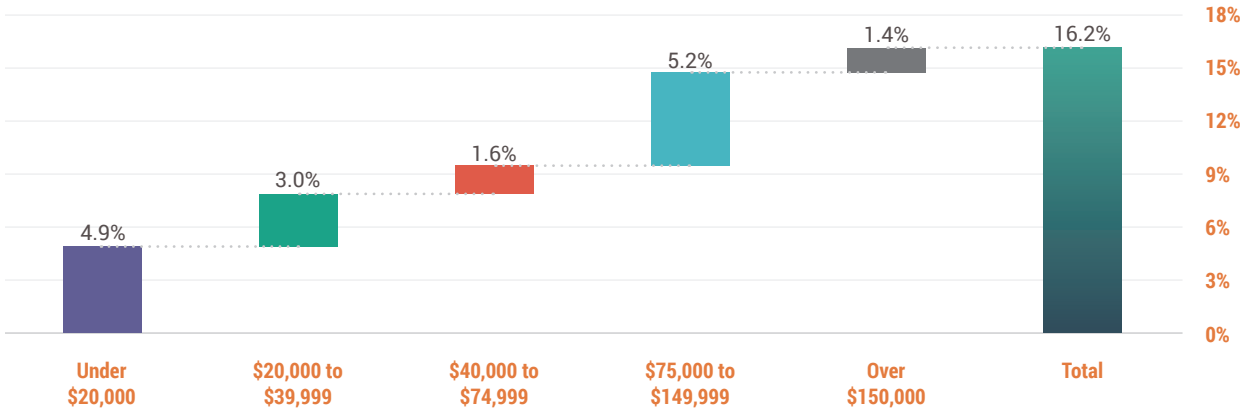
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Motion Picture and Video Sector



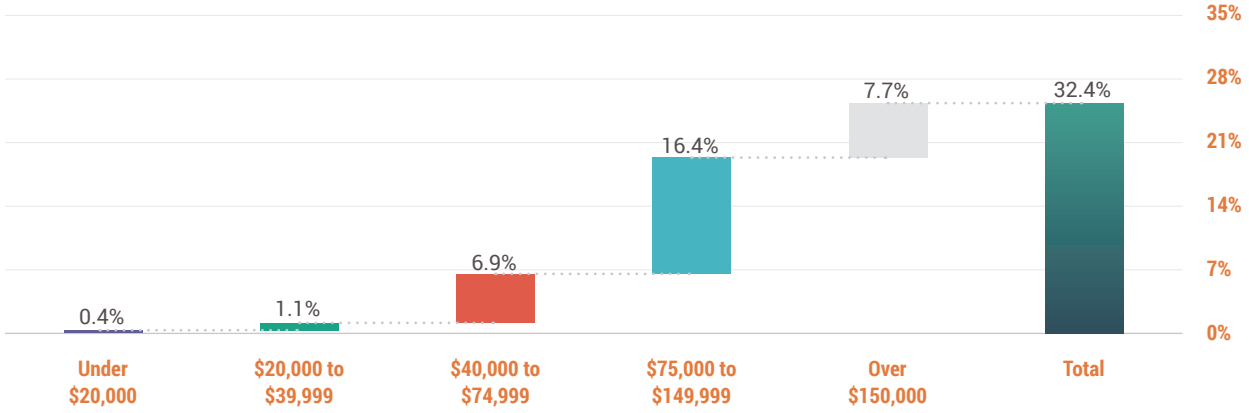
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Performing Arts, Spectator Sports, And Related Sectors



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

Other Film & Digital Media Sectors



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

ECONOMIC IMPACT OF THE INDUSTRY

While the Film and Digital Media industry directly accounts for 6.1% of all employment in Los Angeles County, this figure does not capture the significance of its contribution to the region's broader economic health and vitality.

Direct effects result from the additional output of goods or services from the target industry or the industry under observation. Then, there is a chain of indirect effects on all the industries whose outputs are used by the industry under observation. These are the impacts generated by a business' supply chain. Third, there are induced effects that arise when employment increases and household spending patterns are expanded. These impacts follow from the additional income that is earned in the course of producing this output, both by employees in the target industry and in those supplying it.

ECONOMIC IMPACT SUMMARY – FILM AND DIGITAL MEDIA INDUSTRY LOS ANGELES COUNTY, 2016

TABLE 3.8

Impact Type	Employment	Labor Income ($ Billions)	Output ($ Billions)
Direct Effect	265,000	35.2	97.1
Indirect Effect	163,900	12.4	29.5
Induced Effect	211,600	11.2	31.7
Total	640,500	58.8	158.3

Source: Quarterly Census of Employment and Wages; Analysis by Beacon Economics

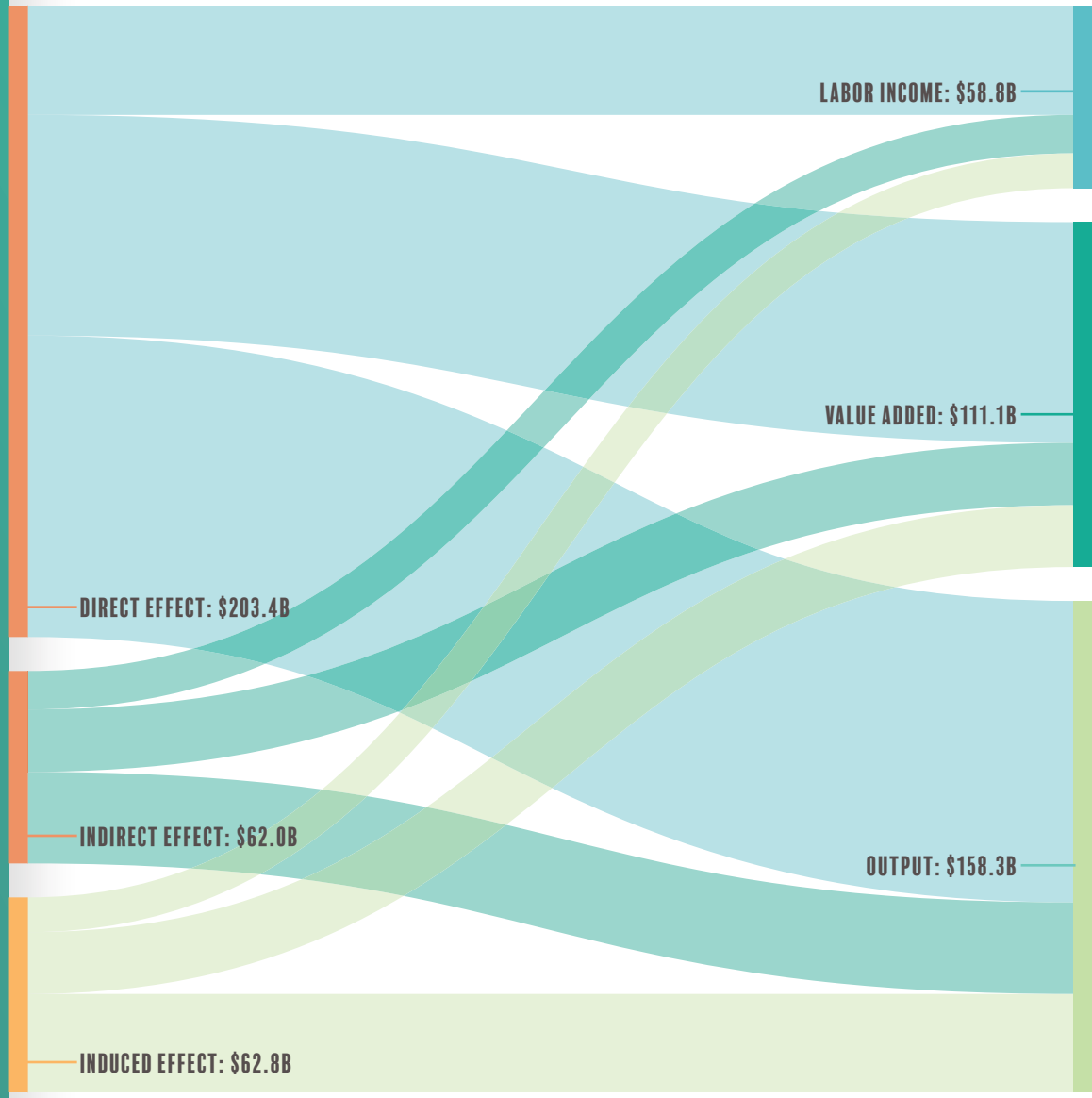
In total, the Film and Digital Media industry in 2016 generated:

$158.3 BILLION
IN ECONOMIC OUTPUT

640,500
JOBS

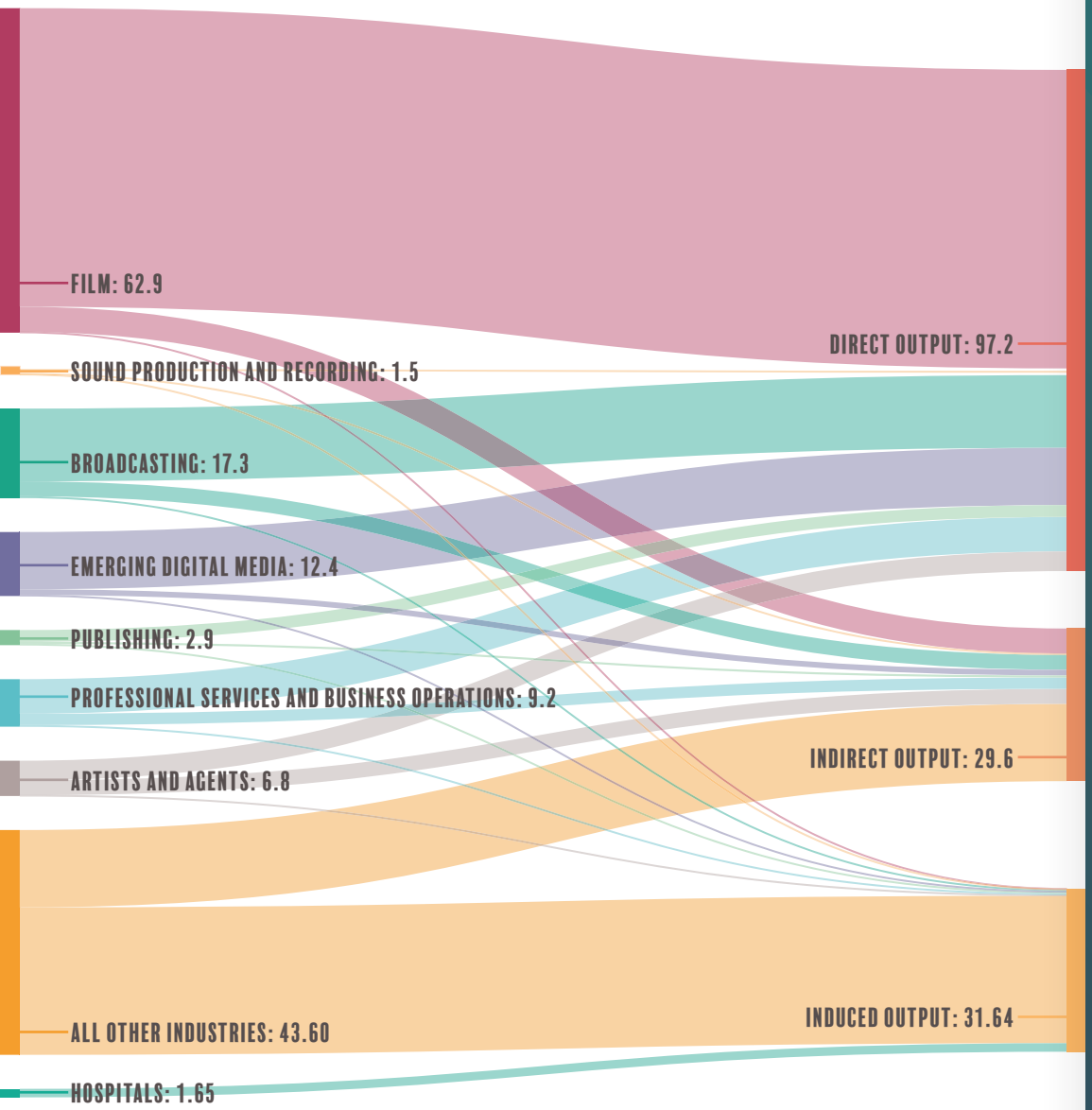
$58.8 BILLION
IN LABOR INCOME

Source: Beacon Economics



ECONOMIC IMPACT SUMMARY, L.A. COUNTY, 2016
FIGURE 3.31

Source: Beacon Economics



ECONOMIC OUTPUT BY SELECTED SECTORS, L.A. COUNTY, 2016 (BILLIONS OF DOLLARS)
FIGURE 3.32

Source: Beacon Economics

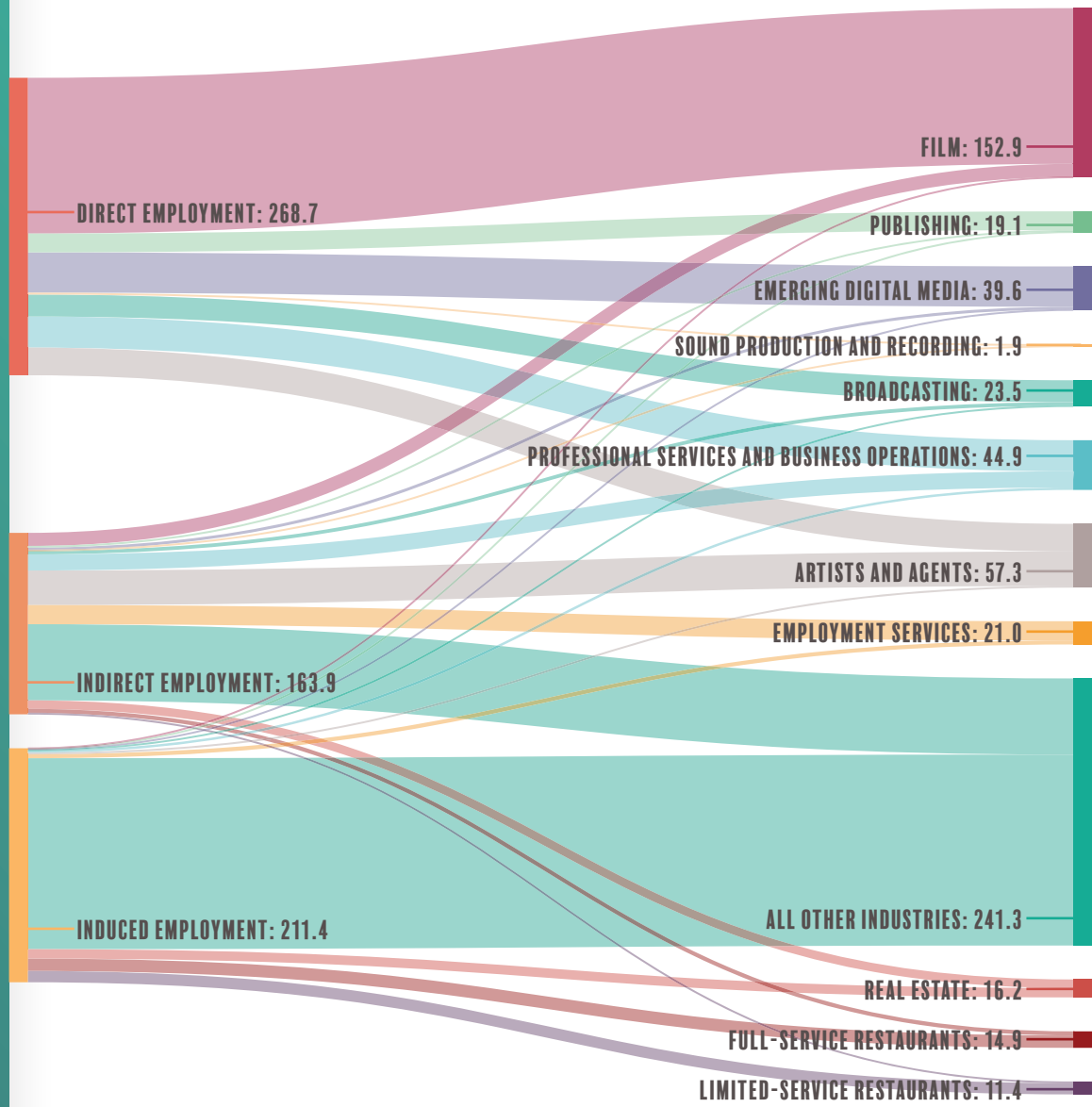
OUTPUT

In 2016, the Film and Digital Media industry generated a total of $158.3 billion in economic output countywide, of which $61.2 billion represented economic activity generated down the supply chain through secondary effects – such as when Film and Digital Media companies and workers transact with other sectors of the economy. Of that $61.2 billion, $29.5 billion represented indirect economic output—spending by businesses down the supply chain—and $31.7 billion represented induced economic output—spending by workers down the supply chain.

Some sectors in particular benefit tremendously from the Film and Digital Media industry as a result of their business relationships with it. For instance, the industry generated $4.5 billion in economic output in Real Estate. Real Estate is a major beneficiary of the Film and Digital Media industry not only because of the property investments that studios and other industry businesses hold, but also because of the indirect investments made by industry workers in new homes across the County. As in many other industries, hospitals are also major beneficiaries of the Film and Digital Media industry in L.A. County, as workers earning income spend some of that income on health services.

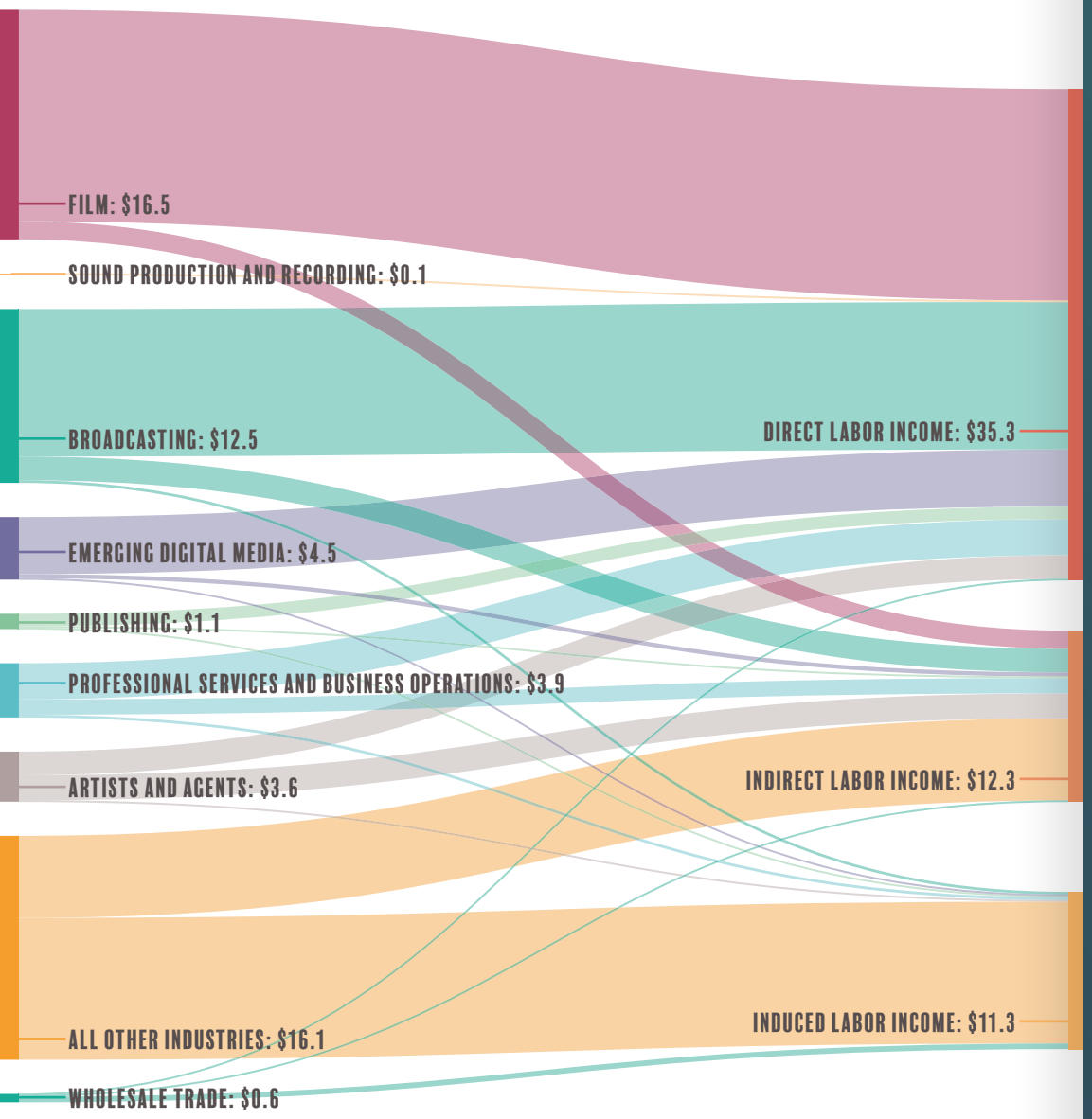
EMPLOYMENT

In 2016, the Film and Digital Media industry supported 640,500 jobs across Los Angeles County. In addition to the 265,000 workers directly employed in the industry, another 375,500 workers were supported through indirect and induced economic impact. For example, Employment Services is a major beneficiary in terms of employment of Film and Digital Media businesses in Los Angeles County, with a total of 20,928 jobs in Employment Services supported by the industry solely through secondary effects. Particularly in television and motion picture production, staffing firms play a fundamental role in finding the workers needed to fill vacancies, and these firms consequently require substantial staffing of their own. The dollars that Film and Digital Media businesses spend in the local economy lead to significant hiring at businesses across many other sectors of the Los Angeles County economy as well. The Film and Digital Media industry supports a total of 16,277 jobs in Real Estate and 14,870 jobs in Full-Service Restaurants, as the dollars that businesses generate and workers earn in the industry are spent on residential and commercial properties and on dining out.



EMPLOYMENT IMPACT BY SELECTED SECTORS, L.A. COUNTY, 2016 (THOUSANDS OF JOBS)
FIGURE 3.33

Source: Beacon Economics



EARNINGS BY SELECTED SECTORS, L.A. COUNTY, 2016 (BILLIONS OF DOLLARS)
FIGURE 3.34

Source: Beacon Economics

EARNINGS

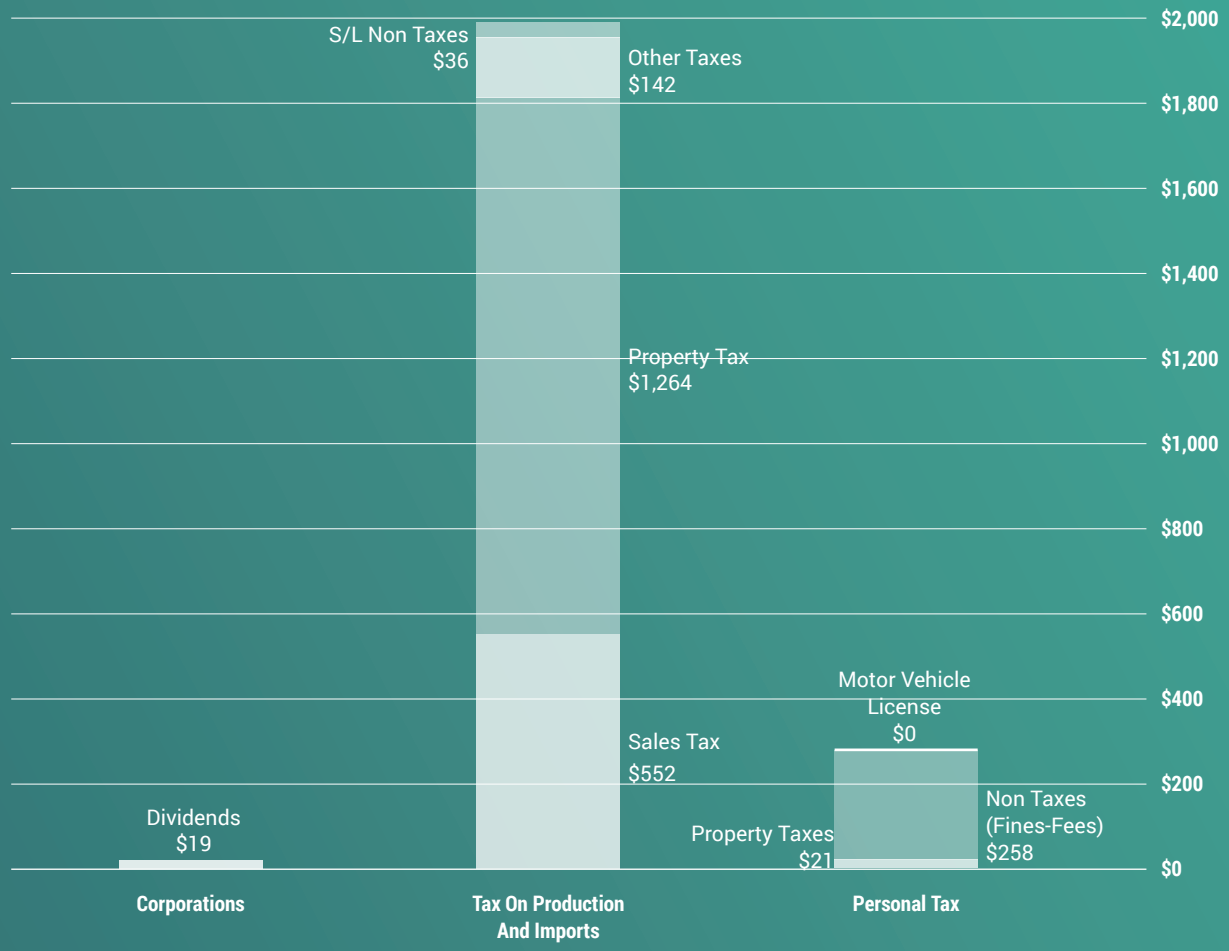
In 2016, the Film and Digital Media industry generated a total of $58.8 billion in labor income in Los Angeles County. Of this total, $35.2 billion represented earnings in jobs directly connected to the industry, while $12.4 billion represented earnings generated through indirect economic impacts and $11.2 billion represented earnings generated through induced economic impacts.

A total of $16.5 billion in earnings went to workers in Motion Picture and Video Production, including $15.2 billion in direct payments to workers in that sector. The Radio and Television Broadcasting sector contributed $12.2 billion in wages to Los Angeles County workers, $10.6 billion directly and $1.6 billion through secondary effects. Other Film and Digital Media sectors like Advertising ($2.7 billion), Computer Programming Services ($2.0 billion), and Internet Publishing ($1.8 billion) were major contributors to workers' wages in L.A. County, but Film and Digital Media businesses also generated hundreds of millions of dollars in wages through secondary effects in other major Los Angeles County sectors not commonly associated with the industry. For instance, the industry generated $486.7 million in labor income for workers in Wholesale Trade, as well as $447.3 million in labor income for workers in Accounting and $441.2 million in labor income for workers in Legal Services. The Film and Digital Media industry clearly serves as a crucial wage generator and job supplier for sectors across the L.A. County economy.

FISCAL IMPACT

The $158 billion in economic output that the Film and Digital Media industry generated in Los Angeles County in 2016 created ripple effects that led to substantial tax revenues for county and municipal governments. In all, the industry generated an estimated **$2.3 billion in tax revenues** for local governments in that year alone.

FISCAL IMPACT SUMMARY
LOS ANGELES COUNTY, 2016 (MILLIONS OF DOLLARS)
FIGURE 3.35



Source: IMPLAN; Analysis by Beacon Economics

OVER THE NEXT THREE YEARS

BEACON PROJECTS THAT AROUND 16,500 FILM AND DIGITAL MEDIA JOBS WILL BE ADDED TO LOS ANGELES COUNTY'S ECONOMY, AN INCREASE OF AROUND 6.3%.

The Film sector will account for the largest share of that growth, adding around 7,000 jobs by 2020. The balance of the employment growth in the Film and Digital Media industry will come from Emerging Digital Media, which will add around 3,800 jobs; Broadcasting, which will add around 3,700 jobs, and Professional Services, which will add around 2,000 jobs to the County's economy. In the Publishing and Sound and Recording sectors of the economy, employment is expected to remain constant over the next three years.

INCLUSIONARY GROWTH

WORKFORCE AND TALENT DEVELOPMENT LANDSCAPE FOR THE FILM & DIGITAL MEDIA INDUSTRY IN L.A. COUNTY

WHO'S DOING WHAT

The Film and Digital Media industry's current approach to workforce development is largely embedded in its structure, with different ecosystem actors facing different challenges and equipped with different levers around inclusivity.

Industry stakeholders from major studios and industry unions highlighted their different roles around increasing diversity in the industry, discussing "above the line" and "below the line" opportunities over which they have influence.

The phrases "above the line" and "below the line" are common Film sector terms inherited from accounting and, more specifically, the top sheets used by film production companies to determine budget for a project. For clarity, "above the line" jobs generally refer to those occupations most publicly associated with the Motion Picture sector, like actors, directors, and producers who necessarily travel to production locations and whose wages are typically fixed on a project. "Below the line" jobs include those behind-the-scenes but equally critical occupations like art designers, grips, make-up artists, special effects technicians, and electricians.[15]

The major studios direct their inclusion and diversity efforts primarily at "above the line" opportunities through capacity building programs like writers' room workshops, first-time director workshops, mentorship programs, and grant making. For example, Warner Bros. hosts an Emerging Film Directors Workshop, HBO runs HBOAccess Writing and Directing Fellowships, and 21st Century Fox funds the Fox Writers Lab. The studio heavyweights fund similar external programming as well. Sponsored by Sony, HBO, Laika, and AmazonStudios, Project Involve is a free nine-month program offering up-and-coming film professionals from underrepresented communities the opportunity to produce films with free or heavily subsidized resources and to gain "the industry access necessary to succeed as a working artist."[16] The program is administered by Film Independent, which also produces the Spirit Awards and the Los Angeles Film Festival.

Programs like Project Involve are aimed at addressing the dire statistics that define minority representation within a historically homogenous and insular industry. A report published by the University of Southern California looked at inequality in 900 popular films from 2007-2016 and, in short, the industry lived up to its reputation, getting dismal marks for diversity across gender, race/ethnicity, disability, and LGBTQ status. For example, the study found that only 12% of the 700 films had gender-balanced casts and only 5.6% of directors over the sample were Black.[17]

[15] National Endowment for the Arts, National Governors Association Center for Best Practices (2008). Promoting Film and Media to Enhance State Economic Development. July 15, 2008. Retrieved April 17 2018. Retrieved from: https://www.nga.org/files/live/sites/NGA/files/pdf/0807PROMOTINGFILMMEDIA.PDF

[16] Film Independent (2017). Project Involve. Retrieved April 19 2018. Retrieved from: https://www.filmindependent.org/programs/project-involve/

With statistics like those and hashtags-turned-movements like #OscarsSoWhite and #TimesUp, the corporate titans of the Film sector are keenly aware of the industry's lack of diversity and thus funding both in-house and external programming to make a good faith effort to address it. While these programs endeavor to connect underrepresented communities to industry decision-makers and many have produced headline-making success stories, the strong networks of current industry professionals, persistent bad assumptions about what audiences desire, and a general lack of awareness of the industry's interworkings on the part of the general public all act as inputs to a slow pace of change.

Efforts around greater inclusion in "below the line" jobs have been more the purview of the industry's below-the-line unions, which are criticized for many of the same failings as the big studios when it comes to diversity. As an industry stakeholder remarked, "For many years most of the union workforce came from cousins, and uncles, and referrals, you came from the business so you went into the business." Thus, not unlike getting an on-screen part, getting on a union roster has not been a straightforward career step for interested individuals not already well-networked in the Film sector. In parallel with the efforts of the big studios, below-the-line unions and union coalitions have established apprenticeship programs, community college partnerships, and awareness campaigns to recruit more diverse and inclusive union rosters, especially with production high and their current workforce hovering around full employment. For example, Local 399 has a Veterans Program[18] to place retired military service men and women on productions, and Hollywood CPR, West Los Angeles College, and the IATSE Union have brokered a curricular partnership for career pathways in the Film sector. Together, they developed a two-year apprentice-style program including training in stagecraft, grip, set lighting, costuming, set painting, camera, sound, and editing.[19]

Still, some of the most lauded efforts to increase representation in the industry come from community-based organizations like Ghetto Film School (GFS). Founded in 2000 in New York City, GFS now has a Los Angeles-based program funded in large part by 21st Century Fox, serving students from over 50 neighborhoods across L.A. County.[20] Over the course of 30 months and 1,000 hours, students in the GFS Fellows Program receive college-level training from leading filmmakers and industry professionals. Some of the core components of the GFS approach include local community-based partnership, rigorous high-quality study, subsidized or free transit, obligatory and paid internships, broader community engagement, and thoughtful curation of opportunities in order to set their alumni up for long-term success.

GFS' L.A. Executive Director, Stosh Mintek, emphasized the reach of GFS' programming in Los Angeles County as a marker of success and reflective of a break with local, conventional wisdom around community-based programming. Prior to founding an L.A.-based program, GFS leadership conducted a feasibility study in Los Angeles County and were repeatedly told by industry and community-based stakeholders that the program's location would determine its beneficiaries given a general lack of mobility in the County, particularly for young people coming from lower-income households. While the GFS Director underlined the difference in access to the industry's relevant spaces enjoyed by GFS students in New York City compared with that of his students in Los Angeles County, he and his team have remained successfully committed to reaching communities across L.A. County, not just those in the immediate vicinity of the program's physical home in McArthur Park.

[17] USC Annenberg, School for Communication and Journalism, Media, Diversity, and Social Change Initiative (2017). Inequality in 900 Popular Films: Examining Portrayals of Gender, Race/Ethnicity, LGBT & Disability from 2007 to 2016. July 2017. Retrieved April 20, 2018. Retrieved from: https://annenberg.usc.edu/sites/default/files/Dr_Stacy_L_Smith-Inequality_in_900_Popular_Films.pdf
[18] Local 399 (2018). January 2018 News Reel. January 2018. Retrieved April 11, 2018. Retrieved from: https://www.ht399.org/january-2018-newsreel-now-available-online/

"Right away what we realized was that geography was going to dictate everything, in L.A. County particularly. It is just so big and so spread out and one of the big barriers that's facing a teenager whom we are trying to find [for our program] is simply that there is just not the infrastructure yet of public transit to allow him or her to move around in the way that a New York City kid can. A kid living in the Bronx can hop on the 6 train and 20 minutes later she's in Astor Place checking out a cool art show going on at NYU. For a kid in L.A., that's three buses and two hours to do the same thing. But we also didn't buy into the conventional wisdom in L.A. about whom we could and could not serve. We believed that if we built something special and worked to remove some of the barriers, we could get kids from all over L.A. County."

–GFS STAKEHOLDER

CHALLENGE 1: ACCESS

"While people may be aware of the need for inclusiveness in the industry, there isn't always a corresponding understanding of what that journey looks like because the people who are in this industry have usually been on that path for a really long time, often they are children of the industry themselves. Their families have worked in it. They are able to get advice from Uncle Ralph on how to get their first apprenticeship or internship. That kind of structure, if you want to build it, is not an overnight solution and it also can't be coming from a fear-based or punitive lens where you're punishing folks who are in the industry now. You have to play the long game."

–INDUSTRY STAKEHOLDER

While GFS has managed to reach students from a wide array of communities across L.A. County, physical access to brick and mortar spaces connected to the industry is an important lever to consider, as opportunity interacts with the physical landscape of the County, disproportionately impacting communities of color.

GFS also has an entire staff function to support alumni programming and facilitate the education-to-industry transition of its graduates. Given the public criticism of the industry and a broadening of its audiences, the traditional corporate players are actively seeking to employ young diverse talent like GFS graduates. However, GFS leadership reiterated the importance of curating opportunities. In an industry where job descriptions can be unclear, personal impressions can be impactful, and culture has been historically defined by a homogenous group of people, it requires time and investment by all parties to successfully and sustainably increase diversity and inclusivity.

Programs like Project Involve and GFS target different demographics, but both are designed to increase and systemize greater access through the lowering of barriers to entry, whether they be brute costs or network connectivity in a traditionally very insular industry. Social media and virality have also had democratizing effects on access, catapulting individuals otherwise out of the industry's human network into a virtual seat at the decision-making table.

[19] Hollywood CPR. Hollywood CPR and West Los Angeles College Motion Picture and Television Production Crafts Program Information. Retrieved April 11, 2018. Retrieved from: http://www.hollywoodcpr.org/training/WLAC%20and%20Hollywood%20CPR%20Film%20TV%20Crafts%20%20Production%20Information.pdf

[20] Ghetto Film School. Retrieved April 17, 2018. Retrieved from: www.ghettofilm.org

SOCIAL MEDIA'S DEMOCRATIZING EFFECT ON INDUSTRY ACCESS: PROFILES IN VIRALITY

David Sandberg

Digital media have helped provide filmmakers opportunities to create movies that otherwise would've been difficult, if not impossible, to fund through traditional industry channels. One example is David F. Sandberg, who is now known for directing *Lights Out*. The inspiration for his film came from a three-minute short that Sandberg made with his wife for an online horror movie contest.[21] The short went viral after social media platforms like Reddit started sharing the video. It caught the attention of Hollywood producer Lawrence Grey, who then encouraged New Line to fund it as a feature film. The movie was a massive commercial success, earning $150 million on a $5 million budget and jumpstarting Sandberg's career. Sandberg went on to make other successful movies like *Annabelle: Creation*, and he's currently directing *Shazam!*, a film for the DC Extended Universe.

Jon Watts

Another director catapulted into Hollywood's inner circle as a result of digital media exposure was Jon Watts, who uploaded a fake trailer for a movie called *Clown*, made in the style of classic horror movies such as *Hostel*. The trailer generated buzz and online viewers associated it with Eli Roth, one of the leading producers and directors of Hollywood's horror genre. After watching the trailer and being impressed by it, Eli himself recommended that Dimension Films turn it into a feature film.[22] Watts, now a director of multimillion-dollar budgeted films, has been chosen to direct the highly anticipated *Spider-Man: Homecoming*.

[21] Berkshire, G. (2017). 10 Directors to Watch: David F. Dansberg Scores Horror Knockout with "Lights Out." Variety.com. January 3, 2017. Retrieved on March 28, 2018. Retrieved from: http://variety.com/2017/film/features/10-directors-to-watch-david-f-sandberg-lights-out-1201951439/

[22] Abramovitch, S. (2016). Why Eli Roth Made "Spider-Man" Director Jon Watts' Fake Horror Trailer Into A Feature Film. HollywoodReporter.com. May 30, 2016. Retrieved on March 29, 2018. Retrieved from: https://www.hollywoodreporter.com/rambling-reporter/why-eli-roth-made-spider-897094

Fede Álvarez

Fede Álvarez is one of the lucky filmmakers to get noticed through social media channels. After uploading his short science fiction film *Ataque de Panico!* to YouTube on a budget of $300, he caught the attention of Sam Raimi, who signed him on to develop projects through his production company Ghost House Pictures. This led to the release of *Evil Dead*, which on a budget of $17 million, made almost $98 million.[23]

Jake Paul

It isn't just directors getting attention in the virtual realm that then leads to traditional industry opportunity. In some cases, the virtual realm is directly offering opportunity competitive with the industry. YouTube has been fertile ground for notoriety as well as revenue for online personalities, with some of them becoming just as popular as A-list movie stars. The data indicate that this more intimate mode of celebrity is appealing to younger age groups who are generally accustomed to greater access to their politicians, corporations, and cultural icons through platforms like Instagram, Twitter, and Facebook. In fact, in a survey by Defy Media, 62% of Americans aged 13-24 said they consume digital content because it "makes them feel good about themselves", as opposed to the 40% who responded the same way for television. YouTube is connecting performers to their fans more easily and more intimately, and traditional industry actors want in on the action. Jake Paul, known for starting out in Vine, became a YouTube vlogger where his popularity caught the attention of Disney, who briefly gave him his own TV show.[24] [25]

Access to the industry and its decision-making networks remains a significant challenge, but there are clearly both active efforts and broader technological changes at play lowering the barriers to entry in a historically closed-door industry.

In addition to Access, stakeholders highlighted a short list of other challenges hindering inclusivity and diversity in the industry, challenges important to address as the Film sector continues to grow in L.A. County. Those challenges include: (2) Awareness; (3) Transparency; and (4) Capital.

[23] Scott, J. (2009). YouTube Success Lands Filmmaker A Real Hollywood Directing Gig. TubularInsights.com. December 1, 2009. Retrieved on March 29, 2018. Retrieved from: http://tubularinsights.com/youtube-success-lands-filmmaker-real-hollywood-directing-gig/

[24] Pittman, T (2015). How YouTubers Beacame A New Breed Of Celebrity That Hollywood Starts Can't Touch. HuffingtonPost.com. March 4, 2015. Retrieved on March 27, 2018. Retrieved from: https://www.huffingtonpost.com/2015/03/04/teens-prefer-youtubers-over-celebrities_n_6801792.html

CHALLENGE 2: AWARENESS

"People don't understand what folks in this industry actually do, that's one of the biggest problems. There are good-paying, middle class jobs in this industry and nobody knows about them."

–INDUSTRY STAKEHOLDER

In reflecting on some of the largest occupations of the industry represented in L.A. County and highlighted in the Industry Analysis Chapter, Graphic Designers had a median pay of $48,700 per year in 2017, Film and Video Editors and Camera Operators made $58,210, Writers and Authors $61,820, Multimedia Artists and Animators $70,530, Producers and Directors $71,620, and Art Directors $92,500.[26] But a lack of awareness of these opportunities and other middle-class jobs in the industry was reiterated as an obstacle faced by organizations like GFS and unions as they look to ramp up recruitment, especially in communities historically excluded from the industry.

Community-based arts organizations discussed battling the misperception of the Film sector as only a place for the rich and famous in its engagement with funders like foundations and with local communities across L.A. County. Another industry stakeholder offered the example of a panel held at the Pan African Film Festival in 2018, sponsored by FilmL.A. and Local 399, during which location managers offered commentary on their general responsibilities and were met with both enthusiasm and a host of questions from audience members.[27] The stakeholder said, "The scene indicated both a keen interest in knowing more and an obvious lack of awareness about these kinds of opportunities among a demographic you don't see represented widely in the industry." A lack of awareness regarding what the industry's opportunities entail does not just plague the lesser known, "below the line" jobs. In discussing the industry ignorance of graduates from some of the best film schools in the U.S., an industry stakeholder remarked,

> *"Even from top educational programs like NYU Tisch, graduates say they want to be directors or writers but have no idea what that means. And there are now programs that take those students before graduation and bring them to L.A. to basically introduce them to people on the ground and see what the business looks like, how things get done. Maybe they actually want to be a Director of Cinematography. And I think more programs like that are exactly what we need across the board. It saves time and is such a huge win for everyone."*

The shroud that hangs about the industry and about its internal mechanics is both a challenge for the industry's workforce development efforts and an opportunity for the County of L.A. That the industry and its insiders are here in L.A. County and interested to get the word out about industry opportunities should be considered a tool in the toolbox of the County's policymakers.

[25] Baron, Z. (2017). The New Rules for Making It In Hollywood. GQ.com. July 24, 2017. Retrieved on March 27, 2018. Retrieved from: https://www.gq.com/story/new-rules-for-making-it-in-hollywood

[26] Bureau of Labor Statistics, Occupational Outlook Handbook. 2017.

[27] FilmL.A. (2018). FilmL.A. Celebrates 26 years of the Pan African Film & Arts Festival. March 14, 2018. Retrieved on April 10, 2018. Retrieved from: https://www.FilmL.A..com/filml-a-celebrates-26-years-of-the-pan-african-film-arts-festival/

CHALLENGE 3: TRANSPARENCY

In addition to awareness about the range and nature of opportunities available in the Film sector, transparency regarding their requirements and associated career pathways was cited as a significant challenge. As one industry stakeholder remarked,

> *"Career paths in the creative industry are nonlinear. They are not the kind of career paths where you decide you want to be a lawyer and there's a clear track laid out for you from law school moving forward. Often in the creative industries, the best move is a lateral move and through your network."*

While industry infrastructure for talent development in the Film sector may not even preferably be as structured as that of the legal or medical sectors, some guidance in how young talent may move up the industry food chain earning higher wages consistently and over time is essential for making the industry more inclusive and contributes to industry efficiency overall. Facilitating the creation of stable career pathways is a longstanding concern within the industry and its unions in particular. As one industry stakeholder explained,

> *"We don't want to create part-time jobs, we want to create careers. People in this industry need to be guided along because they need to move from project to project. We don't want to throw new people into it, particularly with less industry know-how, and then not have that follow through which is crucial."*

Particularly given the non-linear nature of career trajectories in the Film and Digital Media sectors, direct interventions to guide young talent can be catalytic. Community-based arts organizations and industry representatives alike underlined the vital role internships play in the industry's effective assimilation of young talent, especially those unequipped with personal networks in the space. Yet, industry stakeholders indicated that internships are often met with mixed feelings, not all positive, and inconsistent expectations. One industry stakeholder noted that "a spate of historical lawsuits has forced some companies to pull back from this essential experience which they had been previously providing to young people." Recognizing the unique utility of internships in grooming the industry's talent pipeline - specifically its underrepresented segments - industry stakeholders from all sides indicated interest in collectively crafting a clearer, institutionalized framework for internships, that works for all parties and satisfies concerns raised in more recent years.

Partnership across silos will be an important part of ensuring any intervention to increase the industry's diversity is successful over the long run. Even with greater access and awareness as well as more transparent structure for navigating a successful career, the experience of diverse, young talent in the industry will inevitably suffer from unique vulnerabilities. A recent study by GFS looking at the attitudes and opinions of their graduates, found that on average a young person of color working in her first job in a creative company tends to stay in that job too long relative to her peers and compared with the industry's average career trajectories.[28] Both open dialogue among the ecosystem's actors--including studios, community-based organizations, and policymakers--and a collective examination of available data can together equip the industry to address current and evolving challenges faced by diverse talent in L.A. County's Film and Digital Media industry.

[28] Industry stakeholder confidential insight.
[29] SCVnews.com. Supes Create First LA County Arts Department. May 16, 2018. Retrieved on: May 16, 2018. Retrieved from: https://scvnews.com/2018/05/16/supes-create-first-la-county-arts-department/
[30] SCVnews.com. Supes Create First LA County Arts Department. May 16, 2018. Retrieved on: May 16, 2018. Retrieved from: https://scvnews.com/2018/05/16/supes-create-first-la-county-arts-department/
[31] Ibid

CHALLENGE 4: CAPITAL

Where the market has failed to include certain groups of people, insertions of capital can and have made up at least some of the difference. In comparing the funding landscapes of New York City and Los Angeles County, one stakeholder noted,

> *"If you're looking from a programmatic perspective, all you really need to do is compare the New York City budget for its Department of Cultural Affairs to the corresponding budget in L.A. City. New York City is the largest arts funder in the U.S.; in the L.A. region, it's just not the same; you have to knock a couple of zeros off. That's certainly an impediment to growth, especially for community-based arts organizations trying to scale. Receiving a six-figure grant from a government source before you are able to attract the kind of private support you need to sustain operations can be the reason you survive."*

And as the Film and Digital Media industry continues to globalize, the even bigger budgets of Los Angeles County's European counterparts loom large, the National Center for Cinematography in France and the British Film Institute in the U.K. chief among them. One industry stakeholder with professional experience in both U.S. and European markets remarked, "We're spoiled in Europe, it is such a different industry in terms of public funding."

A noteworthy development in L.A. County in terms of industry-specific, government infrastructure was a recent vote by the L.A. County Board of Supervisors to create the first Los Angeles County Arts Department.[29] Board Chair Sheila Kuehl said, "It makes sense that we establish a County department to support arts and culture. With this motion, we will provide the capacity for a robust department that can strengthen the arts and expand our commitment to cultural equity and inclusion."[30] Additionally, the new County department will retain the L.A. County Arts Commission, a robust "full-service local arts agency" with an existing and wide-ranging portfolio of arts programming, including K-12 educational programs.[31] While L.A. County may not be structured to compete dollar-for-dollar with the arts budgets of markets like New York City, L.A. County policymakers may consider leveraging public funds to direct capital where it is most catalytic, scaling successful models for driving outcomes which the market is not otherwise producing. With such a large bank of investment precedent nationally and internationally, L.A. County may explore in partnership with its community-based organizations which specific, well-evidenced investments would be most helpful in the L.A. market. L.A. County may also leverage its convening power to generate funding, connecting the voiced interest of private industry to diversify its ranks with those community-based organizations on the ground translating that aspiration into reality.

OPPORTUNITY: INTERNATIONAL MARKETS AND MORE DIVERSE AUDIENCES

While there are key challenges to the industry's development of talent broadly and specifically as it applies to intentionally inclusive efforts, there are also key opportunities around both. For one, as this report communicates clearly, L.A. County is the nation's leading hub of creative professionals; the industry's icons, its young talent, and many of the industry's best-in-class educational institutions, or talent feeders, are here.

As one industry stakeholder concisely summarized, "The talent is here. So, then all the other creative people come here—for its professionals, for its collaborative, creative culture, for its reputation as the top market—in order to make it. In L.A. we have the workforce advantage." In a general context of abounding talent opportunity, there are industry-specific and market-based trends incentivizing the diversification of the industry's talent pool, independent of broader policy goals around inclusion.

In its annual Hollywood Diversity Report for 2018, UCLA confirmed its previous finding around audience preferences in the U.S.: America's increasingly diverse audiences prefer diverse film and television content.[32] Two data points to support that working conclusion included minority representation in ticket sales and the success at the box office of films with casts that were from 21% to 30% minorities. Firstly, minorities accounted for the majority of ticket sales for five of the top 10 films in 2016.[33] Minorities are an important audience and increasingly representative not only of the U.S. generally but of U.S. movie-goers. Secondly, films with 21% to 30% minority casts had the highest median global box office receipts and highest median return on investment, whereas films with the most racially and ethnically homogenous casts were the poorest performers.[34]

[32] UCLA College, Social Sciences (2018). Hollywood Diversity Report 2018: Five Years of Progress and Missed Opportunities. February 27, 2018. Retrieved on March 26, 2018. Retrieved from: https://socialsciences.ucla.edu/wp-content/uploads/2018/02/UCLA-Hollywood-Diversity-Report-2018-2-27-18.pdf

[33] Ibid

[34] Ibid

Aside from more diverse demand in the U.S., Hollywood is increasingly after an international market, given its size and purchasing power as well as its increasingly easy access to licensed U.S. content, made possible by the rise of digital platforms. With regard to sheer size, China for example is projected to outstrip North America in box office revenues and number of movie-goers by 2020, according to a Deloitte report, "China's Film Industry – A New Era."[35]

One industry stakeholder commented, "Because of this digital era that we are now in and because of the Amazons and Netflixes of the world, there's a huge demand and need for the U.S. market to better understand their international audiences. Amazon has recently hired people specifically to explore how to license content and produce work with international appeal outside of the U.S. Many markets around the world have historically spent their time figuring out how to crack the U.S. market and now, especially with all these platforms, the reverse is true. Understanding the international landscape and having an international or diverse team has become increasingly important when work can be viewed easily all over the world."

Both of these trends mean the Los Angeles County-based Film and Digital Media industry will require the insight and creative voice of diverse talent to be competitive globally. And as the convergence of media in Film and Digital Media continues to blur lines between television, film, and advertisement, creative voice is that much more loudly showcased. The GFS Director reiterated the centrality of that focus in their programming and the importance of translating their students' diverse voices into clear and leveragable assets in the creative market. He said:

> "We'll look to someone like Spike Jonze, an accomplished filmmaker who also happens to curate all the shows on Viceland and who just made a four-minute commercial for an Apple product with a hit music video that went viral overnight. Spike is someone who has never really boxed himself in as being one kind of creative maker; instead, he looks at the various platforms as each their own sort of challenge. And when we invite him to speak with our students, the message he touts is really focused on identifying your own creative voice and bringing that to whatever the assignment might be. The key thing is to be in tune with your own style and identify that early."

For students from diverse backgrounds whose voices go generally underrepresented on the broader industry landscape, diversity can be a competitive advantage in an increasingly global market, amplified by a mutating menu of media options.

[35] Deloitte Global (2017). China's Film Industry – A New Era. Deloitte.com. Retrieved on April 5, 2018. Retrieved from: file:///Users/alysasloanhannon/Downloads/deloitte-cn-tmt-china-film-industry-en-161223.pdf

POLICY CONTEXT

TARGETING UNDERSERVED WORKERS

In examining diversity and inclusion efforts for any industry, it is customary and prudent to explore opportunities specifically for underserved workers, those populations that generally suffer systematically from lower employment rates and that have indicators of career-limiting circumstances. The Los Angeles County Board of Supervisors adopted in 2016 a Countywide Local and Targeted Worker Hire Policy that defines workers with barriers to employment as those having one or more of the following attributes: (1) has a documented annual income at or below 100% of the Federal Poverty Level; (2) no high school diploma or GED; (3) a history of involvement with the criminal justice system; (4) protracted unemployment; (5) is a current recipient of government cash or food assistance benefits; (6) is homeless or has been homeless within the last year; (7) is a custodial single parent; (8) is a former foster youth; or (9) is a veteran, or is the eligible spouse of a veteran.

Broadly speaking, the most pervasive challenges faced by vulnerable communities like those listed often have to do with more traditional services provided and interventions implemented by government, including the provision of equitable infrastructure, adequate housing supply, quality education, and a well-funded safety net. Funding and guidance for creative arts programming across L.A. County public schools is a good example of an intervention that is likely to impact vulnerable populations. In reflecting on L.A. County's leading industry advantage around workforce and the County's demographic diversity, an intervention targeting the creative-tech skillset of K-12 populations may be an optimal investment. STEAM (Science, Technology, Engineering, Arts, and Math) Centers have opened up across places like New York City, funded by City government agencies like the New York City Economic Development Corporation. They equip young people to pair creative competencies with STEAM skills in an increasingly quantitatively driven job market and in sectors on the rise like those in the Film and Digital Media industry.[36] While sound, these types of investments are long-term investments and demand a long-horizon perspective of the investor, government or otherwise.

Though macro and perceivably removed from industry dynamics, the broader role of government is not to be understated in terms of its effect on industry growth. Housing is a great example. In a recent study entitled "Creative New York" published by the Center for an Urban Future, the L.A. region was held up as more affordable than New York City and thus more attractive to artists. The report found that "Portland, Austin, Nashville, Detroit, L.A. and many others are attracting young creative professionals. Their biggest advantage over New York is obvious: low rent." the L.A. region was differentiated from that mix with its powerful, competitive industry hub and housing costs lower than Manhattan's by about 114%. "L.A. is very hot and up and coming, said Emma McClendon assistant curator of costume at The Museum at FIT. 'It's attracting more creative individuals than New York is. Friends from London said they'd never move to New York, only L.A. because it's more affordable."[37] As rents and cost of living continue to rise in the L.A. region, L.A. County policymakers can expect young artists and creative professionals migrating from London and New York City to L.A. County to continue on down the list of up and coming and more affordable cities in search of affordable rents and lifestyles.

[36] NYCEDC Press Release (2017). NYCEDC Celebrates the Opening of TechShop Brooklyn – 20,500 SF Advanced Manufacturing Center at the Brooklyn Army Terminal. Nycedc.com. October 19, 2017. Retrieved on May 1, 2018. Retrieved from: https://www.nycedc.com/press-release/nycedc-celebrates-opening-techshop-brooklyn-20500-sf-advanced-manufacturing-center

[37] Center for an Urban Future (2015). Creative New York. June 2015. Retrieved on May 2, 2018. Retrieved from: https://nycfuture.org/pdf/Creative-New-York-2015.pdf

Of the vulnerable populations mentioned previously, veterans, individuals who've interacted with the criminal justice system, and at-risk youth including youth in foster care are some of the most commonly targeted for industry programming. As mentioned, Local 399 runs a program targeting veterans for industry positions like location managers. In 2017, Vice launched a program in partnership with the Center for Employment Opportunities to offer a six-month paid apprenticeship program for people with criminal records.[38] And CalArts, one of the best schools for animation in the country, administers a Community Arts Partnership initiative providing art and technology education to high-need youth in L.A. County.[39] These kinds of programs help to bridge the gap in access to opportunity broadly and to industry opportunity specifically by targeting designated populations and in many cases tailoring programming to their unique circumstances. For these groups and other underserved populations, the challenges enumerated previously are that much greater and intervention to overcome them that much more needed.

As it applies to educational attainment level (without a high school diploma or GED), labor market data can help drive policymakers' understanding of the industry's opportunity landscape. Overall and unsurprisingly, the Film and Digital Media workforce is becoming increasingly educated, reflecting broader trends. In 2016, 65% of all employed in the Film and Digital Media industry in L.A. County had a bachelor's degree or above, up from 59% in 2011. While it is not surprising that sectors within the industry that are highly specialized, such as Software Publishers, reflect unusually high educational attainment levels (81% have at least a bachelor's degree), even the "least educated sector" of the industry, the Libraries and Archives sector, has a workforce where 46% of its L.A. County workers have a bachelor's degree or above.

With regard to the industry's largest occupational group in L.A. County in 2016, Arts/Entertainment, 66% of professionals had at least a bachelor's degree, representing an educational attainment profile very similar to that of the overall industry. Further, the Arts/Entertainment educational profile has not changed much since 2011, when 64% had a bachelor's degree or above. Management, the second largest occupation within the industry in L.A. County, has even higher educational attainment levels, with 56% of workers having a bachelor's degree and 21% having a graduate or professional degree. Computer and Mathematical, the industry's third largest occupation in L.A. County, has a similarly high educational attainment level, with 76% of the occupation's professionals in the County armed with at least a bachelor's degree and just 3% having a high school diploma or below.

While employment opportunities seem limited at first glance for individuals without a bachelor's degree, the Film and Digital Media industry does employ over 141,000 individuals in L.A. County who do not have a bachelor's degree. Of these 141,000 professionals, slightly above half (72,000) were employed in Motion Picture and Video or Performing Arts and Spectator Sports industries–core Film-related sectors—in 2016. And within the Arts/Entertainment occupational group, of the 55,000 L.A. County workers with only an associate's degree or below, 67% (or 37,000 individuals) are also employed in the two aforementioned Film-related sectors.

Within Arts/Entertainment occupations, performance-related occupations except for Actors tend to have lower educational barriers. For example, 50% of Musicians and Singers in L.A. County have no bachelor's degree and 20% have only a high school diploma or below; 29% of Announcers have either less than a high school or a high school level of education. While only 8% of Actors have no post-secondary education, 38% have only some college or an associate's degree.

Of the largest occupations in the Arts/Entertainment occupational group, 32% of designers in L.A. County's Film and Digital Media industry at large are without a bachelor's degree. Furthermore, specifically within the Motion Picture and Video sector, almost 4 out of 10 designers have no bachelor's degree (but do have some sort of post-secondary education). Similarly, 41% of

[38] Vice Staff (2016). We're Launching an Apprentice Program for Formerly Incarcerated People. Vice.com. December 8, 2016. Retrieved on May 1, 2018. Retrieved from: https://www.vice.com/en_us/article/3db588/vice-ex-con-apprentice-program

[39] Nobil, T. (2017). CalArts' CAP Trains the Next Generation of Filmmakers and Animators in Underserved L.A. Communities. Variety.com. December 8, 2017. Retrieved on May 2, 2018. Retrieved from: http://variety.com/2017/film/news/calarts-cap-trains-the-next-generation-of-filmmakers-and-animators-in-underserved-la-communities-1202620933/

Artists and Related workers in the industry have no bachelor's degree, however, just 3% have only a high school diploma or below. As for Producers and Directors, 25% have no bachelor's degree in the Motion Picture and Video sector, and that figure is the same for the Film and Digital Media industry at large.

Film and Digital Media professionals without a bachelor's degree or above are employed in a variety of occupations in the industry. However, some post-secondary education is still typically required for entry – as only 11% of the industry's workers have only a high school diploma or below.

While the general trends at play in the broader economy apply to the Film and Digital Media industry, namely that a bachelor's degree is an increasingly common, competitive credential, digital media may present opportunities for young talent without formal instruction. One stakeholder commented,

> *"As the barrier to entry in the industry has dropped, the perceived need for official training in film seems to have dropped as well. But that doesn't necessarily mean that formal instruction isn't a clear advantage for people who have it. But there seem to be fewer impediments, with this new generation and an era of digital media, young people are really comfortable with cameras and even video editing software just as a function of being a teenager and fooling around. That might be another part of this digital puzzle."*

TAX INCENTIVES: THE NITTY GRITTY

"We're obviously aware of Georgia, we're obviously aware of New York, we're obviously aware of Vancouver and the United Kingdom. We recognize that there's competition. But we have a major advantage: The entertainment industry talent pool is here.

I've got a friend who has a show that shoots in Georgia so they could take advantage of the tax credit. He had a sound mixer who was in a car accident, and it took him three days to find a sound mixer to replace the one he lost. If you're in L.A. you could've had one in three hours. So we know that's an advantage but also know that their tax credit is larger than ours. We compete in other ways. And the best way we can compete is through our talent pool, by having the best talent."

–INDUSTRY STAKEHOLDER

SETTING THE EMPLOYMENT RECORD STRAIGHT

In reflecting on stakeholder insights regarding tax incentives and their relationship to talent, it is worth revisiting figures put forward in the Industry Analysis section of this report. It was noted that employment in Atlanta in Film and Digital Media grew from 58,600 in 2011 to 73,800 in 2016 (+15,200) 26% growth compared to 23% growth in L.A. County.

Narrowing the focus to just individuals employed in the Film sector shows that between 2011 and 2016, employment in Atlanta grew by about 4,000 (or 241%) compared to 27,100 (or just 24%) for Los Angeles County. However, during the same period, Atlanta's total employment grew by 317,500 jobs while L.A. County's increased by 461,600 jobs. In other words, relative to total employment growth, Film sector employment growth in Atlanta accounted for just 1.3%, a paltry share compared to L.A. County's 5.9% share.

"Georgia has the most robust incentive program [in the country]. They incentivize anything that walks across the street."[40]

–INDUSTRY STAKEHOLDER

Georgia's recent surge in the Film Sector–whether measured in terms of employment, shoot days, or number of films shot–is noteworthy. However, this growth, which hinges on a generous tax credit program, may be transitory, as similar growth in other markets has been in the past. Furthermore, Georgia lacks a robust process for evaluating the value of its program or the economic benefits and costs of its incentives to date.[41] Contrastingly, California's Legislative Analyst's Office is required to evaluate its equivalent program effective by 2019.[42] Specifically, in California, an audit of all in-state production activities must be performed before tax incentives are awarded.[43]

Georgia's film incentive program is a transferable tax credit of 20% of investments of at least $500,000 (plus an additional 10% if the production includes Georgia's promotional logo in credits); whereas, California offers a nontransferable tax credit of 20% or 25%. A transferable tax scheme is one that is refundable, allowing production companies to sell the tax credits in excess of their tax liability to others. The generous terms of the incentive, coupled with an insufficient evaluation process of the program's overall benefit to Georgia's taxpayers, imply a vulnerability to tax incentive abuse in Georgia, with the most notorious incident by Warner Bros. on the film *Sully*.[44]

[40] 71 Bertagnoli, Lisa. (2017, July 17). "Why doesn't Illinois rank higher in film production." Retrieved from: http://www.chicagobusiness.com/article/20170715/ISSUE01/170719897/why-doesnt-illinois-rank-higher-in-film-production

Finally, in addition to a lack of program oversight, it appears Georgia's purported economic impacts stemming from film tax incentives may very well be overstated. Generally, states adopt tax incentive programs tailored to a variety of industries under the assumption that these incentives create jobs and provide other economic benefits, even if such schemes may have poor returns for government.[45] Currently, 31 states (plus Washington, D.C.; Puerto Rico; and U.S. Virgin Islands) provide tax incentives for film, down from 44 states in 2009. The Georgia Department of Economic Development claims that the film industry in Georgia generated an economic impact of $9.5 billion in Fiscal Year 2017 based on direct spending of $2.7 billion. In other words, every dollar of spending resulted in about $3.5 of economic impact. This 3.5 multiplier is abnormally high. By comparison, in an earlier section of this report, Beacon Economics estimates an economic impact multiplier of $1.63 for every dollar spent by the Film and Digital Media industry in Los Angeles County. While the multiplier effect for any one industry can vary depending on many factors, including time-specific and geography-specific factors, the differences are rather minimal. Indeed, it appears the accurate multiplier for Georgia should be about $1.83, according to Bruce Seaman, an economics professor of Georgia State University.[46] Georgia's economic impact from the film industry is consistently and significantly overstated as "the state economic development department has multiplied direct spending by $3.57 to estimate impact for at least 30 years."[47]

Driving the competition of state film incentive programs is the historical nature of the feature film business. In the past, the business of producers and the broader Film sector by extension was entirely a project-by-project undertaking. Each piece of intellectual property was taken from concept through development, then from development through financing, and finally from financing to production. To the extent that there was a long-term business strategy for the producer, it was driven by the availability of project financing and the role of state tax incentives to minimize that cost for funders. As the space for digital video content production gets noisier and noisier with media and funders growing ever more diverse and with shorter-form content in many cases supplanting the old feature film formats, the old equation for film funding is made less relevant and its future viability is thrown into question.

[41] Huh, K., Chapman, J., Pearson, C., Goodman, J., Maynard, M., Wakefield, A., Burgoyne, M., Griffin, J., Hamman, J., and Pagels, J. (2017). How States are Improving Tax Incentives for Jobs and Growth. The Pew Charitable Trusts. Published May 2017. Accessed May 12, 2018. Retrieved at: http://www.pewtrusts.org/~/media/assets/2017/05/edti_how_states_are_improving_tax_incentives_for_jobs_and_growth.pdf

[42] Ibid.

[43] National Conference of State Legislatures (2018). State Film Production Incentives & Programs. Published January 30, 2018. Accessed May 12, 2018. Retrieved at: http://www.ncsl.org/Portals/1/Documents/fiscal/2018StateFilmIncentivePrograms_20189.pdf

FROM PROJECTS TO ECOSYSTEM: CREATIVE MEETS TECH

The unmatched quality of film production in the Los Angeles market stands on its own merits, yet in this period of disruption, riding the wave of past success is not enough to ensure a strong Film and Digital Media industry in L.A. County into the future.

As there is now, there will always be another state racing to offer a more generous tax incentive program, minimizing costs for big, traditional projects funded and powered by the old industry equation. However, the national and global Film and Digital Media industry is moving and evolving at a rapid pace, diversifying far beyond the parameters of the old industry equation. Los Angeles County would be wise to focus on championing its broad-based creative sector and its best-in-class creative talent base to feed the needs of a shifting Film and Digital Media landscape.

[44] Maddaus, G. (2018). "Warner Bros. Faces Tax Fraud Investigation for 'Sully' Airplane Costs." Variety. April 25, 2018. Accessed on May 12, 2018. Retrieved at: http://variety.com/2018/biz/news/warner-bros-tax-fraud-sully-1202757739/

[45] Thom, M. (2016). Lights, Camera, but No Action? Tax and Economic Development Lessons From State Motion Picture Incentive Programs. The American Review of Public Administration, Vol. 48 issue 1, pp 33-51. Retrieved from: http://journals.sagepub.com/doi/abs/10.1177/0275074016651958

[46] Hunt, A. (2015). "Claim overstates film industry's impact on Georgia economy." PolitiFact Georgia. August 7, 2015. Accessed May 12, 2018. Available at: http://www.politifact.com/georgia/statements/2015/aug/07/georgia-department-economic-development/film-industrys-impact-georgia-economy-overstated/

[47] Ibid.

Film and television production has been a great success story for Los Angeles County economically as well as culturally, and the County has a global reputation for its Film and Digital Media industry and the creative people working in it. In Los Angeles County, 40% of the occupations in the Film and Digital Media Industry are in Arts and Entertainment compared to only 30% in New York City. Additionally, Arts and Entertainment occupations in the Film and Digital Media industry have seen a 38% increase over the last decade in Los Angeles County. In 2016, 53% of Arts and Entertainment occupations were composed of Producers and Directors (20%), Designers (14%), Artists (10%) and Writers (9%).

As technology has disrupted the sector and forced commercial models to change, there is a growing demand for individuals at the juncture of creative and technology. This trend is evident in the emerging growth of Computer and Mathematical occupations across the Film and Digital Media industry in Los Angeles County. The Computer and Mathematical occupation employment share grew from 7.7% in 2006 to 11% in 2016 (+3.3%), but more impressively, growth of these occupations in the Motion Picture and Video sector grew 16% across the same period.

The future of the Emerging Digital Media sector in Los Angeles County presents an opportunity to support creative companies that may have historically operated in the traditional production model by promoting joint ventures and alliances across sectors. Tech fluency is no longer a sideline activity for content production, and

policies that silo tech separately from creative are outdated. Recent examples of innovation in navigating the new digital media landscape include The Sundance Institute's Creative Distribution Initiative, which focuses on helping independent storytellers navigate the changing business models of digital distribution, marketing, and audience engagement.[47] Similarly, Snapchat recently announced it was launching an accelerator program, Yellow, that will fund a class of "up-and-coming creatives" in pushing the boundaries of mobile storytelling. The program will provide seed funding, workspace in Venice, and mentorship in conjunction with Snapchat's media partners. Creativity is broadly defined for the program participants: "from filmmakers to editors to producers to writers to influencers and creators.[48]"

Los Angeles County has strong competency in creative skillsets and, as the demand for digital video content continues to come from an increasingly diverse mix of firms, the County must not be constrained by outdated models of thinking. The lens must be widened to capture a broader creative sector including film, television, music, and digital media. County goals should reflect questions like, "Would one of the young diverse candidates in Snapchat's accelerator program be able to interact with the local levers of government in a way that pushed her to succeed and encouraged a continued sprit of entrepreneurship?" The competition to attract production activity means that the County must employ a broad and diverse strategy for retaining and attracting digital video content creation.

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[47] Sundance Institute. (2018). Retrieved from: http://www.sundance.org/programs/creative-distribution-initiative#/

[48] Jarvey, N. (2018). Snapchat Launches Accelerator for Mobile-First Media Companies. Retrieved from: https://www.hollywoodreporter.com/news/snapchat-launches-accelerator-mobile-first-media-companies-1114331

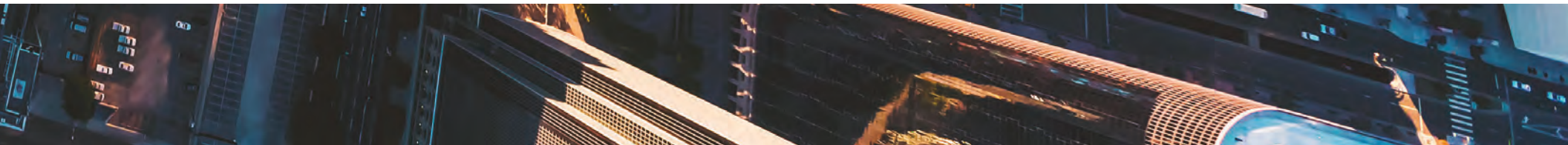
GROWTH LANDSCAPE

FOR THE FILM & DIGITAL MEDIA INDUSTRY IN L.A. COUNTY

CLUSTER ANALYSIS

The Industry Analysis: The Industry Analysis Chapter identified the Film sector as the most dominant component of Los Angeles County's Film and Digital Media industry.

It also identified Emerging Digital Media as the largest component and along with Film, the fastest growing sectors of the industry nationally. This chapter will analyze the geography of these sectors within Los Angeles County and identify the region's competitive advantage in the Film and Digital Media industry.



THE FILM SECTOR

In Los Angeles County, there were nearly 6,000 establishments in the Film sector in 2015.

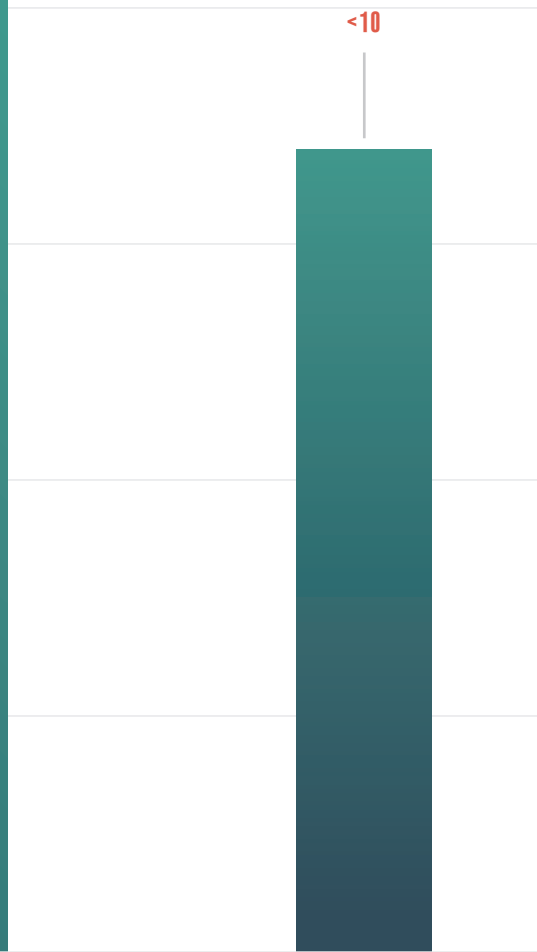
The majority of these establishments were relatively small–around 5,300 of them had fewer than 10 employees. However, small establishments accounted for a minority of the region's Film sector employment. Around 60% of all Film sector employment in the County is found in establishments of more than 100 employees, and there were 17 Film sector establishments of more than 1,000 employees in the region.

NUMBER OF FILM SECTOR ESTABLISHMENTS BY SIZE CATEGORY LOS ANGELES COUNTY, 2015

TABLE 5.1

Size Category	Number of Film Sector Establishments
< 10	5,303
10-49	403
50-99	70
100-499	67
500-999	12
1,000+	17

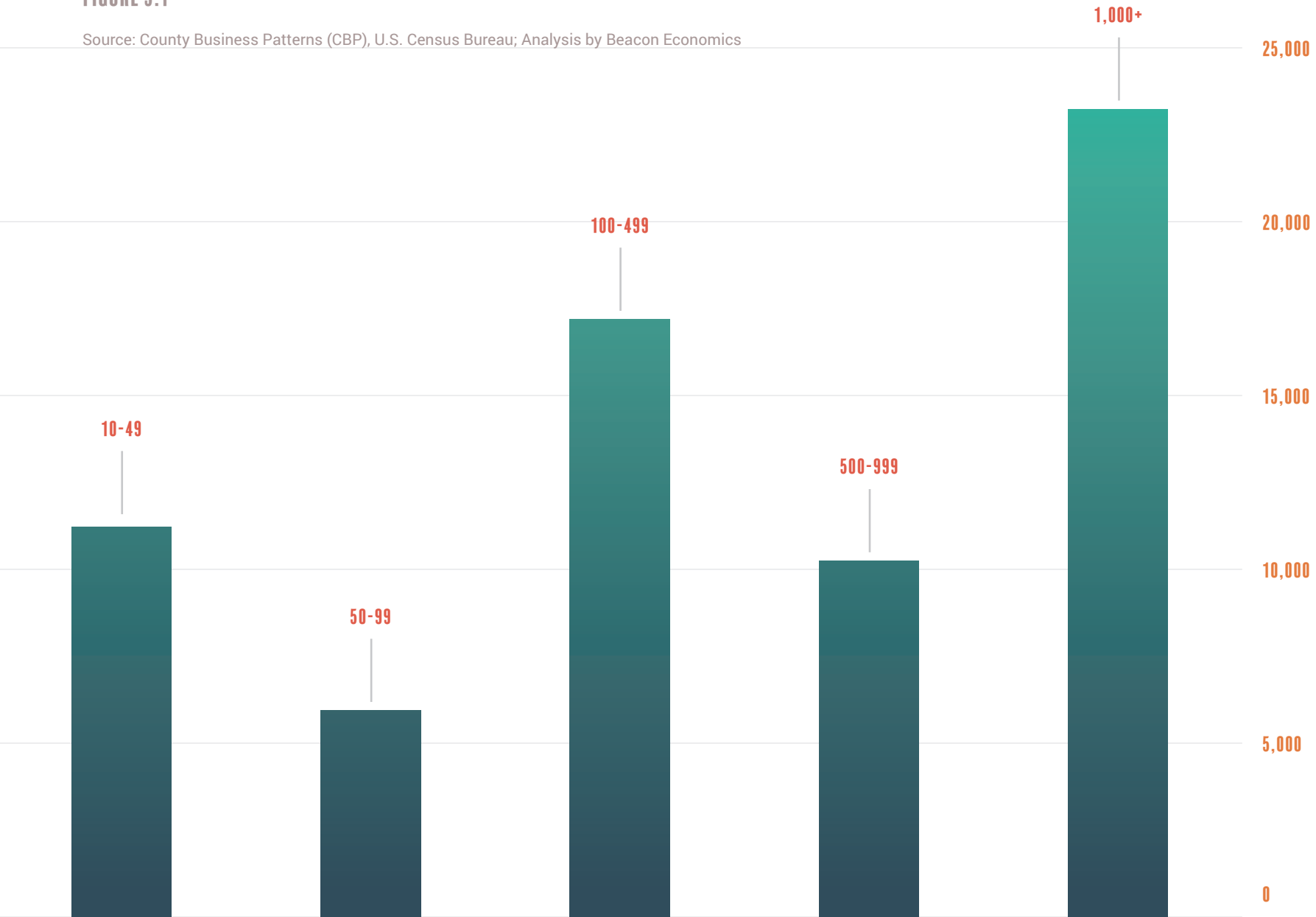
Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis by Beacon Economics



FILM SECTOR EMPLOYMENT BY ESTABLISHMENT SIZE LOS ANGELES COUNTY, 2015

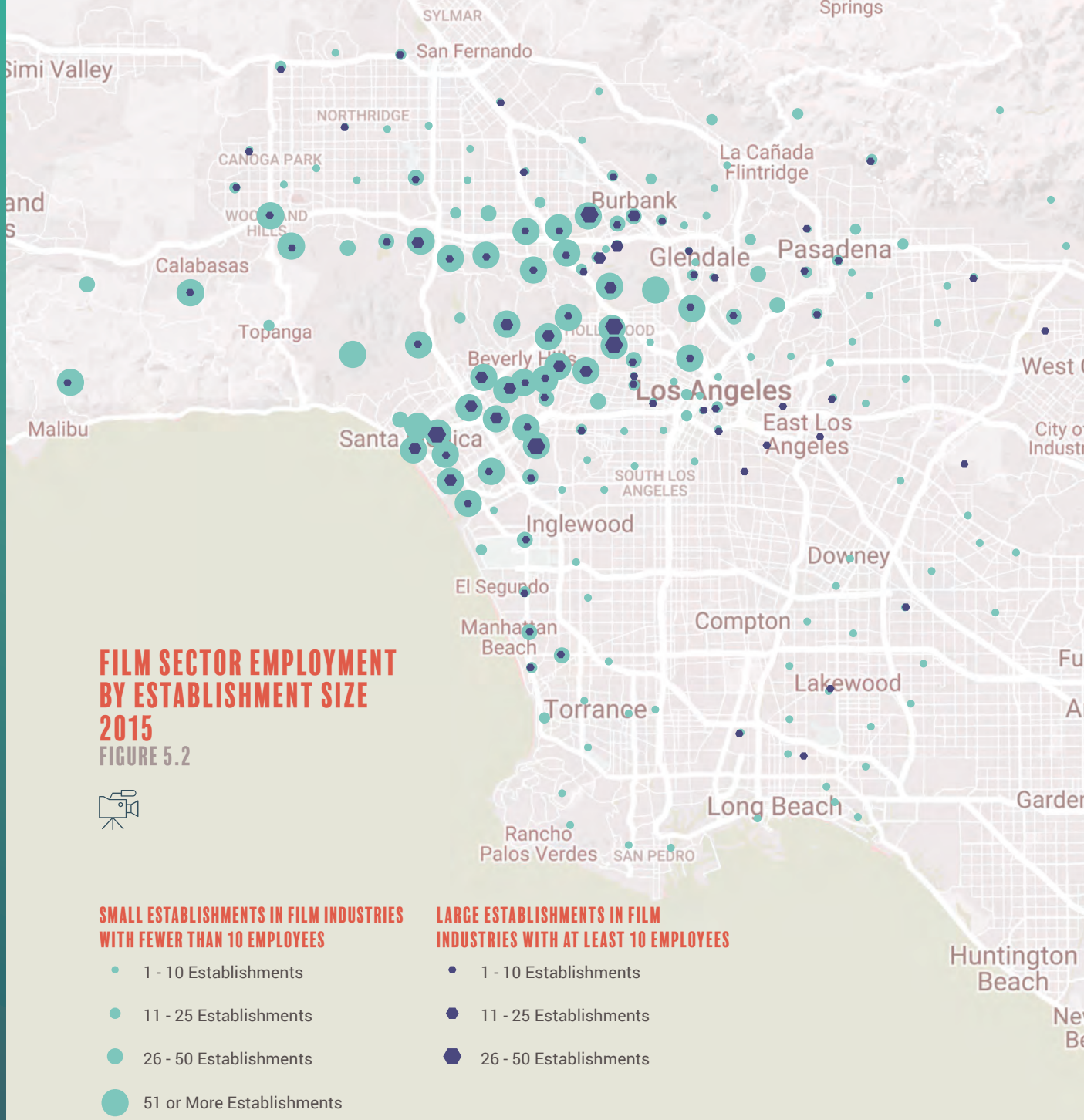
FIGURE 5.1

Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis by Beacon Economics



These maps display the location of Film sector establishments throughout Los Angeles County. Figure 5.2 shows the location of small and large establishments. Larger green dots depict areas where there is a large concentration of the sector's small establishments. The heaviest concentration of small establishment activity is found northwest of downtown Los Angeles, in the western areas of Los Angeles County and in the San Fernando Valley. With the exception of smaller pockets of activity in the San Gabriel Valley, there is very little Film sector activity in the eastern parts of Los Angeles County.

The blue dots depict the location of Film sector establishments with 10 employees or more. The pattern of activity is very similar to the geography of activity for smaller establishments. Again, the dominant hubs of activity are found in the western half of the County.



FILM SECTOR EMPLOYMENT BY ESTABLISHMENT SIZE 2015

FIGURE 5.2

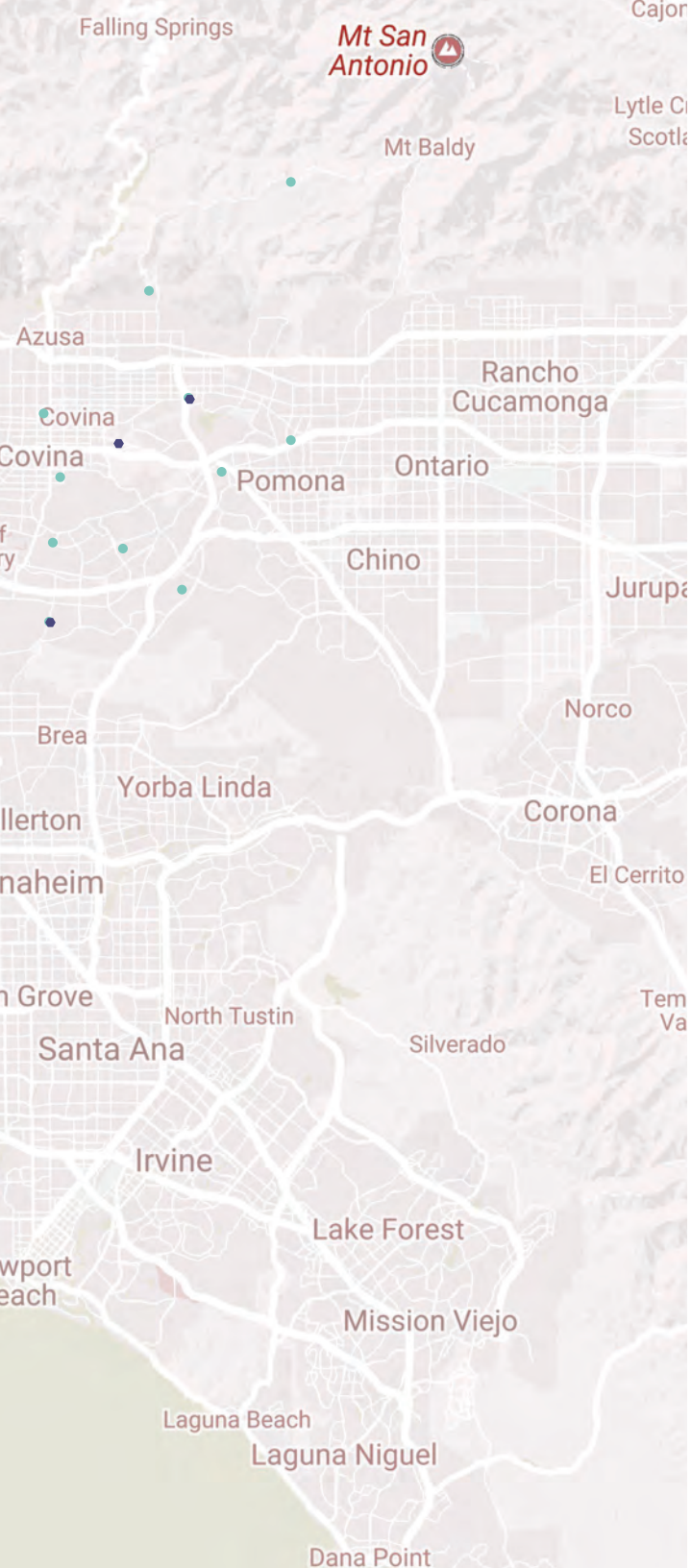
SMALL ESTABLISHMENTS IN FILM INDUSTRIES WITH FEWER THAN 10 EMPLOYEES

- 1 - 10 Establishments
- 11 - 25 Establishments
- 26 - 50 Establishments
- 51 or More Establishments

LARGE ESTABLISHMENTS IN FILM INDUSTRIES WITH AT LEAST 10 EMPLOYEES

- 1 - 10 Establishments
- 11 - 25 Establishments
- 26 - 50 Establishments

Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis bBeacon Economics



THE EMERGING DIGITAL MEDIA SECTOR

In Los Angeles County, there were just over 3,000 Emerging Digital Media establishments in 2015.

In the Emerging Digital Media sector, small establishments again make up the majority of the sector's total establishments in Los Angeles County. Together, establishments of fewer than 10 employees account for over 80% of the sector's total establishments.

In contrast to the Film sector, larger establishments account for a smaller share of Emerging Digital Media employment in the County. Establishments with more than 100 employees only account for around 43% of the sector's total employment.

NUMBER OF EMERGING DIGITAL MEDIA SECTOR ESTABLISHMENTS BY SIZE CATEGORY, LOS ANGELES COUNTY, 2015

TABLE 5.2

Size Category	Number of Emerging Digital Media Sector Establishments
<10	2,563
10-49	454
50-99	76
100-499	61
500-999	5
1,000+	1

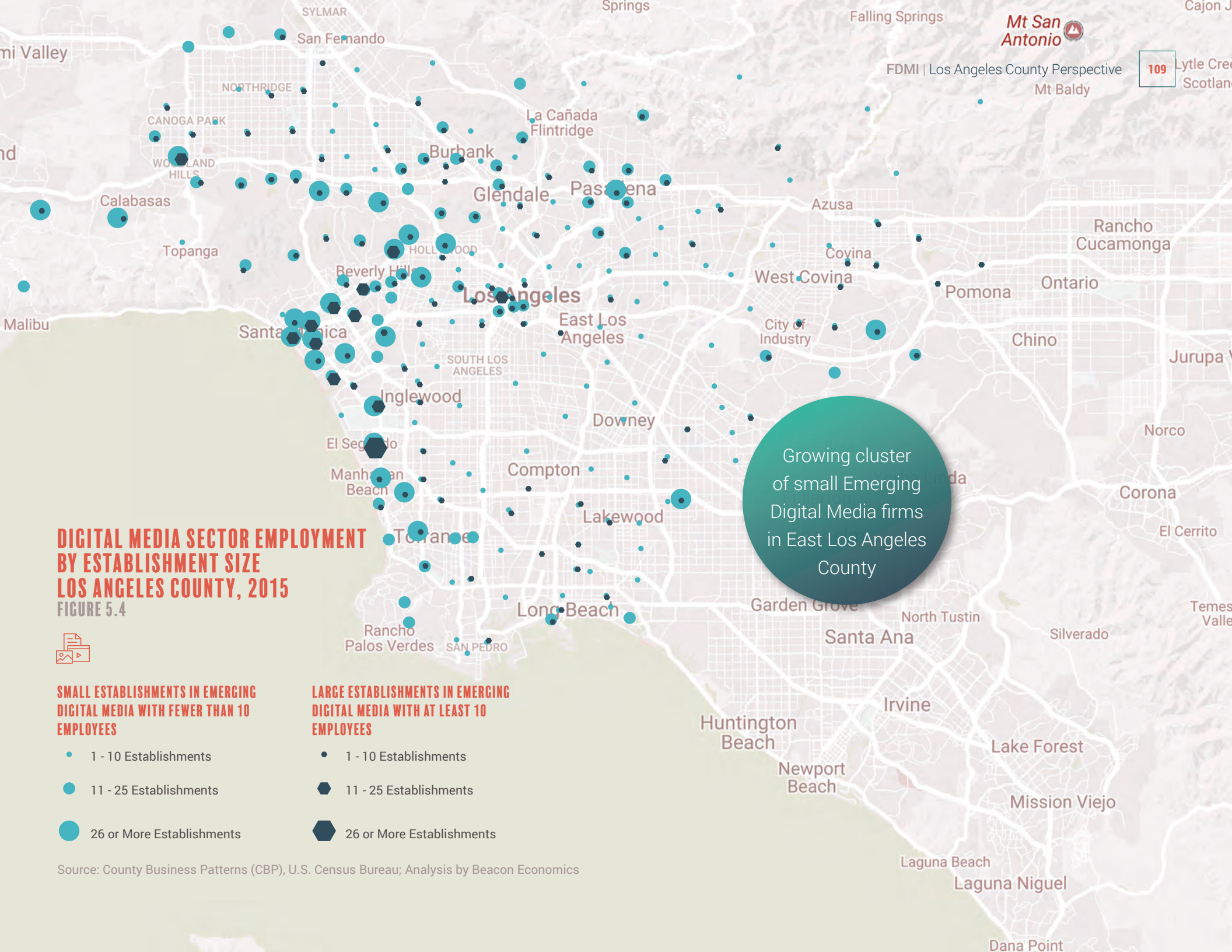
Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis by Beacon Economics

Figure 5.4 depicts the location of small and larger establishments, but for the Emerging Digital Media sector. Compared to the distribution of the Film sector, there is a greater presence of the Emerging Digital Media sector in the eastern parts of the County, but Emerging Digital Media firms are again much more likely to be found west of downtown Los Angeles. The location of this sector is particularly pronounced in the coastal communities, especially around Santa Monica.

NUMBER OF EMERGING DIGITAL MEDIA SECTOR ESTABLISHMENTS BY SIZE CATEGORY, LOS ANGELES COUNTY, 2015

FIGURE 5.3

Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis by Beacon Economics



DIGITAL MEDIA SECTOR EMPLOYMENT BY ESTABLISHMENT SIZE LOS ANGELES COUNTY, 2015

FIGURE 5.4

Source: County Business Patterns (CBP), U.S. Census Bureau; Analysis by Beacon Economics

LOS ANGELES COUNTY'S COMPETITIVE ADVANTAGE

In the Film and Digital Media industry, Los Angeles County's core strength lies in its role as the national leader of the Film sector.

Despite accounting for only 3% of the nation's total employment across all industries, the County accounts for a remarkable 46% of the nation's Film sector employment. And despite significant upheaval in the industry over the last decade—from changes in how content is primarily distributed to the emergence of new content creators in the space—Los Angeles County's national and global strength in the sector has been growing, not declining. To take this one step further, the emergence of Digital Media has helped to strengthen, not weaken, Los Angeles County's position in the Film sector.

How can we account for Los Angeles County's continued strength in the Film sector as significant aspects of the sector have changed? As Emerging Digital Media firms have ventured into the Film sector generally via the vector of video content production, they have tended to locate the Film sector components of their businesses in Los Angeles County. Two of the most telling examples of this trend include Amazon Studios and YouTube Space, which are both in Los Angeles County. Amazon and Alphabet did not place these functions of their enterprises in Los Angeles County because it provided a cheaper alternative to Seattle and the San Francisco Bay Area respectively. Rather, they located these functions in Los Angeles County because it provided each of these companies with the best opportunity to succeed in the Film sector given the unique ecosystem of the sector's inputs competitively available in Los Angeles County as they are nowhere else.

Los Angeles County offers each of these companies access to a unique ecosystem of Film sector assets, what are known formally as agglomeration economies. Los Angeles County's Film sector strength lies in three primary areas. The first is found in its specialized labor force. Up and down the sector's food chain, Los Angeles County provides an unparalleled advantage in workforce compared to other regions. For example, Los Angeles County is home to 49% of the nation's make-up artists, 39% of the nation's film and video editors, 23% of the nation's camera operators, and 23% of the nation's actors.

Such a density of Film sector talent provides great advantages to Film sector firms in Los Angeles County. A firm in the region can ramp up employment quickly as needed and recruit workers for short-term projects without engaging in lengthy nationwide employment searches. The talent they require from one project to another is at their doorstep. This dynamic places Film sector firms outside of Los Angeles County at a competitive disadvantage.

Los Angeles County's second strength in the sector is found in specialized Film sector "infrastructure." The presence of the Film sector in Los Angeles County has led to the growth of a range of industries that provide specialized services to the sector such as talent agencies, law firms specializing in entertainment-related law, caterers, and studios. For example, 38% of the nation's agents and business managers are in Los Angeles County. Again, the density of specialized services in Los Angeles County provides Film sector firms here with significant advantages unavailable in other regions. From one project to the next, a Film production company, for example, is able to pull together a patchwork of different industries required to operationalize a shoot, which is facilitated by the proximity and the established network of these different players within the County.

Finally, despite great advances in communication technologies and low costs of communication, face-to-face contact remains a critical component of business operations and industry efficiency, not to mention of the creative ideation process which lies at the foundation of the sector's products and services. The concentration of the Film sector in

Los Angeles County creates great advantages in the form of networking effects.

Consider the labor market. The majority of all recruitment in the U.S. still occurs through word of mouth, rather than through formal recruitment processes. To find work, an aspiring actress or cameraman would be at a disadvantage if they lived in a location other than Los Angeles County. By living elsewhere, they would not learn of employment opportunities provided by local network effects. These networking effects would equally apply to directors seeking producers and financers, lawyers seeking entertainment-related clients, and agents seeking talent. Most Film sector firms and workers not located in Los Angeles County find themselves at a competitive disadvantage to their Los Angeles County-based peers.

These are only a few examples of the ecosystem inputs disproportionately and most competitively available in the Los Angeles County-based Film sector which have helped sustain the endurance of the Film sector in Los Angeles County over time, and which are expected to help Los Angeles County retain its dominance in the Film sector for decades to follow. While the various ecosystem actors of the Film sector expectedly gain benefits from locating in close proximity to one another, those proximity benefits become self-reinforcing over time as firms not within Los Angeles County's ecosystem are placed at a competitive disadvantage. And as more Film sector players move to the region, this further reinforces Los Angeles County's strength.

"The changes in the industry have meant much more content is being demanded on a multitude of platforms and much more production is happening. And that has also meant that demand for us who work on the streets in Los Angeles County is just growing in leaps and bounds."

– INDUSTRY STAKEHOLDER

Both the qualitative and quantitative data indicate one trend consistently and clearly: Video content production and accordingly the Film sector is on-net growing in Los Angeles County. FilmL.A.'s Q1 On-Location Production Stats report indicate an overall increase of 2.4% in on-location filming and there are brighter spots still in the Q1 numbers with feature film production and commercial production up 11.7% and 10% respectively since 2017.[49] Similarly, Los Angeles County's sound stage occupancy rates remain at a record high hovering around 95% in the Greater Los Angeles Area.[50] The growth observed in Los Angeles County's video content production pipeline is attributed by industry stakeholders to primarily two different inputs: California's tax credit program and digital media disruption.

Regarding the first input, this report has offered context and insight on both the general efficacy of industry tax credits and the specific landscape of competitive film tax credits offered by other states against which California's stack. Regarding the second input, while the broader question of digital media disruption and its impacts is addressed in more depth in other parts of this report, it is important to note here that the growth resulting from developments in digital media broadly speaking is not to the exclusionary benefit of newer, smaller production firms entering the fray. Directly to the point of the stakeholder comment above, changing consumer behavior and the proliferation of streaming opportunities via a multitude of platforms have created significant growth for traditional entities too, situated within the traditional industry ecosystem. In some cases, the industry's most traditional corporate players have taken on new roles to participate in that growth, and the digital platforms themselves

[49] FilmL.A., Inc. "Q1 2018 On Location Feature Production Stats." FilmL.A., Inc., 18 Apr. 2018. Retrieved April 25, 2018. Retrieved from: www.FilmL.A..com/on-location-feature-production-rises-in-first-quarter-of-2018/.

[50] FilmL.A., Inc. "Sound Stage Production Report" FilmL.A., Inc., Nov. 2017. Retrieved April 1, 2018. Retrieved from: https://www.FilmL.A..com/wp-content/uploads/2017/11/sound-stage-study-v3-WEB.pdf.

are acting like traditional funders and producers of high-cost, high-impact video content. Ultimately, this general growth trend means that up and down the food chain of the Film sector there is a general perception that the digital media disruption process has created a net positive opportunity for non-traditional and traditional actors alike, from the "Big Eight" studios and well-positioned industry unions to platforms-turned-original-content-producers and freelancing YouTubers. Given these dynamics, here is a summary of challenges still considered highly relevant and many amplified by digital media market entrants. These challenges reflect traditional bottlenecks to growth for the Film and Digital Media industry in L.A. County.

INDUSTRY STAKEHOLDER FEEDBACK ON KEY CHALLENGES

Industry stakeholders elaborated primarily on two traditional challenges: (1) the permitting process for on-location filming; and (2) sound stage space in the Greater Los Angeles Area.

PERMITTING

The permitting process is the most direct touchpoint between the Film and Digital Media industry and the public sector in the County of Los Angeles and is the most significant regulatory process specific to the industry. Stakeholders identified the challenges they face in navigating that process, and those challenges are synthesized here in five categories. Solutions, existing or recommended, to some of the challenges are discussed as part of the intervention landscape in the final chapter of this report; however, where practices or interventions implemented particularly by the City of Los Angeles were highlighted by stakeholders as a useful counterpoint to challenges faced at the County level, they are briefly discussed. A fuller description of how L.A. City and L.A. County practices respectively compare with best practices is included in the final chapter.

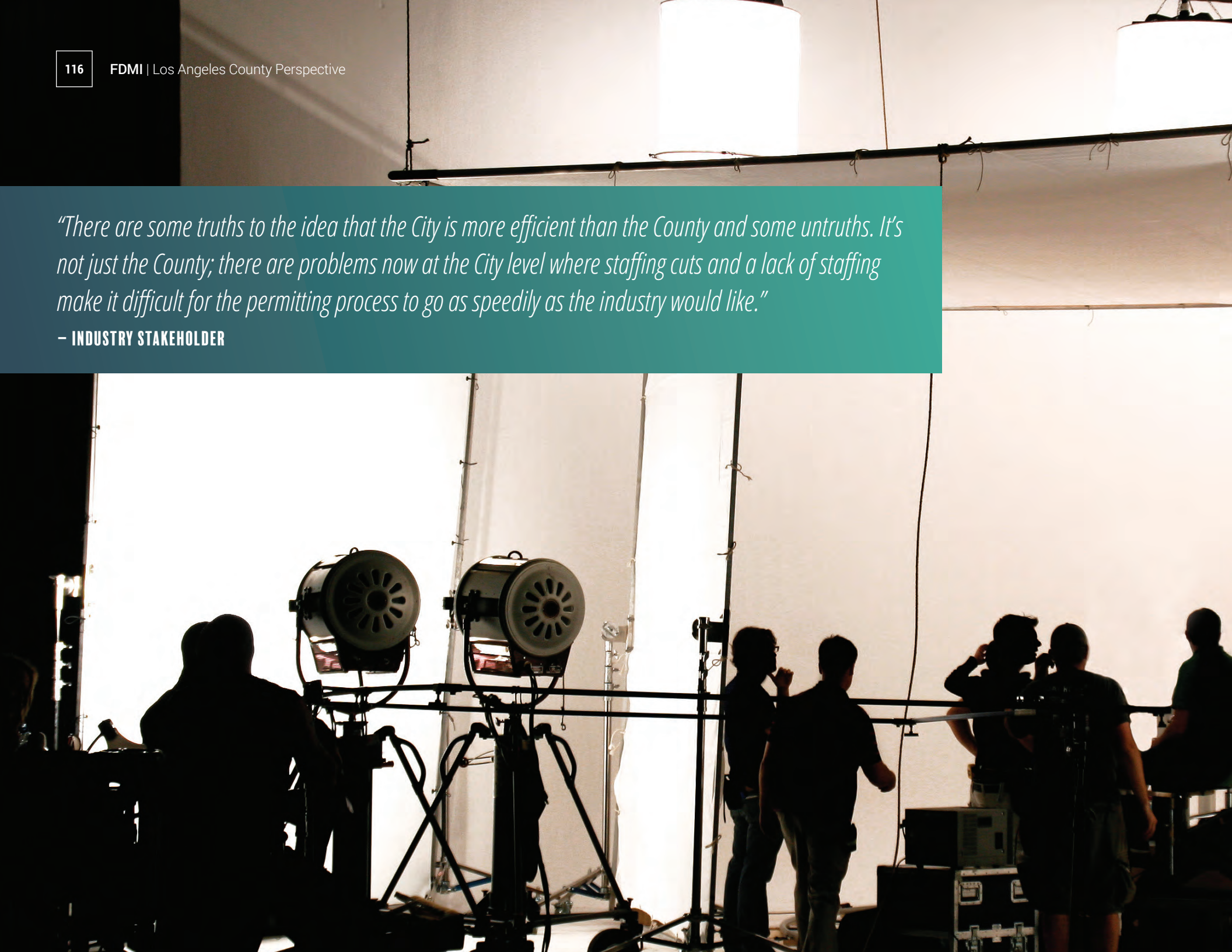
[51] Lauder, Thomas Suh. "Groups Back Effort to Standardize on-Location Filming Policies." Los Angeles Times, Los Angeles Times, 13 July 2012. Retrieved April 4, 2018. Retrieved from: articles.latimes.com/2012/jul/13/entertainment/la-et-ct-effort-to-standardize-streamline-process-for-onlocation-filming-gets-endorsement-20120713.

As a note, it is understood that the California Film Commission's Model Film Ordinance—updated in 2006 and then again revised in 2012 with resounding support from a variety of public and private stakeholders including the Southern California Association of Governments—in theory addresses many of the challenges described here.[51] There are indeed existing and good efforts to improve the permitting process in the Greater Los Angeles region and to shape it to be more predictable and uniform for the industry. The Model Film Ordinance and the role FilmL.A. as the largest permitting organization in the state has played in reforming it are chief among them. The list here is intended to summarize and capture ongoing challenges faced by industry stakeholders specifically at the County level and in the context of the County's interest in supporting the industry's growth.

EFFICIENCY

Generally, both the size and purview of government departments and teams tasked with fulfilling permitting requests were said to be misaligned with the industry's needs, pace, and size.

Specifically, tasked departments are often perceived to be under-resourced to address the volume, scope, and urgent nature of requests made by industry stakeholders. Time lags regarding urgent issues or unanticipated, urgent troubleshooting at the beginning of a new shoot—inevitably associated with on-location filming given its multi-variable nature—were noted to be of particular concern for industry stakeholders, given the exorbitantly high costs of delays on-set. While the issue of efficiency is legitimate and there are recommendations outlined in later chapters which the County may choose to implement to organize, streamline, and prioritize industry requests more efficiently, it is useful to keep in mind that this is a frequent criticism made by private industry of the public sector at regulatory junctures. Further, while the City of Los Angeles and its infrastructure for interacting with the Film sector will be a useful point of comparison for certain County challenges, the City was also criticized for being less efficient than industry needs demand.



"There are some truths to the idea that the City is more efficient than the County and some untruths. It's not just the County; there are problems now at the City level where staffing cuts and a lack of staffing make it difficult for the permitting process to go as speedily as the industry would like."

– INDUSTRY STAKEHOLDER

ACCESS

Stakeholders repeatedly raised the issue of access, both to County personnel and to County properties.

Setting the issue of expense aside, the restrictions on use of County properties alone were highlighted as a barrier to working with the County and perceived as a disincentive to using County assets. In some cases, these restrictions translated as an incoherent matrix of fees associated with particular sites. At these County sites, the dominant pain point was not necessarily high costs but the cumbersome nature of the site for filming including, but not limited to, a perceived incoherent application of fees. Examples cited include the division of Grand park for fee administration by quadrant, inaccessible beaches, and the perception of double and triple counting in crossing County roads for filming. The accessibility of filming locations has increasingly become relevant to the competition for on-location film production as international locations once perceived as logistically impossible have been made accessible and, in some cases, even easy by remote communication technologies.

"And you get passed around and around until you realize you have to figure out who has the authority on the issue at hand or who has the film industry as their issue purview if you want to solve your problem in a time-sensitive manner."

– INDUSTRY STAKEHOLDER

Relevant County departmental personnel are also generally perceived as inaccessible, with communication lines and points of contact unclear and personnel changes noted as a perennial challenge. As a point of contrast, the City of Los Angeles offers within the Department of Public Works what it refers to as a "concierge service" for issues around filming, whereby concerns flagged by industry clients as urgent are addressed in real time by departmental senior staff which in turn liaise with every other relevant City department. Additionally, individual staff members at the Department of Public Works have been identified specifically for the film community as an accessible port of entry to City government bureaucracy for the solving of urgent problems collaboratively and quickly. While the City's approach to systematized access is inevitably imperfect, the County's identification of "fixers" and the County's explicit empowerment of those individuals within its governing structure has proven more difficult.

JURISDICTIONAL CLARITY

The decision-making structure of the County can also be a source of unpredictability and cost for industry stakeholders. Even where it has been made clear which governmental departments are invoked by a particular permitting request, industry stakeholders have been left unsure if a particular body is the legitimate and effective authority in the invoked geography, capable of enforcing the permissions it sanctions.

"Part of the problem is this borderline between the Supervisor districts and the way the County operates almost like five cities, with their departments divided along those lines responding to different people along those lines and not really having a centralized administration for the industry to work with."

–INDUSTRY STAKEHOLDER

Further, given the lack of clarity, when conflicts do arise, filming productions have been subject to political whims in a de facto system where the highest authority of assumed last resort, the relevant County Supervisor, is often--particularly for County residents--the first engaged. Industry stakeholders noted instances where they had no viable alternative for navigating conflict with residents on legally permitted shoots other than to rely on whomever they might know in County government for help. Experiences like these have characterized the system for many industry stakeholders as nepotistic and the permitting process as immaterial to on-the-ground realities.

TRANSPARENCY AND CONSISTENCY OF FEES

While use of County assets is generally and significantly more expensive than other jurisdictions, including the City of Los Angeles, a lack of transparency and consistency around County fees was instead the focus of industry feedback, and a resulting lack of trust was reiterated.

"Fee increases are communicated by City and County departments but because there's little to no coordination when those fees are announced, there just seems to be an ever-present drip of fee increases. The industry has pushed back on a couple of proposed increases in the past and managed to get them moderated, which leads naturally to the question if these are supposed to be cost recovery-based, how could the industry ever be successful at getting leniency on a particular fee? If there were coordination on the County's part to look seriously at incentivizing film, they would rigorously scrutinize the fee structure, which is currently handled at the department level, but there doesn't seem to be coordination at the County level."

–INDUSTRY STAKEHOLDER

Industry stakeholders requested more coordination and communication around fees, including a clear articulation of what services different fees cover and advance notice, organized at the County level, of when those fees were expected to increase. Stakeholder feedback indicated that multiple L.A. County departments have raised fees without notice or a clear relationship to a particular service that contradicts the Model Film Ordinance set forth by the California Film Commission, to which FilmL.A. adheres and which it helped revise in 2012.

There is significant literature on best practices for effective, efficient regulation by government. For example, the 2017 U.S. Chamber of Commerce report "The Bridge to Cooperation: Good Regulatory Design" highlights principles like centrality of coordination, formal authority for oversight, regulatory credibility, and regulatory consistency as key components of good regulatory design.[52] In a related report published by the Organization for Economic Cooperation and Development (OECD) titled "Strategy and Policies for Better Regulation," an OECD interlocutor was quoted as saying, "If you want to avoid cynicism, be consistent.[53]" Both the principles and quote cited pertain directly to the Film and Digital Media industry's challenges around fees and regulation in L.A. County. More than the brute cost of fees associated with regulation, regulatory consistency and regulatory credibility grounded in a well-designed regulatory process were top priorities articulated by Film and Digital Media industry stakeholders.

[52] https://www.uschamber.com/sites/default/files/good_regulatory_design_paper_-_4-24-2017_-_final.pdf
[53] http://www.oecd.org/gov/regulatory-policy/44912041.pdf

APPROACH

Related to the topics of both trust and costs, the County's broader historical approach to the Film and Digital Media industry has been characterized loudly as "cost recovery," in both practice and spirit.

"The truth is, we don't have a problem with paying general fees. I mean, not with regard to a particular property use fee that's just so expensive above what other jurisdictions charge; we just simply wouldn't choose to use it. But, in general even then, if it's a reasonable use fee, we don't have a problem. Our production will pay it. It's never a question of whether we will pay or not, or whether we want it for free. It just has to be reasonable in terms of what other areas charge. With regard to service fees: Typically, if there is an increase in service fees, our folks are also usually supportive when those fees are for cost recovery purposes. So, if the City or the County needs to increase a fee because they need more personnel to be able to handle the volume of permits going through their offices, our folks will say, "Okay. That's make sense." But, often times when the County just sets the rate and they say this is what it is, and there's no discussion with the industry, there's no conversation about why, I think that's when our production folks say, "Wait, what's going on here? Why did this go up by $100 in two weeks and nobody notified us until we went to pay it?" That's when our folks start to look at working with the County generally differently."

–INDUSTRY STAKEHOLDER

This framework of cost recovery stands in contrast to that of other jurisdictions where accommodating the industry is expected to entail administrative costs potentially higher than those recovered; the logic of these other jurisdictions rests on the assumption that the economic activity generated by the industry is a net gain to the broader economy. Apart from the technical cost of administrative accommodation and recovery of those costs, industry stakeholders characterize their relationship with the County as, broadly speaking, unfriendly. One industry stakeholder remarked, "in the County, there are few workarounds." For the County, a cost recovery framework in technical practice may be the appropriate approach to the industry, but it is important that it be thoughtful and precise. In an age of increasing mobility made possible by rapidly evolving technologies, the "guest experience" of industry stakeholders may be a relevant consideration if the economic activity they bring is a priority.

TIME-COSTS

On a final note regarding Approach, industry stakeholders offered useful insight on a relevant distinction between a cost recovery approach in spirit and one in practice.

While there is undoubtedly a competitive landscape of financial incentives for film production nationally and globally, stakeholders generally expect to reimburse the public sector for clearly delineated public-sector services associated with on-location filming (i.e., security, fire safety, insurance); this is cost recovery in practice. Cost recovery in spirit is more difficult to define but ultimately for industry stakeholders refers to the additional embedded costs entailed in overcoming administrative and other unanticipated hurdles in an already difficult-to-navigate system with very little help from public bureaucrats. Ultimately, the County can consider the clarity and ease of the administrative and regulatory system it erects for the use of County properties as a set of costs and consider lowering those costs as much as it would consider recovering costs or offering incentives; for industry stakeholders, time is quite literally money.

EVOLVING CHALLENGES

As mentioned, the digital media wave has meant both an uptick in more mobile, lower-impact, non-traditional content and an uptick in traditional, high-impact content. This bifurcation of content type and their respective production formats has correlated with a proliferation of new talent in both arenas with different sets of challenges as they pertain to the traditional system in place for regulation and permitting. As far as the County or the public sector more generally is concerned, each set of challenges demand separate treatment and a coherent conceptual framework in which to understand them.

The first set of challenges pertains to those new digital media firms that have recently entered the market but are creating traditional content with big budgets and often high-impact footprints in the communities they enter. Distribution technology platforms like Netflix and Hulu are good examples of these players, and they have expanded well beyond acting as a point of distribution to making their own original content which in most respects looks much like the activity of big traditional studios. Because their activity is traditional, so too are their challenges, which have just been itemized. As a representative of FilmL.A. summarized well, "Although they may be digital media companies, they resemble a high-dollar production going into a community and that looks like a traditional media production format. In order to capture a share of that new activity Los Angeles needs to continue to do the things it's been trying to do with traditional filmmakers for years: Lower the barriers to entry on the permitting process; streamline requirements across jurisdictions; ensure there are as few impediments as possible to local filming because those jurisdictions outside of L.A. competing for this activity are rolling out the red carpet." Further, the entrance of new digital players driving up traditional production activity has had amplifying effects on the associated traditional challenges, placing strains on a regulatory system and industry infrastructure already struggling with capacity concerns. Conveniently, these players do have the funds to navigate the traditional permitting process and even cover rising costs due to the increase in volume of activity.

[54] Box Office Mojo reports the Lights Out had a production budget of $4.9 million with a domestic lifetime gross of $67.2 million and a worldwide lifetime gross of $148.8 million as of April 22, 2018. Retrieved from: http://www.boxofficemojo.com/movies/?id=newline0116.htm

[55] Ng, David. "L.A. lowering filming permit costs for digital productions." Los Angeles Times, Los Angeles Times, 09 July 2017. Retrieved April 13, 2018. Retrieved from: http://www.latimes.com/business/hollywood/la-fi-ct-digital-production-permits-20170609-story.html

The second set of challenges pertains to those smaller digital media companies that tend to have smaller budgets and lower-impact footprints in the communities where they film. They represent significant opportunity both in terms of an outsized profit margin and the potential participation of more diverse communities without historical access to the industry. In discussing this group of digital media actors, one industry stakeholder noted that the film *Lights Out* was quoted to have made $67M on a $5M dollar budget in addition to featuring a young, first-time director.[54] Furthermore, smaller production companies currently off the regulatory radar anecdotally prefer to be legally in the system, as many of their growth trajectories include acquisition by major industry players that will not look fondly upon a history of violation. However, as it stands, these smaller companies simply can't afford the basic requirements of the formal permitting process (i.e., insurance).

The City of Los Angeles in partnership with FilmL.A. has launched a pilot program called the Digital Makers Initiative, which targets this very group of digital media companies and aims to solve for their challenges directly, particularly with regard to affordability of fees.[5] This initiative will be further referenced in the final chapter along with other public-sector interventions aimed at capturing the growth presented by digital media disruption and solving for the new challenges arising from it.

As with any evolving trend, taxonomy has been a challenge for policymakers seeking to understand the new types of firms participating in video content production. Directly to that point, a representative from FilmL.A. noted the difficulty they have had in their own efforts to monitor and report out on filming in L.A. County and its new evolving set of actors: "We have had a separate category for what we were calling web-based production for three years. We are now having to redefine that as low-impact filming based on the size and scale of the activity." In further elaborating, the analyst explained that the imprecise category "web-based" failed to capture over time the types of firms FilmL.A. had originally set out to monitor: smaller, low-budget, low-impact media outfits. Firms producing video content are now being categorized by the types of content they produce and their production format as opposed to the nature of the production company itself. This technical clarification in naming conventions represents an important and broader insight: who is producing original video content is changing much more rapidly than how video content is being produced.

The production of video content itself is indeed changing, evolving, and further "digitizing" but the industry's traditional production format is alive and well and the digital media disruption process is in fact one of the key inputs to its growth and that's great news for Los Angeles County's historically strong Film sector.

OPPORTUNITY: SOUND STAGE SPACE

FilmL.A.'s biannual report on shoot days at certified sound stages provides insight on 232 of the 334 (70%) certified sound stages in the Greater L.A. region, or 3,332,000 of the 4,730,000 total square feet of sound stage space there.

Both this report and stakeholder feedback corroborated a consistent sound stage occupancy rate of around 95%.[56] For its report, FilmL.A. also identified hundreds of noncertified production facilities offering nearly an additional one million square feet of dedicated production space. These facilities usually come in the form of empty warehouses or buildings that house floors of permanent standing sets for generic locations like hospitals and courtrooms.

In terms of market size, the Greater Los Angeles region not only outstrips its top five competitors in sound stage space, its 5.7 million square feet offers about as much dedicated space as Georgia, New York, Ontario, Louisiana, and British Columbia combined which together total around 6 million square feet of space.[57] Moreover, the Greater L.A. region's sound stage space continues to increase with three of the major studios, including NBCUniversal, Paramount, and Warner Bros., undertaking in some cases historical expansion efforts to either create new stages or maximize square footage. For example, NBCUniversal is building for the first time in 50 years new sound stages on its lot, adding since 2016 188,000 square feet of production space with state-of-the-art amenities including New York City-esque facades for on-site exterior filming. Additionally, Line 204 Studios has a major Sun Valley complex under way (240,000 square feet) and a number of the digital media players like Amazon and Apple are taking on original content creation at a scale that is demanding traditional sound stage infrastructure. Amazon, for example, moved from its Santa Monica location to Culver City Studios lot currently undergoing a modernization effort to add over 400,000 square feet of new production space.

While construction is ongoing, Los Angeles County's Film and Digital Media industry is and has been facing a sound stage shortage, and the industry continues to grow faster than the County's infrastructure is able to accommodate it. The market gap around space was highlighted by industry stakeholders as the door through which the state of Georgia entered the film production scene in a significant way in recent years. The state is now home to nearly 60 stages, with Pinewood Studios Atlanta, the largest movie studio complex outside of California, boasting as of 2017 361,000 square feet of space and 18 stages. Built in 2014, Pinewood Studios Atlanta has been hailed the "unofficial home in Georgia" to Marvel Studios, and a number of other large studios have cropped up in Georgia including Tyler Perry Studios, whose presence predates the more recent Georgia rush. While activity is certainly on the rise in Georgia, the Peach state has in total only a little over 1 million square feet

[56] FilmL.A., Inc. "Sound Stage Production Report" FilmL.A., Inc., Nov. 2017. Retrieved April 1, 2018. Retrieved from: https://www.FilmL.A..com/wp-content/uploads/2017/11/sound-stage-study-v3-WEB.pdf.
[57] Ibid.

compared to the Greater L.A. region's 5.7 million, an important datapoint to keep in mind amid hyperbolic rhetoric around Los Angeles County's competitors in Film. Industry stakeholders underlined the importance of sound stage space as a still key piece of infrastructure for the industry, even as it evolves. They indicated that any public-sector action to help expedite the construction of these spaces would be catalytic for growth and essential for keeping that growth in L.A. County, particularly for feature-film production more vulnerable to poaching.

SAMPLE PAIN POINTS

PROVIDED BY INDUSTRY STAKEHOLDERS AND ASSOCIATED CHALLENGE AREAS

THE DIVISION OF GRAND PARK FOR FEE ADMINISTRATION BY QUADRANT

INACCESSIBLE BEACHES

PERCEPTION OF DOUBLE AND TRIPLE COUNTING IN CROSSING COUNTY ROADS FOR FILMING

Example "War Story"

"This was all before more recent developments at the County to improve relations with the industry. But our experience had to do with a known area of filming activity and we had gotten all the necessary permits etc. We ended up having to file all these extra forms and pay a lot of extra money-hire an arborist, get an environmental report. And we obliged because again, we already spent a million dollars. Had we not relinquished and said yes to all those things immediately, it would've thrown our production schedule completely off. And so, we went out of our way to do anything and everything requested. But, again, with our folks saying, "We are never doing this again" and with colleagues in peer firms taking note and saying, "We heard about what happened to you guys."

INTERVENTION FRAMEWORK

AND RECOMMENDATIONS

KEY INSIGHTS TO KEEP IN MIND

GOVERNMENT'S UNIQUE LEVER

The government's most fundamental role in supporting the sustainable growth of the Film and Digital Media industry—and any industry—lies first and foremost in its core competencies and functions.

Land use, access to transit, and housing are all fundamentally policy issues, and policy is the exclusive purview of government, its unique lever. The County of Los Angeles and the cities it comprises along with its State government should consider any action to increase the quality of life in California, particularly affordability, a direct investment in the growth of its industries. Especially as the County explores supporting the Film and Digital Media industry as a generator of diverse opportunities, notably middle-income jobs, the cost of living in Los Angeles County will come sharply and immediately into focus, with housing costs at the top of the list. Middle-income jobs can produce middle-income households insofar as middle-income wages translate into middle-income lifestyles, after the bills have been paid. Against the backdrop of California's rising and unmitigated housing costs and stagnate housing supply, the conversation around the intentional generation of "middle-income jobs" is at risk of being rendered effectively moot.

SETTING THE RULES OF THE GAME

Another important note worth reiterating regarding government intervention and reflective of stakeholder insight highlighted earlier, is government's unique and vital role in setting the rules of the game. Government's setting consistent and transparent rules is more important to industry's ability to plan for growth than its setting of favorable or lenient rules. As one industry stakeholder noted:

> *"You need to be consistent. Why can't L.A. City adopt L.A. County rules or the other way around, just so the Film industry knows it's the same. Why, if you shoot in San Fernando as opposed to Santa Clarita, only a mile apart, are the rules so different? Why should it cost the production entity or the studio vendor an additional $22k to shoot in L.A. County? I've had producers not be clear on the differences and promise to never shoot again in L.A. County. That being said, we are still growing but it sure would be a lot easier if one municipality would copy the other. And I don't care either way honestly. Just level the playing field."*

Practical solutions for the Film and Digital Media industry across the Greater L.A. region may very well lie outside of legislative changes to the "rules," shared rules between L.A. City and L.A. County or otherwise; however, as it applies solely to the jurisdictions of L.A. County, it is important for County policymakers to understand that clear and consistent rules are better than lenient rules applied inconsistently.

With these general insights in mind, this chapter

1 SUMMARIZES STAKEHOLDER FEEDBACK REGARDING BEST PRACTICES

2 PUTS FORWARD AN INTERVENTION FRAMEWORK

3 PRESENTS CHALLENGES, OPPORTUNITIES, AND RECOMMENDATIONS FOR THE FILM AND DIGITAL MEDIA INDUSTRY IN L.A. COUNTY

4 OFFERS A LANDSCAPE OF INTERVENTION STRATEGIES

A SUMMARY OF BEST PRACTICES

While challenges, big and small, were outlined by stakeholders, representatives of industry across the board praised the County's evolving position toward Film and Digital Media. One stakeholder remarked,

> *"The County has taken really great first steps. You have a new attitude at the County toward filming that we've all noticed and that is positive for the industry. And I think the County has an opportunity now that probably didn't exist before, with the coming together of industry dynamics at high tide and political developments as well as supportive leadership. They are–and we are–really headed in the right direction, I think."*
> –INDUSTRY STAKEHOLDER

As the national hub for the Film sector, the Greater Los Angeles region has employed an array of industry-specific best practices in support of the Film and Digital Media industry. Based on stakeholder insight and broader analysis, what follows is a summary of those practices employed by the City and County of Los Angeles respectively.

TOP DOWN MANDATE

At the City Level

The context for film policy and regulatory process at the City level is driven by Mayor Eric Garcetti's Executive Directive No. 6, which has been given credit for helping to improve the City's relationship with the industry in recent years.[57] Issued in March of 2015, the Directive enshrines as mandate a few broad guidelines for the City's engagement with the Film sector. It mandates the public designation of industry-specific liaisons at each City department; it requires those liaisons be present at quarterly Film Task Force meetings; and it reiterates mandatory cooperation with FilmL.A. as the City's permitting body. Importantly, it also lays out a clear set of expectations around the administration of fees: that they be simple, predictable, consistent, timely, incremental, and minimal. The Directive also requires that policy or regulatory changes be submitted to the Mayor's Office at least 45 working days before changes can be approved. Finally, it lays out two additional asks for the City's Economic and Workforce Development Department, including the provision of an annual training around filming to all relevant City staff and the development of a comprehensive list of City-owned properties that can reasonably accommodate production shoots. While Mayor Garcetti did also establish the City's first Entertainment Industry and Production Office, the directive itself is not overwhelming in its length or innovative approach. However, the top-down mandate from the highest political office has been held up as an effective tool in communicating the priority of the industry in the City of Los Angeles and empowering public-sector workers to act on it.

At the County Level

Since 2016, the County has taken significant strides in a very similar direction. In May 2016, Supervisors Don Knabe and Sheila Kuehl put forward a motion directing the County's Chief Executive Office to review the County's practices around filming and align them to the greatest extent possible with that of California's Model Filming Ordinance. That motion also included a directive around outreach to the 88 cities within L.A. County, requesting their consideration of and alignment with the California Model Filming Ordinance to the greatest extent possible.

In January 2017, Supervisor Mark Ridley-Thomas put forward another motion focused on filming and specifically with regard to Fire District Filming Fees. The motion requested the CEO's office to conduct a comprehensive and comparative analysis of fees and consider their impact on filming in Los Angeles County.

Finally, On May 2, 2017, Supervisors Sheila Keuhl and Janice Hahn sponsored the County's most comprehensive motion on filming and film policy to date, directing the County to: (1) examine the County's Film Liaison and recommend strategies for strengthening the role; (2) review and recommend reductions to filming fees; and (3) review and recommend amendments to the County's enforcement code to ensure the necessary enforcement authority.

[57] City of Los Angeles. Eric Garcetti, Mayor, Executive Directive No. 6. March 4, 2015. Retrieved on April 30, 2018. Retrieved from: https://www.lamayor.org/sites/g/files/wph446/f/page/file/ED6Film.pdf?1426620059

While both the City and the County of Los Angeles have taken legislative action around filming to optimize the regulatory environment for the L.A.-based industry, the legislative directive or motion itself is not the substance of a top-down mandate although it is a necessary foundation. To note, both Mayor Garcetti's Executive Directive No. 6 and Supervisors Keuhl and Hahn's May 2017 Motion were reflective of best practices already enshrined in the statewide California Model Filming Ordinance years prior. The substance or power of a top-down mandate lies in the political will it directs and the resultant empowerment public sector workers feel to act accordingly. Given its more complex structure, the County faces greater challenges in directing its political will and mandates down the bureaucratic chain of command. As one stakeholder commented:

> *"There's a political will that has to be present in order for departments to respond effectively. And where in the City of L.A. there's been a couple of mayors who have made it clear to their general managers and then downhill from them that film is a priority, in the County, it's been harder. With five Supervisors, there's no one person in that same kind of role. So, similar efforts have been championed in the County through the powers of the CEO office. And the County also has Task Force meetings and it has already identified key people, it's really a question of whether they feel either pressured or empowered to do the work necessary to support filming and to make things move smoothly in the County for the industry, amid many other competing priorities."*

OPEN ACCESS

At both the City and County levels, industry-specific liaisons have been appointed for issues related to film in an effort to streamline the public sector's interaction with the industry's key stakeholders and facilitate its engagement of them.

The City of L.A.'s provision of concierge-like services was highlighted, as was its chief liaison's relatively successful role as a one-stop shop through which to troubleshoot challenges involving other City departments with the implied backing of the Mayor's office. The City's quarterly as opposed to the County's biannual meeting schedule of the Task Force was preferred, and there was broad interest in having the meetings provide a more communicative and accountable forum such that items raised in one meeting would be addressed in the subsequent meeting. With regard to fees, stakeholders highlighted the attraction of the City's waiver of use fees for City properties, which was extended in December 2014 for an additional five years through June 2019.[58] While the focus of stakeholder feedback was not with regard to brute costs in the form of fees at the County level, the County is undeniably more expensive than other jurisdictions, notably the City, and the waiver of use fees at the City level does lower the comparative bottom line for shoots.

[58] City News Service. "L.A. Waives Filming Fees on City Land to Keep Movies, TV Shows Local." December 2, 2014. Retrieved on April 30, 2018. Retrieved from: https://www.kcet.org/agenda/la-waives-filming-fees-on-city-land-to-keep-movies-tv-shows-local

ISSUING AUTHORITY AS ENFORCEMENT AUTHORITY

Given the different organizational structures of the County and City, the complexity at the top of the County's structure, with five County supervisors as opposed to one mayor, flows down the respective power channels and jurisdictional authorities.

Resultantly, there's confusion about what departments are responsible for what issues, who in particular in any one department is capable of making accountable decisions, and to whom decision-makers answer. Ultimately, accountable decision-making is the paramount challenge as it applies to jurisdictional clarity at the County level, especially since FilmL.A. does administer on behalf of the County the technical permitting process as it does for the City, though it doesn't collect fees on behalf of all County departments. While clarifying and simplifying the system of County decision-making and authority as it applies to filming would be useful, the key structural difference between the City and the County underlined by stakeholders was the enforcement mechanism.

> *""The City of Los Angeles has implemented an enforcement mechanism for permits. There was a change to the L.A. municipal code that set it up as a misdemeanor offense to film without a permit or to interrupt or interfere with a duly permitted filming activity. There was also a unit created at the LAPD that was designed and tasked with the process of film permit enforcement. And this "toothiness" in the City's film policy helped in a couple of different ways. One, it lowered the ability of residents or business owners to be disruptive to filming in an attempt to extort payment from production companies for inconvenience. There have been cases and they are legendary in the industry - blaring music from a boombox, blowing leaves so that sound can't be captured - and now there have been enforcement actions by LAPD if those things occur. And the same goes the other way around; film companies caught without a permit are at risk of having their equipment confiscated and the shoot shut down and sometimes equipment is rented so it's a very big risk for a filmmaker. And that together gives residents and filmmakers assurance that the film permitting process actually means something. At the City, the LAPD is the issuing authority and the enforcement authority. The County does not have the same kind of enforcement mechanism in place." – Industry Stakeholder*

Notably, per the aforementioned May 2017 Motion put forward by Supervisors Kuehl and Hahn and its amendment put forward by Supervisor Kathryn Barger, the County is currently in the process of revising the County Code to strengthen its enforcement mechanism for addressing violations of the film permitting process by property owners and production companies alike. This effort should streamline and improve the County's ability to enforce the film permitting process and help to make the decisions made through it both accountable and legitimate.

INTERVENTION FRAMEWORK

The recommendations put forward by industry stakeholders are one category of intervention, recommended interventions, included in the intervention landscape chart at the end of this chapter; they are interventions that have been suggested by County constituents and industry representatives through this report's insight and data collection process.

Recommended Interventions more broadly are interventions the County may consider that are directly sourced through engagement with communities of stakeholders the County may wish to serve and are based on their voiced pain-points or requests. The other categories of intervention reflected in the intervention landscape are: Scalable Interventions, relevant solutions already being implemented on the ground with success, and Borrowed Interventions, solutions that have been piloted elsewhere in this industry or another industry experiencing similar challenges by agents or actors with similar levers to those of the County.

The design of any one intervention will likely involve consideration of questions related to all three categories:

Recommended Interventions

Whose problem are you solving and what specific challenge are you targeting?

Scalable Interventions

Is any local entity already addressing this challenge effectively and if so, what are the working conclusions about its solution at scale?

Borrowed Interventions

Is there relevant precedent nationally or internationally whose lessons learned may help inform the design and implementation of a local solution?

INTERVENTION FRAMEWORK: CONSIDERATIONS

In identifying precisely the goal of any intervention the County may choose to implement, the County may consider the following items as part of its intervention framework:

CONSTITUENCY – WHOM DO YOU SEEK TO SERVE?

While a government actor may have many constituencies in the way it conceives of its guiding mission and work, it is important that the intervening body clearly articulate whom it seeks to serve through the design of a specific intervention. Any one challenge may involve a number of constituencies, and solving the challenge for one constituency may not solve it adequately for another. Whom the County seeks to serve may dovetail intimately with how the County will serve them and under the banner of what data-driven goal. Indeed, defining an intervention's served constituency and its primary goal may be inextricably intertwined, depending on the policy context. The process of determining exactly how to intervene is expounded upon in the discussion that follows; however, with regard to top level goal-setting, clearly indicating for whom an intervention is designed and implemented is key to a foundation for measurable success. It often costs more to solve the same challenges for different constituencies, which implies tradeoffs that should be clearly stated from an intervention's conception.

LEVERS

In the case of government intervention in particular, consideration of an agency's deployable levers maximizes the return on a potential investment. When an intervening body understands the universe of what it can potentially do, the universe of what it may consider doing to address any one challenge of an identified constituency is considerably narrowed. This exercise in many cases may not be necessary, but if an agency or institution is exploring intervention for the first time, an examination of the tools in its proverbial toolbox streamlines the intervention design process. By doing so, the intervener may productively eliminate those challenges and solutions it is not well-positioned to address or implement and maximize exploration of those that it is.

ADDITIONALITY

Related to an examination of levers, articulated consensus on an intervening actor's unique value can help maximize the efficiency of the intervention design process. For example, in a public sector context, a particular agency's unique purview or primary lens may be informed by that of its peer agencies and how they are expected to work together. An intervening body's additionality can be likened to what outcomes or results would not be generated "if not but for" the intervener.[60] Articulating an intervening body's additionality early in the intervention design process also prevents conflicting interpretations of the agency's unique purview among the design team members.

[60] Gillenwater, M. "What is Additionality? Part 2: A framework for more precise definitions and standardized approaches." GHG Management Institute, December 2012. Retrieved on April 30, 2018. Retrieved from: http://ghginstitute.org/wp-content/uploads/2015/04/AdditionalityPaper_Part-2ver3FINAL.pdf

INTERVENTION FRAMEWORK: TOOLBOX FOR SUCCESFUL INTERVENTION DESIGN

LOGIC MODELING

Armed with a broad goal, a specific constituency, and a sound assessment of its own levers and unique purview, the County may use logic modeling tools to design the "how" of an intervention. As defined by the W.K. Kellogg Foundation's Logic Model Development Guide, a logic model "is the theory and assumptions underlying a program. A program's logic model links outcomes (both short- and long-term) with program activities and processes and the theoretical assumptions and principles of the program. Basically, a logic model presents and shares your understanding of the relationships among the resources you have to operate your program, the activities you plan, and the changes or results you hope to achieve."[61]

THEORY OF CHANGE

Logic models break down inputs, outputs, and outcomes in order to demonstrate an "outcomes pathway" or the interlinking series of relationships that encapsulate a theory of how and why change is predicted to happen. A theory of change articulates why an intervening body believes certain outcomes are likely to result from its designed intervention.

[61] W.K. Kellogg Foundation. "Logic Model Development Guide: Using Logic Models to Bring Together Planning, Evaluation, and Action." W.K. Kellogg Foundation, Jan. 2004. Retrieved on April 30, 2018. Retrieved from file:///Users/alysasloanhannon/Downloads/LogicModel%20(3).pdf.
[62] Kellogg Logic Model

LOGIC MODEL[62]
FIGURE 6.1

METRICS FOR SUCCESS

With a well-defined logic model powered by a clear theory of change, precise metrics for success can be identified with benchmarks indicating progress toward those goals. Economic data indicators can be useful tools for both defining success in empirical terms and evaluating whether success has been achieved.

GOVERNMENT'S JUSTIFICATION FOR INTERVENTION

In the context of most industries, government actors in addition to identifying what intervention they believe may be effective and why, must grapple with questions around market interference and its appropriateness on behalf of an industry. In a report published by the Fraser Institute entitled "The Entertainment Industries, Government Policies, and Canada's National Identity," the direct and indirect support of the entertainment industries by government and the logic that justifies such support, including its economic evidence is rigorously evaluated.[63] The report concludes,

> *"…Proponents of government intervention are obliged to make a credible argument that the free market will fail in some fundamental way to produce the socially efficient (or desirable) industry rate of output. Proponents of government intervention into the entertainment industry rarely address the issue of market failure directly; however, the arguments they have articulated for government intervention can be put into the context of market failure."*[64]

According to this framework, addressing market failures like potentially a lack of diversity, an outcome the market is not producing on its own, may justify intervention by a government actor where expediting or facilitating growth on its own may not.

[63] Globerman, S. "The Entertainment Industries, Government Policies, and Canada's National Identity." Fraser Institute, March 2014. Retrieved on May 1, 2018. Retrieved from: https://www.fraserinstitute.org/sites/default/files/entertainment-industries-government-policies-and-canadas-national-identity_0.pdf

[64] Globerman, S. "The Entertainment Industries, Government Policies, and Canada's National Identity." Fraser Institute, March 2014. Retrieved on May 1, 2018. Retrieved from: https://www.fraserinstitute.org/sites/default/files/entertainment-industries-government-policies-and-canadas-national-identity_0.pdf

CHALLENGES, OPPORTUNITIES, & RECOMMENDATIONS

This chart summarizes the Industry's challenges and opportunities highlighted throughout this report. Based on these challenges and opportunities and informed by broader stakeholder insight, a short list of highlighted recommendations for the County of Los Angeles follows.

OPPORTUNITY

CHALLENGE

CHALLENGES AND OPPORTUNITIES FOR INDUSTRY GROWTH AND TALENT DEVELOPMENT
FIGURE 6.2

GROWTH
! Regulatory Process: Efficiency
! Regulatory Process: Access (to property/people)
! Regulatory Process: Jurisdictional Clarity
! Regulatory Process: Transparency and Consistency of Fees
! Regulatory Process: Approach
! Process: High cost to smaller, digital media firms
Sound stage space shortage
Production surge
Use of County property for filming
Growing cluster of small Emerging Digital Media companies in East L.A.

Source: Beacon Economics

TALENT

- ! Access: To decision-makers and networks
- ! Awareness: Of the types and nature of opportunities available in the industry
- ! Transparency: Of the requirements and associated career pathways of opportunities
- ! Capital: LA County's funding landscape compared with other markets particularly for programmatic intervention
- International markets: Industry exploring international markets increasingly
- Diversifying domestic markets: Industry catering to an increasingly diverse domestic market
- L.A. County's concentration of creative talent
- L.A. County's growing ecosystem of Emerging Digital Media companies
- Increasing trend of computer-mathematical skillsets in the Film and Digital Media industry
- Increasing trend of income equality in the industry relative to 10 years ago
- Increasing diversity in industry workforce
- Relatively smaller wage gap for women in Film and Digital Media industry

Source: Beacon Economics

RECOMMENDATION HICHLICHTS

RESOURCE AND PRIORITIZE EXISTING EFFORTS: INDUSTRY GROWTH

The County has already put in motion efforts including the directives mentioned earlier that help to provide a top-down mandate, strengthen the County's enforcement mechanism, and increase industry access to County personnel and properties. In order for those mandates to be actionable and perceived as legitimate by the industry, they must be prioritized and thus resourced by County leadership.

The Office of the CEO and the County's Film Liaison must have the necessary capacity to convert on goals that have been publicly formulated in good faith with stakeholder input through efforts like this report. While more efficient infrastructure is put in place around fees and enforcement, brute human capacity is needed to address constituent concerns, troubleshoot challenges as they arise, and follow through with solutions. Given the vast and diverse coverage of the County's jurisdiction, the capacity required to implement and respond to issues like special conditions on permitting for particular communities is unique in the County's case and significant.

Additionally, in order to heed the full breadth of recommendations from this report and broaden the purview of the County's engagement beyond permitting, there must be capacity in place to respond to the simpler, technical challenges that have been long identified. The County cannot strategically engage and partner with industry stakeholders in responding to the more crucial, adaptive challenges of the day without competently addressing the clearly solvable problems.

UTILIZE L.A. COUNTY'S LEVERS & ASSETS: INDUSTRY GROWTH

Building on these efforts, the County of Los Angeles should continue identifying ways of leveraging its assets and levers to support the growth of the Film and Digital Media Industry. Some of those strategies may include:

DEVELOP SOUNDSTAGE SPACE OR FACILITATE ITS DEVELOPMENT

Stakeholders encouraged the County to consider actively developing soundstage space or expediting through the regulatory and approval process the development of such spaces. The strategic development of brick and mortar spaces can play an important role in anchoring certain parts of the industry in specific geographies and in otherwise excluded communities.

OPEN COUNTY ASSETS TO FILMING

Stakeholders expressed interest in easier and more open access to County assets for filming which simultaneously presents an opportunity for national and global brand building for Los Angeles County, a valuable benefit for which other jurisdictions actively pay.

COMBINE CITY AND COUNTY LOCATION DATABASES

Efforts by the City and the County to centrally and accessibly warehouse filming location information for industry stakeholders are underway and can be productively coordinated and perhaps even combined, removing arbitrary barriers to entry and to information in the Greater Los Angeles region.

REMOVE USE FEES (WHERE POSSIBLE)

Reduction of use fees at the County level not intended for cost recovery would not only incentivize more filming in the County but it would help to level and make more consistent the playing field between the County and the City of Los Angeles.

FOCUS ON L.A. COUNTY'S CORE COMPETENCY: TALENT DEVELOPMENT

L.A. County has a clear workforce advantage; the talent of the Film sector and in many cases the creative capital of the U.S. congregate here.

The Film and Digital Media industry is undergoing a transformation by which the demand for creative digital video content is multiplying and mutating. However, the creative minds, talent, and workers producing that good, which has not dramatically changed as its distribution channel and format have, are in the Greater L.A. region. The County can do more to put its talent pool at the center of its conversation around policy and intervention. Currently, the permitting process is the core focal point of the region's engagement with the Film sector and the Film and Digital Media industry. Widening both the purview of that engagement and those it includes may help competitively position L.A. County, as the firms in the industry's supply chain reorder themselves and the format of film evolves. As the industry breaks out of its historically vertical silos into a lateral, multi-dimensional configuration, so too can the County's approach to the industry and the talent that powers it.

SUPPORT TALENT AND SMALLER, INNOVATIVE COMPANIES

Focusing on identifying the needs of up-and-coming talent and small, innovative companies contributing to the industry's disruption may help to keep the frontlines of industry innovation in Los Angeles County. As this report indicates the challenges of smaller, emerging companies and their leaders are different from those of large legacy behemoths. For example, the challenge faced by smaller digital media companies around preclusively expensive permitting costs is being addressed by the City of Los Angeles through its Digital Makers Initiative.

CREATE INTER-DISCIPLINARY CAREER PATHWAYS

As the occupational analysis demonstrated, computer-mathematical skills are on the rise among the industry's workers reflecting broader trends in the economy. Also, more broadly, a creative skillset is increasingly touted by education practitioners as a core competency of well-adjusted, adaptive 21st century workers capable of problem-solving in an ever-changing, technology-driven market. Government intervention strategies like the establishment of STEAM (Science, technology, engineering, arts, and math) Centers in New York City target this intersection of computer-mathematical and creative skills. Los Angeles County not only has useful workforce dynamics for developing a STEAM-oriented, inter-disciplinary skillset among its workers but it also has the industry base to translate that skillset into market opportunity. Strategies that target the intersection of computer-mathematical skills and creative skills are both regionally relevant and globally competitive.

BUILD ON INDUSTRY'S GROWING DIVERSITY

As the data indicates, the industry is slowly becoming more diverse, however knowledge of its opportunity landscape remains limited. Community-based awareness campaigns were put forward as a successful way of not only democratizing knowledge of the industry's opportunities but also normalizing for communities pursuit of them as a feasible career option.

GLOBAL INNOVATION: PREPARING FOR WHAT'S NEXT

Increasingly, disruptions and changes in the industry's consumer markets and in its production process are driven by a global, not a national, set of variables.

Similarly, the Greater L.A. region is perceived as an international, not just a national, hub for film and creative talent. Identifying ways of creating bidirectional exchange between the international community and L.A. County's industry can help increase its competitiveness, not only providing exposure to the frontlines of disruption but also increasingly molding L.A. County into the source of industry innovation. Because L.A. County's Film and Digital Media industry is dominated by its strong, legacy Film sector, this traditional industry tactic of international outreach and exchange may help connect the dots between the legacy and emerging segments of the industry in L.A. County and by extension across the globe.

L.A. County policymakers may consider (1) Providing L.A. County-based firms with access to international markets and facilitating the testing and iterating of their international market strategies and partnerships; (2) Creating forums for exchange in Los Angeles County, among creatives from around the world, making L.A. County a place creative individuals can come for access not only to the L.A. County-based industry but also to the global industry and the diversity of people and cultures it comprises; (3) Exposing the industry in L.A. County, its legacy and evolving segments, to innovations in film and media around the world and the proliferation of applications of digital video content to other sectors, i.e. retail, museums, etc.

INTERVENTION LANDSCAPE WITH LEVERS
FIGURE 6.3

L1 Lever 1 Convening
Using government platform to convene stakeholders across sectors, silos, and interest groups in pursuit of shared goals.

L2 Lever 2 Regulatory
Adjusting the regulatory or policy framework relevant to a particular industry

L3 Lever 3 Capital
Directing investment of capital to stimulate private capital

L4 Lever 4 Capacity Building
Building the capacity of a particular group of individuals or firms

GOAL: GROWTH			
! Space	L1 - Open up County Properties for filming L1 - Use County properties as hub for filming L2 - Remove use fees L4 - City and County database of locations L1 - County as a portal to filming in the State		L4 - FutureWorks: Place-based hub for Advanced Manufacturing in NYC
! Regulatory Process: Access		L2 - Top-down Mandate, i.e. Directive No. 6	L2 - Industry "Czar" appointments
! Regulatory Process: Clarity		L2 - Enforcement mechanism (permitting authority is enforcement authority)	
! Regulatory Process: High Costs	L2 - Remove use fees	L4 - Digital Makers Initiative (*exploring low-cost insurance models in other markets to bring down cost of permitting) L4 - FilmL.A. subsidy for Student filmmakers	

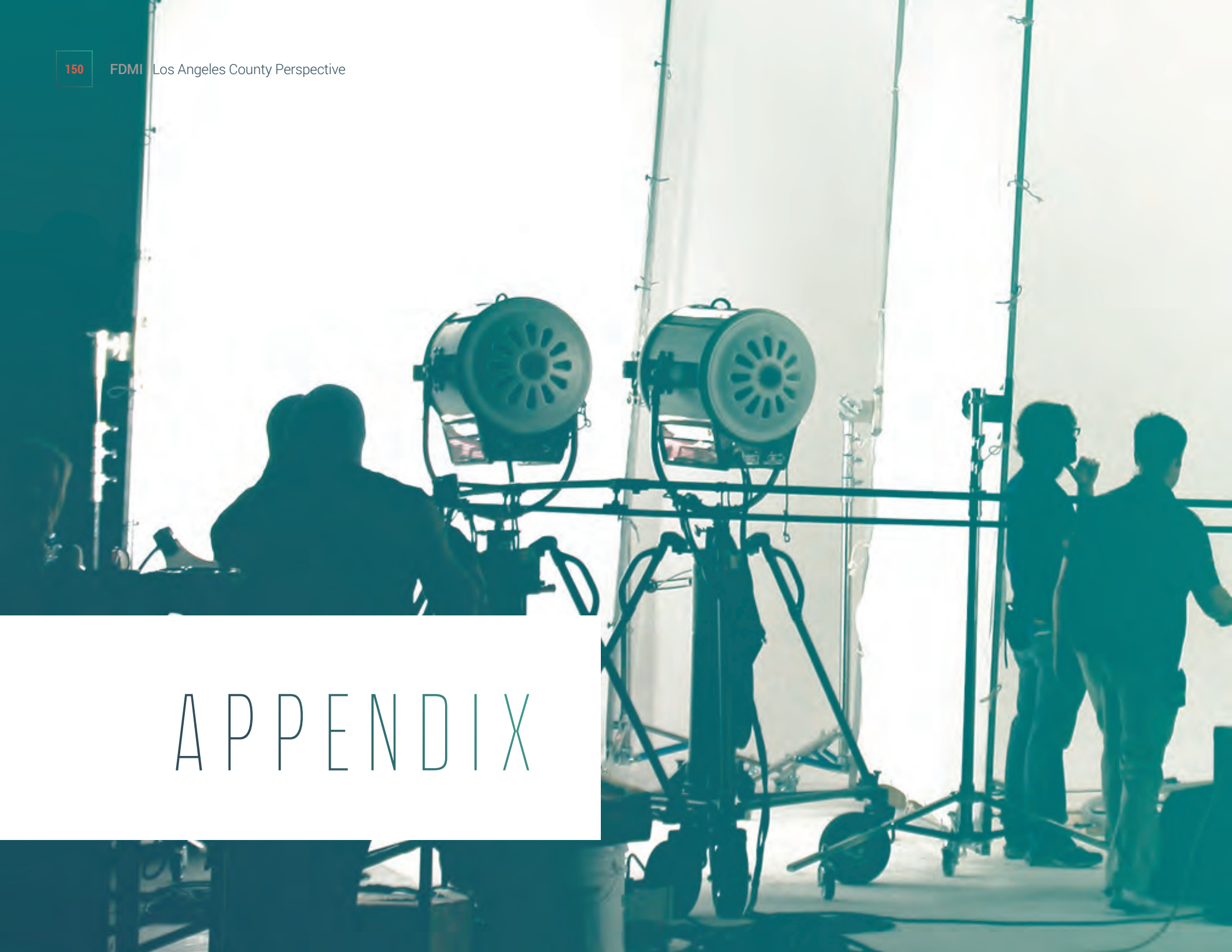
Source: Beacon Economics

OPPORTUNITY ! CHALLENGE RECOMMENDED SCALE UP BORROWED

GOAL: TALENT DEVELOPMENT			
! Access		L4 - Ghetto Film School; Project Involve	L4 - Made in NY Media Fellowships for diversity in the industry.[65]
! Awareness	L1 - Community-oriented awareness campaigns re. industry opportunity	L1 & L4 - Hollywood CPR curricular partnerships with West Los Angeles College	
! Transparency	L1 & L4 - Industry-wide infrastructure and standards for internships and apprenticeships[66]		L1 & L4 - Industry-approved credentialing program[67]
! Capital		L3 & L4 - Evolve Entertainment Fund[68]	L3 - BFI Film Fund; Creative BC Amplify[69]
International Markets			L4 - IN2NYC[70]

Source: Beacon Economics

[65] http://nymediacenter.com/category/call-for-entries/
[66] http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/future-film-skills-an-action-plan-2017.pdf
[67] http://www.bfi.org.uk/sites/bfi.org.uk/files/downloads/future-film-skills-an-action-plan-2017.pdf
[68] http://www.lamayor.org/mayor-garcetti-launches-evolve-entertainment-fund-boost-diversity-entertainment-industry
[69] http://www.creativebc.com/programs/amplify-bc
[70] http://www.in2.nyc/



APPENDIX

FILM & DIGITAL MEDIA CLUSTER DEFINITION

Film and Digital Media encompass a wide variety of industries. As Film and Digital Media continue to co-evolve, embracing new and innovative activities, Film and Digital Media become increasingly co-mingled. Beacon Economics distinguishes between traditional industries of the economy that predate the digital age, though they are certainly enhanced or broadened by it, and industries that have recently emerged as a result of the digital age and whose core functions pivot around the generation and distribution of digital content. Overall, Beacon Economics aggregated relevant industries at the National Industry level (6-digit North American Industry Classification System level) into three broad categories: Film, Digital Media, and Film and Digital Media hybrid.

The three broad categories are further divided into seven sectors: Film, Publishers (Digital Media), Broadcasting (Digital Media), Professional Services and Business Operations (Digital Media), Emerging Digital Media (Digital Media), Artists and Agents (Film and Digital Media hybrid), and Sound Production and Recording (Film and Digital Media hybrid).

NOTES ON METHODOLOGY

INDUSTRY PROFILE

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

OCCUPATIONAL PROFILE AND DEMOGRAPHICS PROFILE

Beacon Economics used the American Community Survey (ACS) Public Use Microdata Samples (PUMS) published by the Census Bureau to conduct the industry profile analysis. The ACS PUMS files are a set of untabulated records about individual people or housing units. The Census Bureau produces the PUMS files so that data users can create custom tables. Employment by industry and occupation can be calculated only by using ACS PUMS. Incidentally, these employment estimates

are higher than the estimates from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) because the QCEW excludes several types of workers whereas the ACS PUMS does not. Specifically, the QCEW employment data excludes proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. The employment count also excludes workers who earned no wages during the entire applicable pay period because of work stoppages, temporary layoffs, illness, or unpaid vacations. Given the prevalence of self-employment and freelance work within creative industries such as Film & Digital Media, one can expect that the QCEW employment figures are underreported.

ECONOMIC IMPACT

To conduct an analysis of the economic impact of the Los Angeles County Film and Digital Media industry, Beacon used data from the U.S. Census Quarterly Census of Employment & Wages (QCEW) for 2016 on jobs and earnings in the sectors that Beacon determined constitute the industry. Beacon input those jobs and earnings by sector (the direct impact) into the IMPLAN economic impact model to estimate direct economic output generated by the Film and Digital Media industry in Los Angeles, as well as the induced and indirect impacts of the industry countywide. An example of indirect economic activity would be a studio purchasing construction supplies for a soundstage from local suppliers. The additional income that is earned by employees in the industry and down the supply chain also causes additional economic activity in Los Angeles County—known as induced demand, as these employees spend money earned in connection to the Film and Digital Media industry on goods and services in the local economy. The sum of the direct, indirect, and induced impacts represents the total economic impact of the Film and Digital Media industry in Los Angeles County.

FORECAST

To determine the outlook of Film and Digital Media, Beacon Economics forecasted the growth of its component industries over the next few years through 2020. This forecast for the County of Los Angeles used standard time-series econometric techniques based on historical correlations and forecasts of economic trends. Beacon Economics' method of forecasting takes a layered approach: National policy changes and external shocks are built into a U.S. model with a variety of economic indicators: GDP, production, demographics, interest rates, government spending, taxes, savings, income growth, and real estate. Beacon then crafts a California model that incorporates macro trends at the national level with statewide trends in employment/labor markets, demographics, real estate, and business activity.

Taking into account these state and national factors, Beacon creates a regional model for Los Angeles County using macro trends to generate a local forecast that delivers a broad outlook for the region, which were then in turn used as exogenous inputs to forecast industry employment using autoregressive distributed lag models.

INDUSTRY CLUSTERS

To determine where the Film and Digital Media industries are clustered in Los Angeles County, Beacon Economics used the zipcode level County Business Patterns (CBP) data published by the Census Bureau. The CBP is an annual series that provides subnational economic data by industry. This series includes the number of establishments, employment during the week of March 12, first quarter payroll, and annual payroll. Beacon Economics used the CBP data to derive the concentration of establishments by size and estimate the number of employees at the zipcode level.

CONTINUED FROM

INTRODUCTION

THE EXISTENTIAL QUESTION OF DIGITAL MEDIA

A SHIFTING MEDIA LANDSCAPE

Consumers are becoming increasingly agnostic about how they access digital video content. The nature of the device attached to the screen is becoming less important than the platform powering content on the screen. While the industry's enterprise firms are reeling and racing to adapt and restructure, the creative professionals who power the industry are enjoying a boon of production activity. L.A. County, the nation's largest hub of workers in the Film sector, is struggling to keep pace with the demand for digital video content, as it comes in from an increasingly diverse mix of firms.

Traditional media players are not just creating add-ons for the emerging digital world, they are fully integrating video content across all dimensions to embrace it. Firms that used to be disparate players in the media production value chain—production companies, distribution platforms, advertising agencies, and brand representatives—are now all sitting together at the same table. As one industry stakeholder remarked, "The dividing line between a brand and a story is blurring, and we'll only continue to see brands bleeding into narratives." For anyone who has ever impatiently waited to click the "skip ad" button on YouTube, it's intuitive as to why such a traditional interruptive model for advertising is posited for major disruption. Why should marketers interrupt video content when they can be the content?

[71] Anderson, C. (1994) Hollywood TV: The Studio System in the Fifties (Texas Film Studies Series). University of Texas Press.
[72] VideoInk. (2018). Inside Apple's Mission to Take on TV. Retrieved from: https://www.thevideoink.com/2018/03/14/inside-apples-mission-take-tv/
[73] Koblin, J. (2018). Apple Goes to Hollywood. Will Its Story Have a Happy Ending? Retrieved from: https://www.nytimes.com/2018/03/25/business/media/apple-hollywood-streaming.html

NEW TECH, NEW THREATS?

The transformation of the entire entertainment ecosystem from the advertisement dollars on up is not without precedent. Disruption, historically and naturally, has been perceived by industry stakeholders with unease and hostility, yet it has been a constant on the industry landscape since the high-water mark of the studio system.

From the 1920s through the 1940s the Hollywood studio system dominated the industry's productive structure, with a vertically integrated pipeline of production, distribution, and exhibition of feature film content. In 1948 the U.S. Supreme Court forced the major studios to divest from their theater holdings, and the landscape continued to mutate, as broadcast network television found its way into homes across the country. It did not take long for the major studios to move beyond skepticism and embrace the new television medium and its potential revenue opportunities, which were increasingly apparent. In fact, TV became such a lucrative revenue stream for the major studios that Warner Bros. did not release a single motion picture in January of 1959 as the studio focused its time and effort on TV programming.[71]

Fast-forward to 2018 and different but familiar mutations of medium and role swaps are occurring across the media landscape. Now, the focus is less on the distribution medium which has converged onto universal mobile screens of varying size and more on a new cast of digital actors supplanting the previous century's major content creators.

[74] Spangler, Todd. (2018, May 21). Netflix Widens Lead as Having 'Best Original Programming,' Beating HBO, Amazon, Hulu, Showtime on Survey. Retrieved from: http://variety.com/2018/digital/news/netflix-best-original-programming-hbo-amazon-hulu-showtime-survey-1202817673/

[75] Spangler, Todd. (2018). Netflix Content Chief Says 85% of New Spending is on Originals. Retrieved from: http://variety.com/2018/digital/news/netflix-original-spending-85-percent-1202809623/

THE NEW DIGITAL CAST

	Apple[72]	NETFLIX	Facebook Watch	hulu	amazon instant video
Estimated Planned Spending on Digital Video Content	Greater than $1 billion in 2018	$8 billion content spending with 85% on original programming in 2018.	Up to $1 billion	$2.5 billion budget for content in 2017 [76]	$5 billion estimated in 2018
	12 programs (dates, releases not yet confirmed)[73]	Expecting roughly 1,000 originals on the streaming service by the close of 2018 [74] including 80 feature length films.[75]	Over 30 shows, with 7 of them in production currently.	Deals with 21st Century Fox, Disney, NBCUniversal, Time Warner (for Turner's networks),[77] CBS, A&E Networks, and Scripps Networks Interactive.	Focusing on original programming and sports rights.[78]

Source: Beacon Economics

Apple is one of the more recent crossover tech companies to enter Hollywood and is spending more than $1 billion dollars to leave a mark. Apple's entry into the market has not been an immediate success, but its competitors fear it may still become a dominant player, given its investment power and the value of the Apple brand worldwide. The tech giant released its first series in 2017, a reality show called *Planet of the Apps*, soon after labeled a dud.[79] However, Apple has used its financial power to hire some of the most talented and sought after writers, directors, and actors of the industry including Steven Spielberg, Damien Chazelle, M Night Shyamalan, and Jennifer Aniston among others, hoping one will provide a breakthrough into the market.

[76] Spangler, T. (2017). Hulu to Spend $2.5 Billion on Content in 2017. Retrieved from: http://variety.com/2017/digital/news/hulu-2017-content-spending-2-5-billion-1202558912/
[77] Hulu's four parent companies.
[78] Wepin, A. (2018). Amazon Expected to Spend $5 Billion on Video Content This Year. Retrieved from: https://www.mediapost.com/publications/article/315055/amazon-expected-to-spend-5-billion-on-video-conte.html
[79] Koblin, J. (2018). Apple Goes to Hollywood. Will Its Story Have a Happy Ending? Retrieved from: https://www.nytimes.com/2018/03/25/business/media/apple-hollywood-streaming.html

Netflix is no amateur in the original video content production space. Not only has it attracted millions of subscribers over the years, but it is now a genuine competitor in Hollywood for the most successful movies and shows, as evidenced by its nominations for Academy and Emmy awards in recent years. Armed with a subscription-based funding model friendly to scale, Netflix is putting forward larger and larger budgets to flood the market with as much material as it can. Back in 2013, Netflix premiered 24 original programs. In 2017, that number jumped up to 117.[80] And in 2018, Netflix subscribers can expect to have a whopping 700 programs from which to choose.[81] The perception of the quality of Netflix programming continues to outrank that of other subscription video peers ranking number one in 'Best Original Programing' in 2018 ahead of HBO (second), Amazon Prime Video (third), Hulu (fourth), Showtime (fifth), and Starz (sixth).[82]

Facebook has also recently entered the online streaming market through the release of Facebook Watch, where it's developing its own content. With up to 25 shows launched—and seven more to be released soon—Facebook has spent up to $1 billion trying to acquire its share of the digital video content market.[83] Analysts at Morgan Stanley were surprised in January 2018 by the "early Watch traction.[84]" Morgan Stanley found that 40% of Facebook users in the U.S. view video on Watch every week and 24% of Facebook users view Watch videos each day. For users in the 16 to 24 demographic daily viewing on Watch jumped to 40%.

[80] Koblin, J. (2018). 487 Original Programs Aired in 2017. Bet You Didn't Watch Them All. Retrieved from: https://www.nytimes.com/2018/01/05/business/media/487-original-programs-aired-in-2017.html

[81] Bui, H. (2018). Netflix is Set to Release a Total of 700 Original Movies and TV Shows this Year Alone. Retrieved from: http://www.slashfilm.com/netflix-originals-700-in-2018/

[82] Spangler, T. (2018). Netflix Widens Lead as Having 'Best Original Programming,' Beating HBO, Amazon, Hulu, Showtime on Survey. Retrieved from: http://variety.com/2018/digital/news/netflix-best-original-programming-hbo-amazon-hulu-showtime-survey-1202817673/

UNEXPECTED PARTNERSHIPS THAT ARE CHALLENGING THE NORM

APPLE'S WELCOME HOME[85]

Directed by Spike Jonze and featuring FKA twigs as well as music by Anderson .Paak, *Welcome Home* and its production process are emblematic of the matrix of change that has the Film sector spinning. At odds with the cast of A-listers behind and in front of the camera and its unusual length, the video is firstly a commercial pitching Apple's HomePod speaker curated by Apple Music and powered by Siri. Yet, reflecting the increasingly blurry line between advertisement and film, the product itself isn't what made this four minute video go viral across the internet and the creative virtual universe. In fact, it made such a splash that a mini-documentary directed by Danilo Parra was made about it, giving audiences a behind-the-scenes look at how the film was made and the challenges the production team faced. One of the major takeaways discussed by industry commentators was the limited use of CGI, as Jonze preferred to have most of the set pieces which artfully created the illusion of a shapeshifting apartment physically built. The set itself also expanded on hydraulics allowing Jonze to shoot the video in real time. While technology is rapidly enabling CGI and visual effects artists to do more on smaller budgets, many of the Film sector's acrobatics in the visual arts still require teams of people and large physical sets, which are in many cases still the cheaper alternative.

[83] Etherington, D. (2017). Facebook plans to spend up to $1B on original shows in 2018. Retrieved from: https://techcrunch.com/2017/09/08/facebook-plans-to-spend-up-to-1b-on-original-shows-in-2018/

[84] Drier, T. (2018). Facebook Watch Platform Shows Strong Early Usage: Morgan Stanley. Retrieved from: http://www.onlinevideo.net/2018/01/facebook-watch-platform-morgan-stanley/

[85] Nudd, T. (2018). This Look Inside Spike Jonze's Apple Ad Is as Fascinating as the Film Itself. AdWeek.com. March 22, 2018. Retrieved on March 23, 2018. Retrieved from:https://www.adweek.com/creativity/this-look-inside-spike-jonzes-apple-ad-is-as-fascinating-as-the-film-itself/

NETFLIX + VOX[86]

The announcement of a partnership between Netflix and Vox in the form of a new series entitled "Explained" had many pundits excited. The pairing of the two digital media giants, though fittingly from different media worlds, invoked broader questions about what not only video content but also streaming platforms of video content mean for news media. As Joshua Benton of Nieman Lab put it, "What is the post-cable future of news in video form?" Vox isn't the most unlikely news media entity to make the leap to video and streaming, as they already host an active YouTube channel and champion a clear differentiated video product line in Vox Videos which are clearly distinct from Vox Stories. Nevertheless, Vox on Netflix is a significant move and Vox in Netflix form is different than its previous iterations. For one, the videos are 16-18 minutes in length, more than double the length of Vox Videos and reflective of a Netflix sweet spot evidenced by the platform's set of 15-minute comedy specials which debuted earlier in 2018. This development presents interesting questions about the future of news and more specifically local news historically subsidized by the distribution technology of 21st century broadcast television. As Benton artfully posits, "The real revolution in video news will be when someone, someday, figures out a way to make timely, high-quality, democratically useful news work, natively on a streaming platform. We haven't figured out how to do that yet. The one thing we know is that that particular revolution won't be televised."

SNAPCHAT TRUE CRIME SERIES[87]

In its latest move for social media dominance, Snapchat launched True Crime/Uncovered, a six-part true crime video series you can watch on the app. To further complicate the significance of the move it's being funded by Condé Naste Entertainment video team. The series was the work of SnapChat's head of original content, Sean Mills who was hired in 2015 and launched 40 non-scripted series on SnapChat in 2017 alone including *Fright Club* and *NailTheLook*. *True crime/Uncovered* is hosted by actress Samantha Miller and runs about 5 minutes an episode. While there's been skepticism around the genre selection, Mills said, "This is a year where we'll play with a lot of new genres. We're still experimenting.[88]" Whether or not True Crime takes off, it's clear platforms like Snapchat are a burgeoning universe for brands and more traditional media corporates, as players like National Geographic successfully jump into the fray. Notably, National Geographic in 2017 hired Jonathan Hunt from Vox Media as SVP of audience development and digital strategy.[89]

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[86] Benton, J. (2018). Vox's new Netflix series is really good, but it doesn't get us any closer to figuring out what news on streaming platforms looks like. NiemanLab.org. May 23, 2018. Retrieved on May 3, 2018. Retrieved from: http://www.niemanlab.org/2018/05/voxs-new-netflix-series-is-really-good-but-it-doesnt-get-us-any-closer-to-figuring-out-what-news-on-streaming-platforms-looks-like/

[87] Barsanti, S. (2018). Snapchat to condense real murders into digestible videos for new true-crime series. March 12, 2018. Retrieved from: https://www.avclub.com/snapchat-to-condense-real-murders-into-digestible-video-1823706328

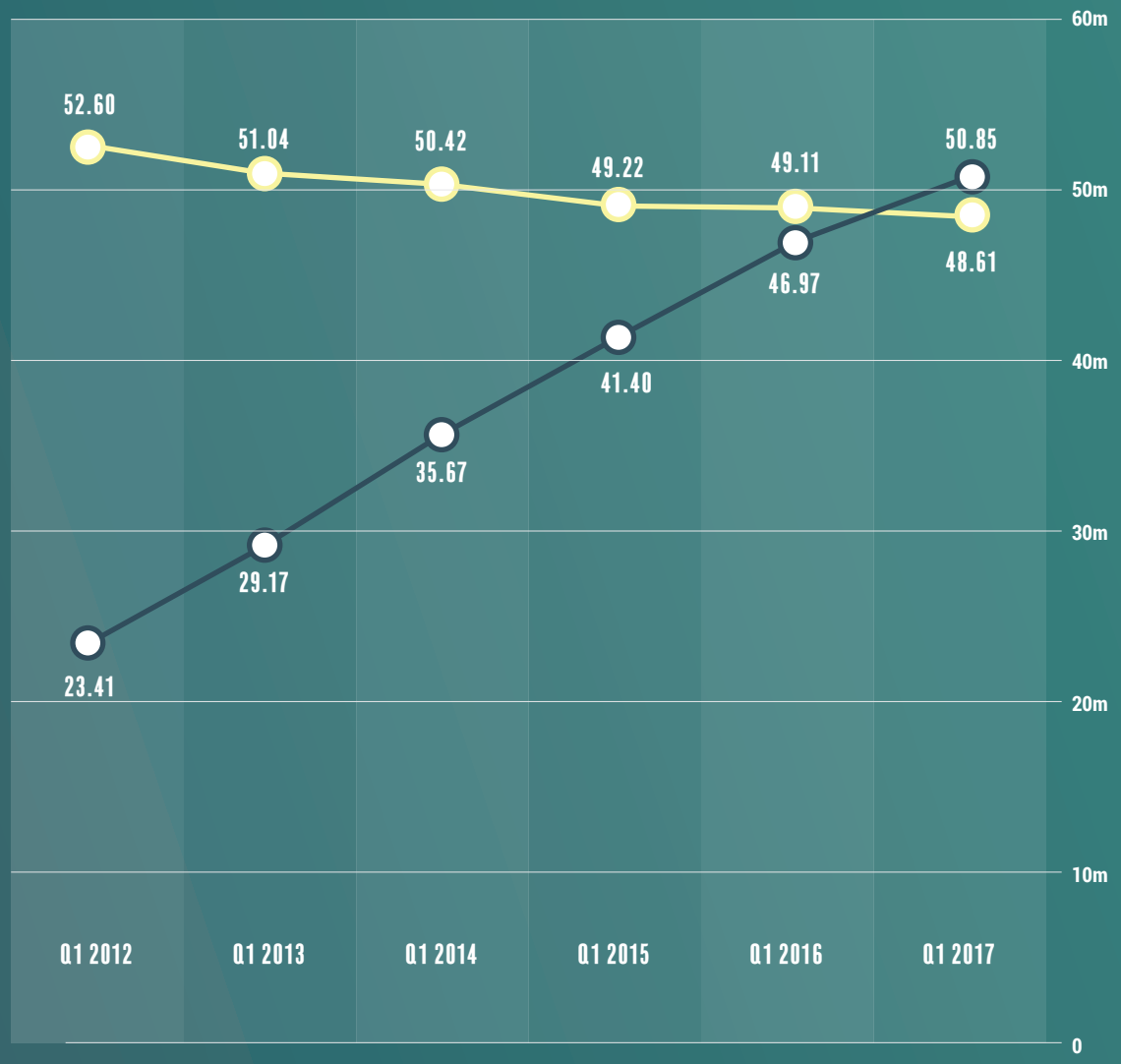
The increase in demand for video streaming has led to a notable decline in traditional cable subscriptions and to a decrease in the number of viewers of live TV. Down-trending metrics like cable subscriptions and households tuning in to watch live primetime network television, however, provide a misleading picture for overall media consumption trends. Globally, time spent with media[90] continues to push up.

In North America, the average individual daily media consumption has gone from 578 minutes in 2010 to 620 in 2018.[91] As the number of hours in a day remains fixed, the increase in consumption has been enabled by a rapid transformation of technology infrastructure and technology devices as well as the businesses that serve them, most notably the emergence of digital platforms. The expanding landscape of competitors has pushed both traditional broadcasters and digital platforms to increase investment in original digital video content.

From 2010 to 2017, the number of original scripted television series in the U.S. increased from 210 to 487 (131.9%).[92] Of those series, about half were web-hosted, with 217 hosted on cable and 117 on online services.[94] Increasing the production of original content by leaps and bounds, Netflix and Amazon and other similar streaming services are evolving from hosting video content to creating it. Netflix alone is planning to spend between $7 billion and $8 billion[95] to release 700 original television shows worldwide this year.[96]

NETFLIX SURPASSES MAJOR CABLE PROVIDERS IN SUBSCRIBERS IN THE U.S

FIGURE 7.1



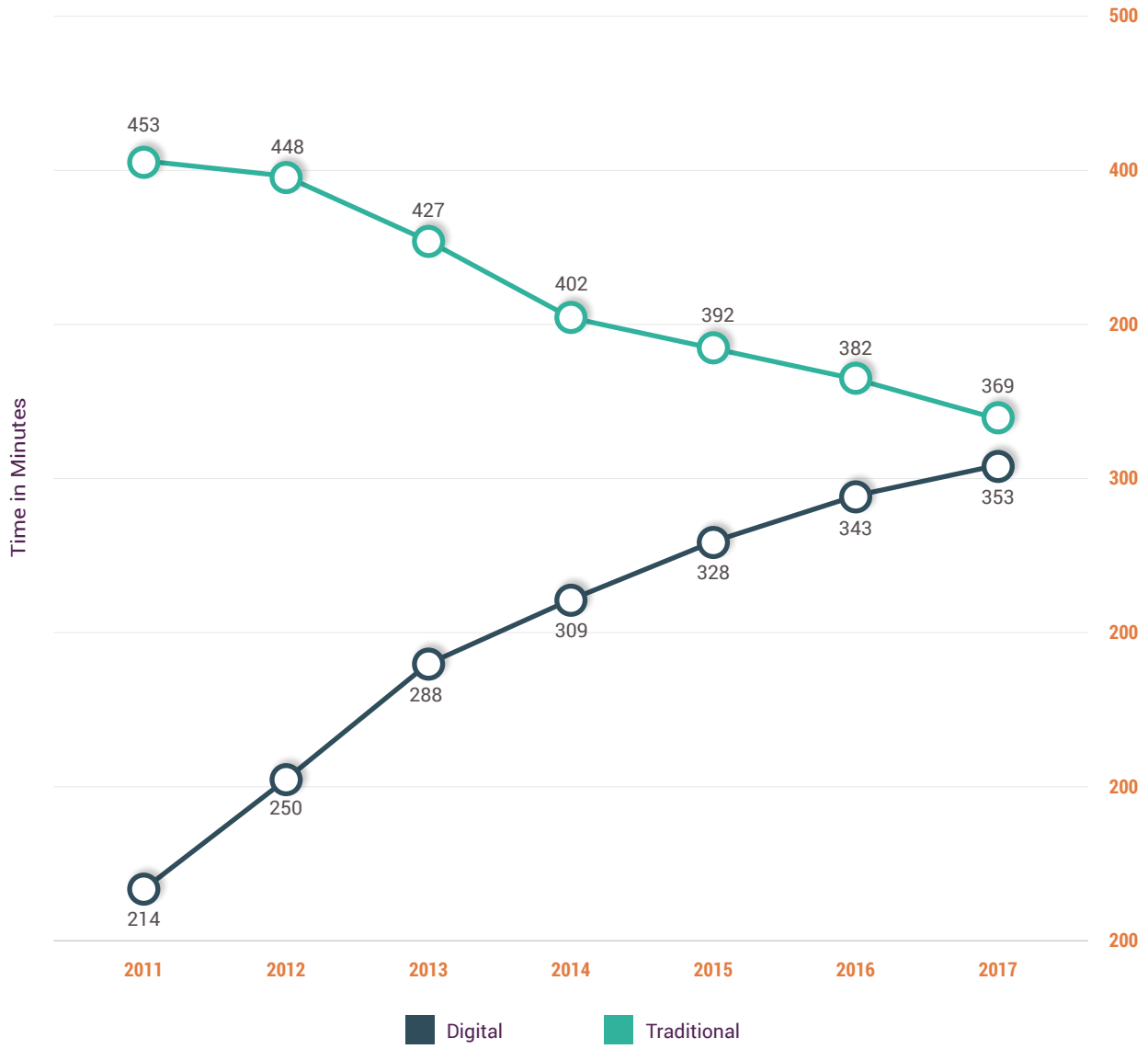
Source: Netflix, Leichtman Research Group; Analysis by Beacon Economics

[88] White, P. (2018). Snapchat Moves Into True Crime Genre with Original Series – INTV. March 12, 2018. Retrieved from: http://deadline.com/2018/03/snapchat-moves-into-true-crime-genre-with-original-series-intv-1202335830/

[89] Johnson, L. (2017). What National Geographic Did to Earn 3 Million Snapchat Discover Subscribers in Just 3 Months. October 5, 2017. Retrieved from: https://www.adweek.com/digital/what-national-geographic-did-to-earn-3-million-snapchat-discover-subscribers-in-just-3-months/

TIME SPENT IN MINUTES PER DAY ON DIGITAL VS TRADITIONAL MEDIA IN THE U.S. IN 2018

FIGURE 7.2



Source: eMarketer; MediaPost; Analysis by Beacon Economics

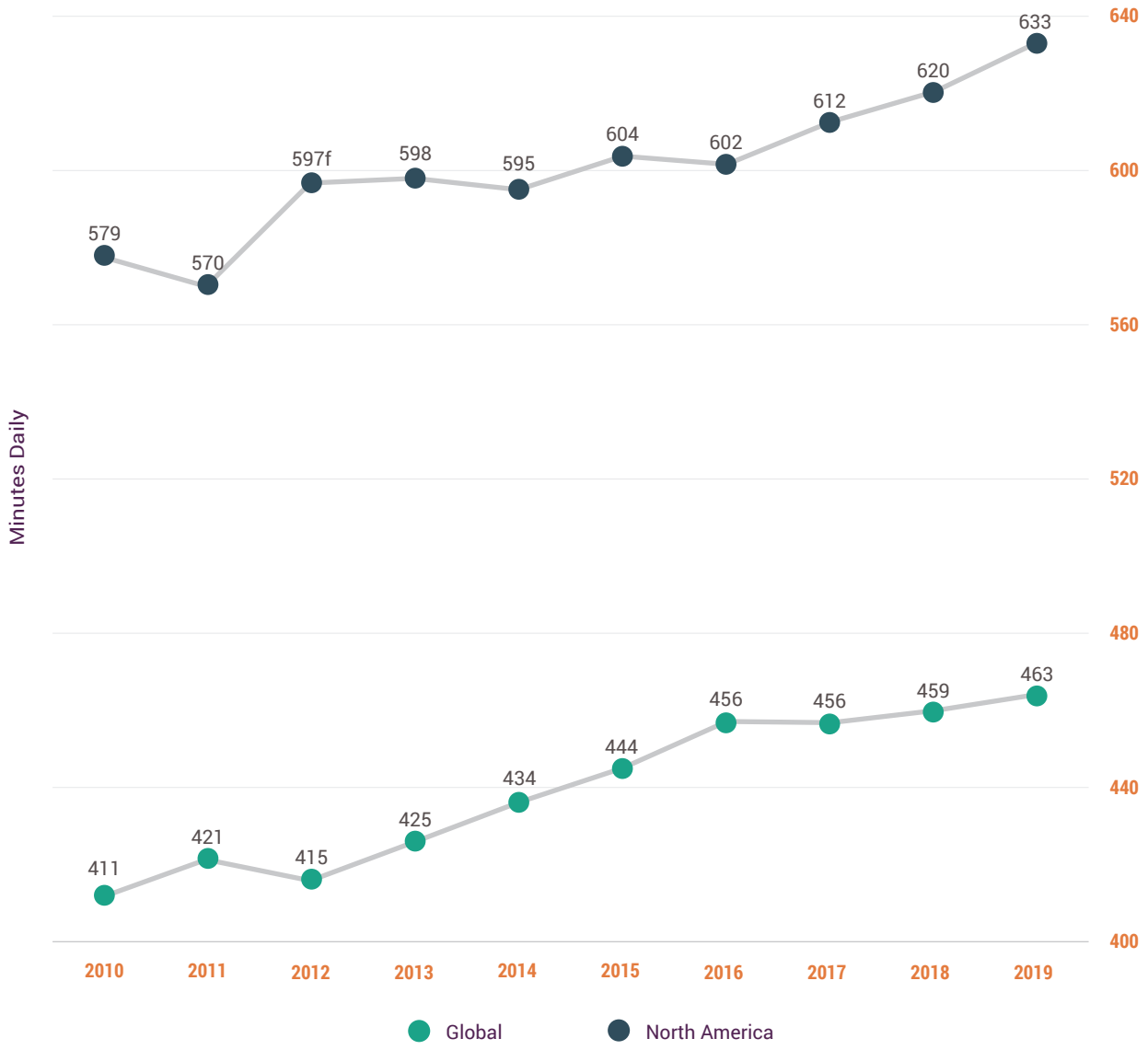
[90] National Association of Theater Owners. (n.d.) "Annual U.S./Canada Box Office Grosses." Retrieved from: http://www.natoonline.org/data/boxoffice/

[91] Includes newspapers, magazines, TV, radio, cinema, outdoor, internet.

[92] Molla, Rani. (2017, May 30). "People consumed more media than ever last year — but growth is slowing." Retrieved from: https://www.recode.net/2017/5/30/15712660/media-consumption-zenith-mobile-internet-tv

AVERAGE INDIVIDUAL DAILY MEDIA CONSUMPTION IN MINUTES

FIGURE 7.3



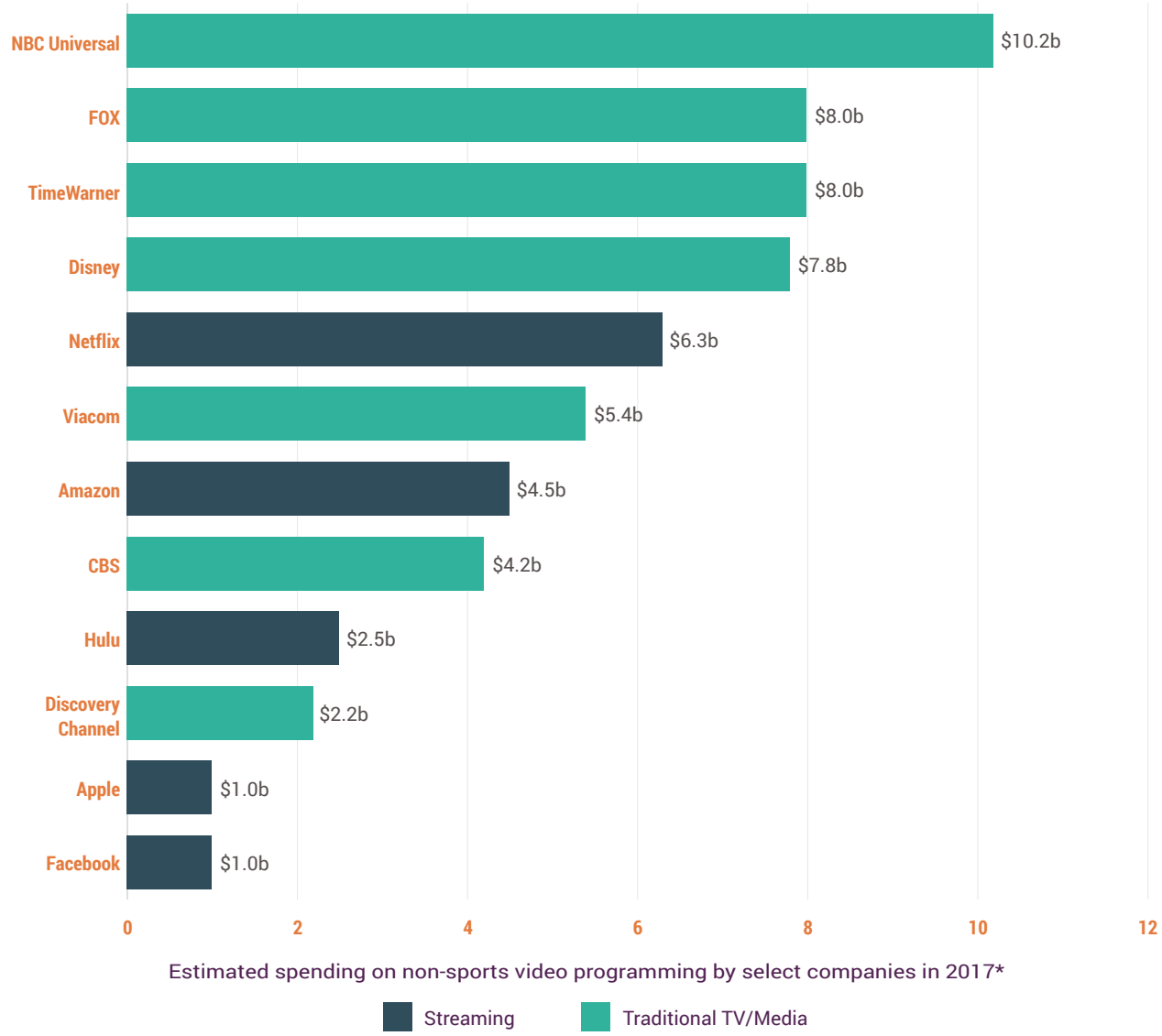
Source: Zenith; 2017-2019 are estimates; Analysis by Beacon Economics

[93] Variety. (n.d.). Number of original scripted TV series in the United States from 2009 to 2017. In Statista - The Statistics Portal. Retrieved from https://www.statista.com/statistics/444870/scripted-primetime-tv-series-number-usa/

[94] Otterson, J. (2018, January 05). 487 Scripted Series Aired in 2017, FX Chief John Landgraf Says. Retrieved from http://variety.com/2018/tv/news/2017-scripted-tv-series-fx-john-landgraf-1202653856/

ESTIMATED SPENDING ON NON-SPORTS VIDEO PROGRAMMING BY SELECTED COMPANIES IN 2017

FIGURE 7.4



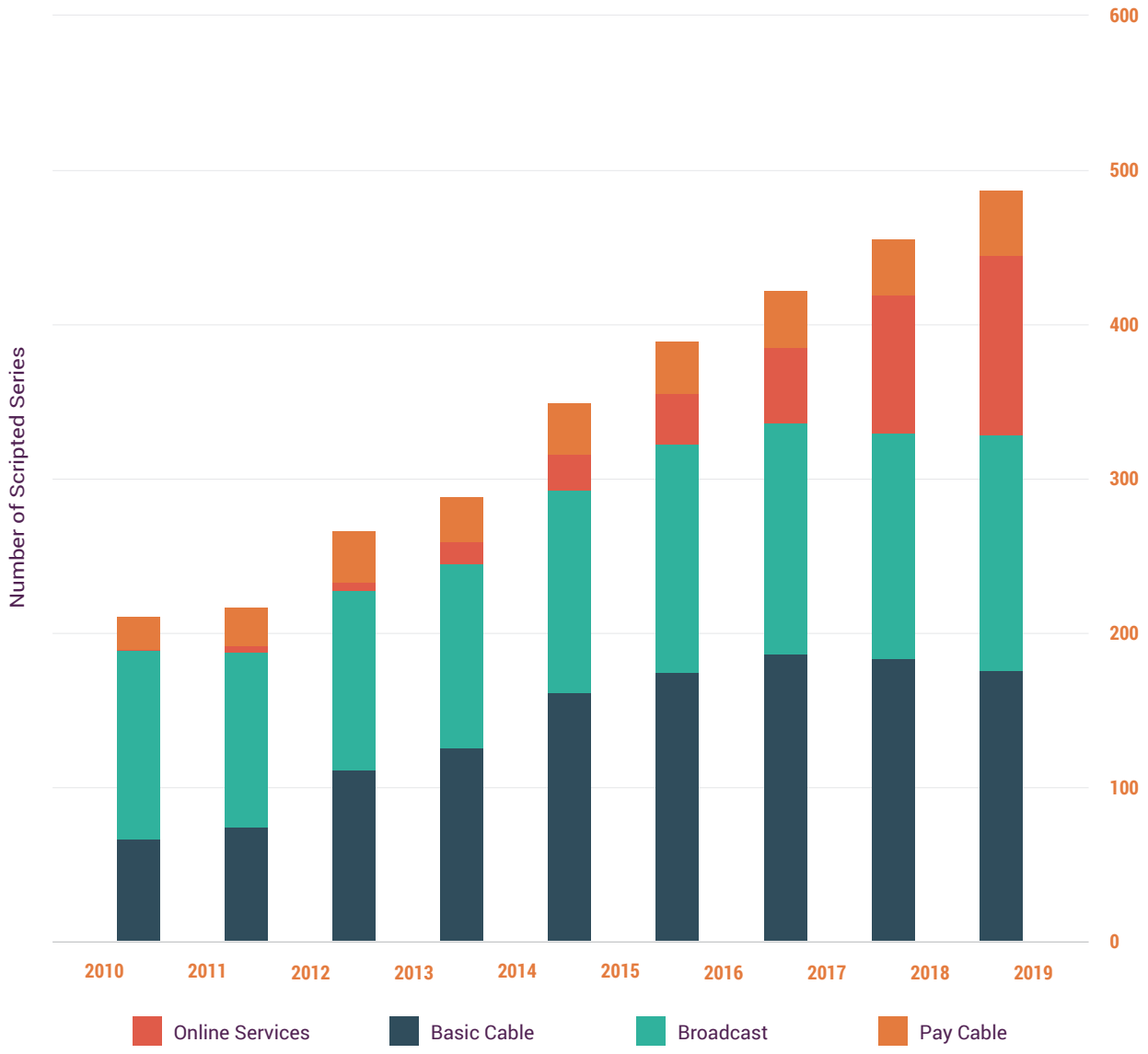
Source: MoffettNathanson via Recode; Analysis by Beacon Economics *Includes original and acquired/licensed programming

[95] NFLX - Q3 2017 Netflix Inc Earnings Call. (2017, October 16). Retrieved from https://ir.netflix.com/static-files/49c690f3-8b70-4c49-824a-bcc488e6bc7d

[96] Spangler, T. (2018, April 12). Netflix Eyeing Total of About 700 Original Series in 2018. Retrieved from http://variety.com/2018/digital/news/netflix-700-original-series-2018-1202711940/

NUMBER OF ORIGINAL SCRIPTED TV SERIES IN THE US FROM 2009 TO 2017, BY SERVICE PROVIDER

FIGURE 7.5



Sources: Varies sources; Nielsen; Wikipedia; Variety; FX Networks Research; Analysis by Beacon Economics

NEW CAPITAL

PwC recently reported that deal activity in U.S. Media and Telecommunications showed no sign of slowing down in the first quarter of 2018. Deal volume reached a two-year high with 244 deals, a 33% increase over fourth quarter 2017.[97] The recent trend in large media deals strongly focused on gaining access to original content and other intellectual property. Traditional media players including telecom have been making large investments in content and exclusive rights to intellectual property as competition – from both traditional Hollywood players and from Silicon Valley-based newcomers – remains intense in an everchanging landscape.

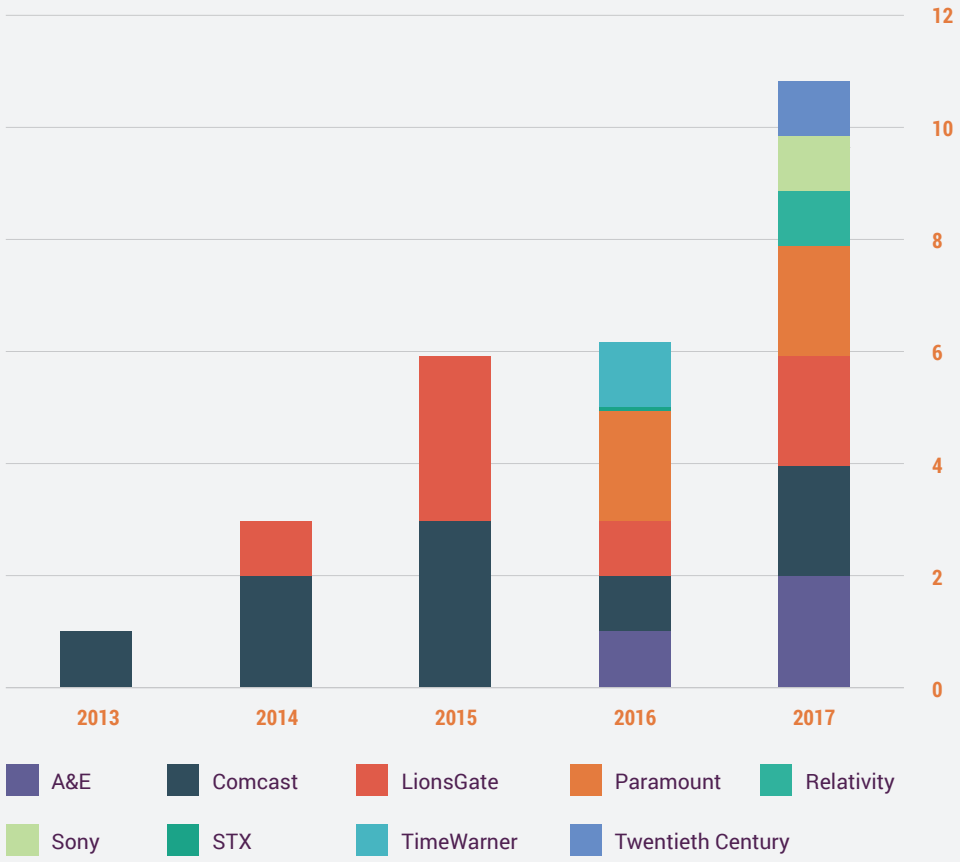
From 2010 to 2016, the number of cable subscribers in the United States fell by 22.8%[98], and in 2017 Netflix for the first time claimed more U.S. subscribers than the top six cable companies combined.[99] In 2017 more than half of U.S. households subscribed to a video streaming service, a 450% surge from 2009, and an average subscriber paid for three services.[100] Such aggressive shifts in market power and influence have caused traditional media titans to invest in digital media to compete in the digital world. Some recent notable acquisitions have been Disney acquiring a controlling stake in Hulu in 2017 and Dreamworks acquiring AwesomenessTV for $117 million in 2014.[101]

[97] PwC. (2018). Retrieved from: https://www.pwc.com/us/en/industry/tmt/assets/pwc-deals-day-media-and-telecom-q1-2018.pdf

[98] Statistic Brain Research Institute. (n.d.). Number of cable TV subscribers in the United States from 2010 to 2016 (in millions). Retrieved from: https://www.statista.com/statistics/680645/number-of-cable-subscribers-usa/

VENTURE CAPITAL DEAL COUNT IN LOS ANGELES COUNTY BY MAJOR FILM/TV STUDIOS

FIGURE 7.6



Source: Pitchbook, LLC; Analysis by Beacon Economics

NEW DIGITAL MEDIA PLAYER	TRADITIONAL MEDIA PLAYER PARTICIPATING IN DEAL(S)
Vice Media	Twenty-First Century Fox A&E Networks The Walt Disney Company
BuzzFeed	NBC Universal Hearst Communications
Vox Media	NBC Universal Comcast Ventures
Funny or Die	AMC Networks HBO Turner Broadcasting

Source: Pitchbook, LLC; Analysis by Beacon Economics

[99] Morris, I. (2017, June 13). Netflix Is Now Bigger Than Cable TV. Retrieved from: https://www.forbes.com/sites/ianmorris/2017/06/13/netflix-is-now-bigger-than-cable-tv/#35f905e2158b

[100] Deloitte. (2018). Digital media trends survey. Retrieved from https://www2.deloitte.com/content/dam/insights/us/articles/4479_Digital-media-trends/4479_Digital_media trends_Exec Sum_vFINAL.pdf

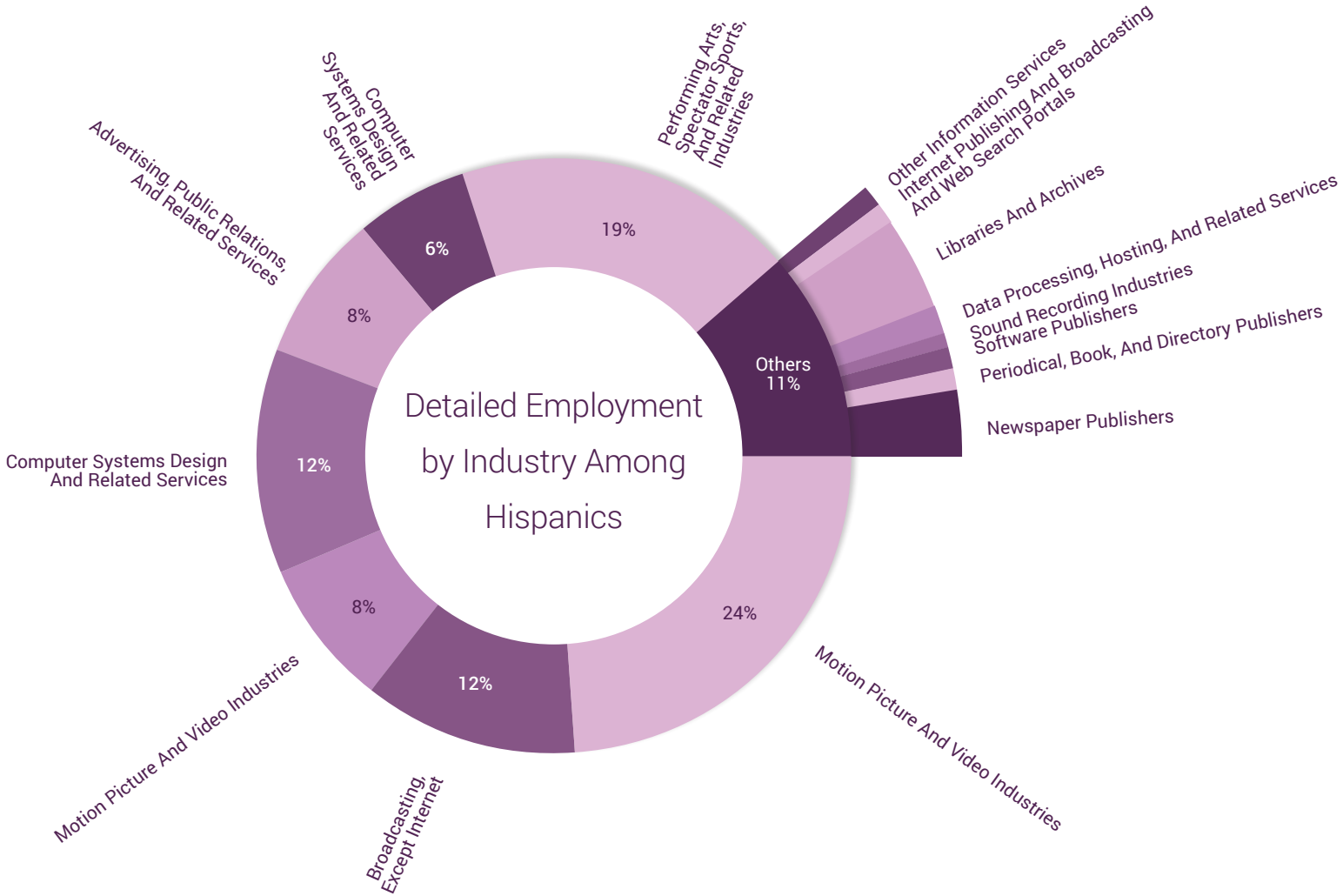
[101] Pitchbook, LLC. (2018). Retrieved from: http://www.pitchbook.com/

CONTINUED FROM

INDUSTRY ANALYSIS

DETAILED EMPLOYMENT BY SECTOR BY RACE LOS ANGELES COUNTY, 2016

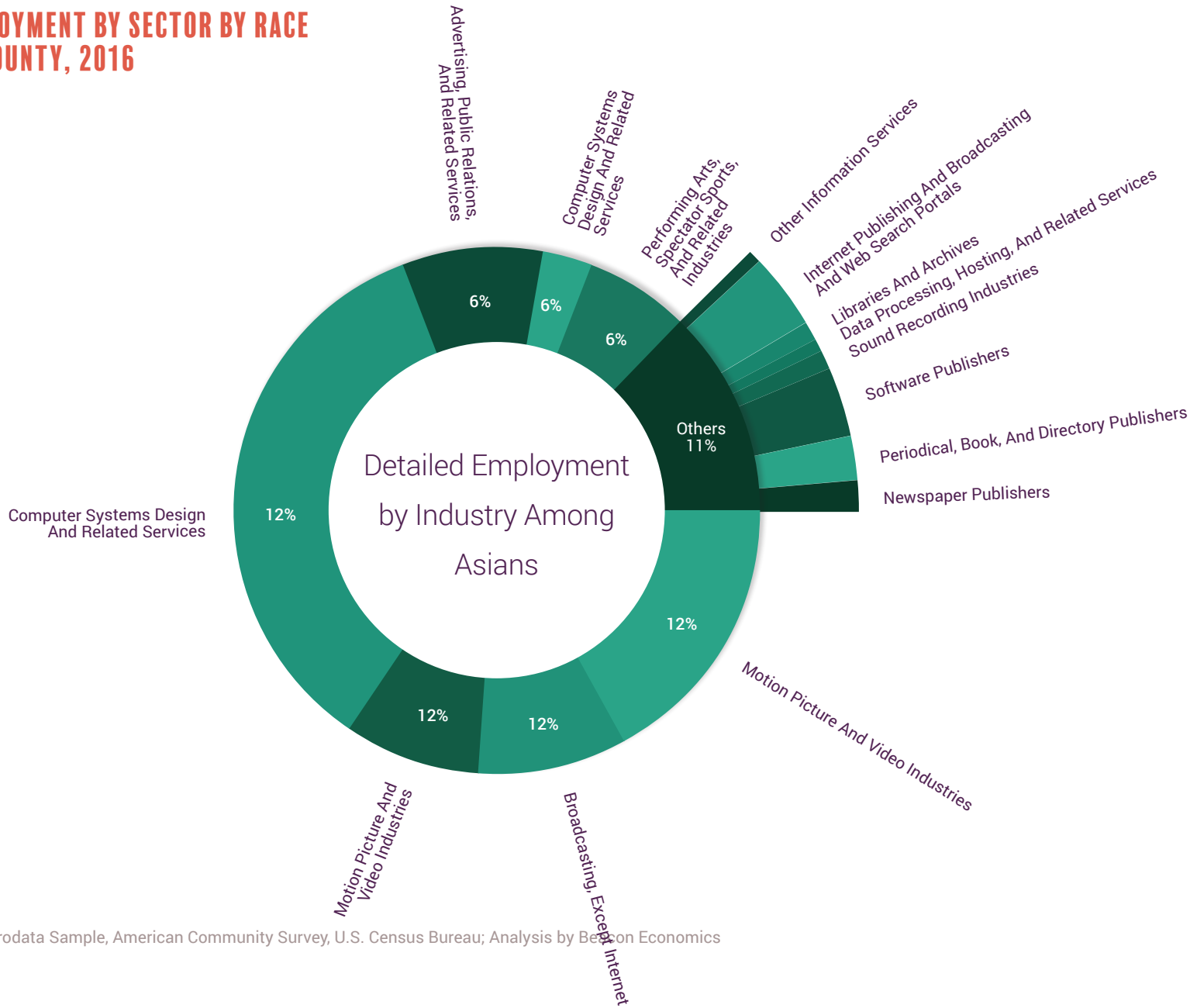
FIGURE 7.7



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

DETAILED EMPLOYMENT BY SECTOR BY RACE LOS ANGELES COUNTY, 2016

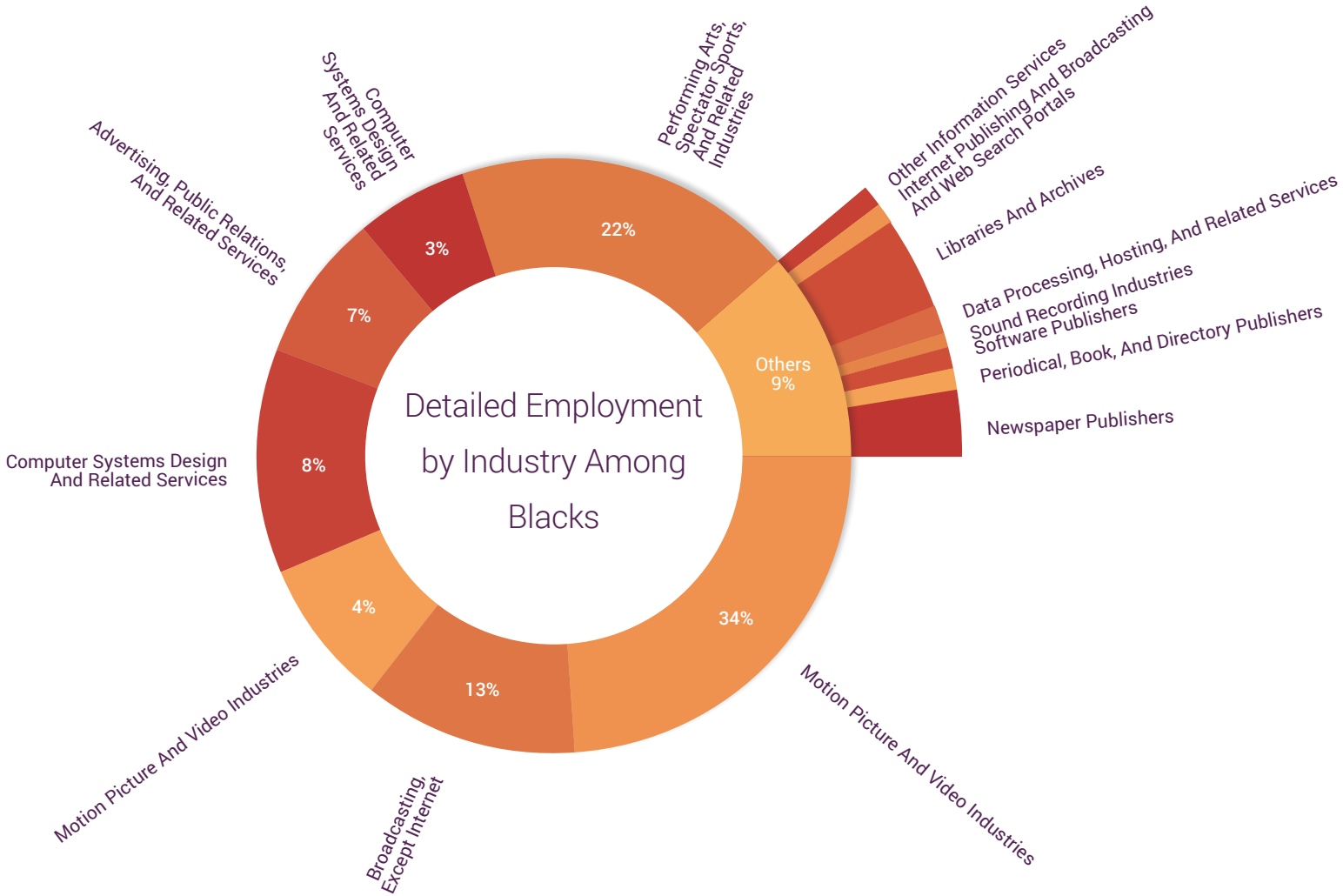
FIGURE 7.8



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

DETAILED EMPLOYMENT BY SECTOR BY RACE LOS ANGELES COUNTY, 2016

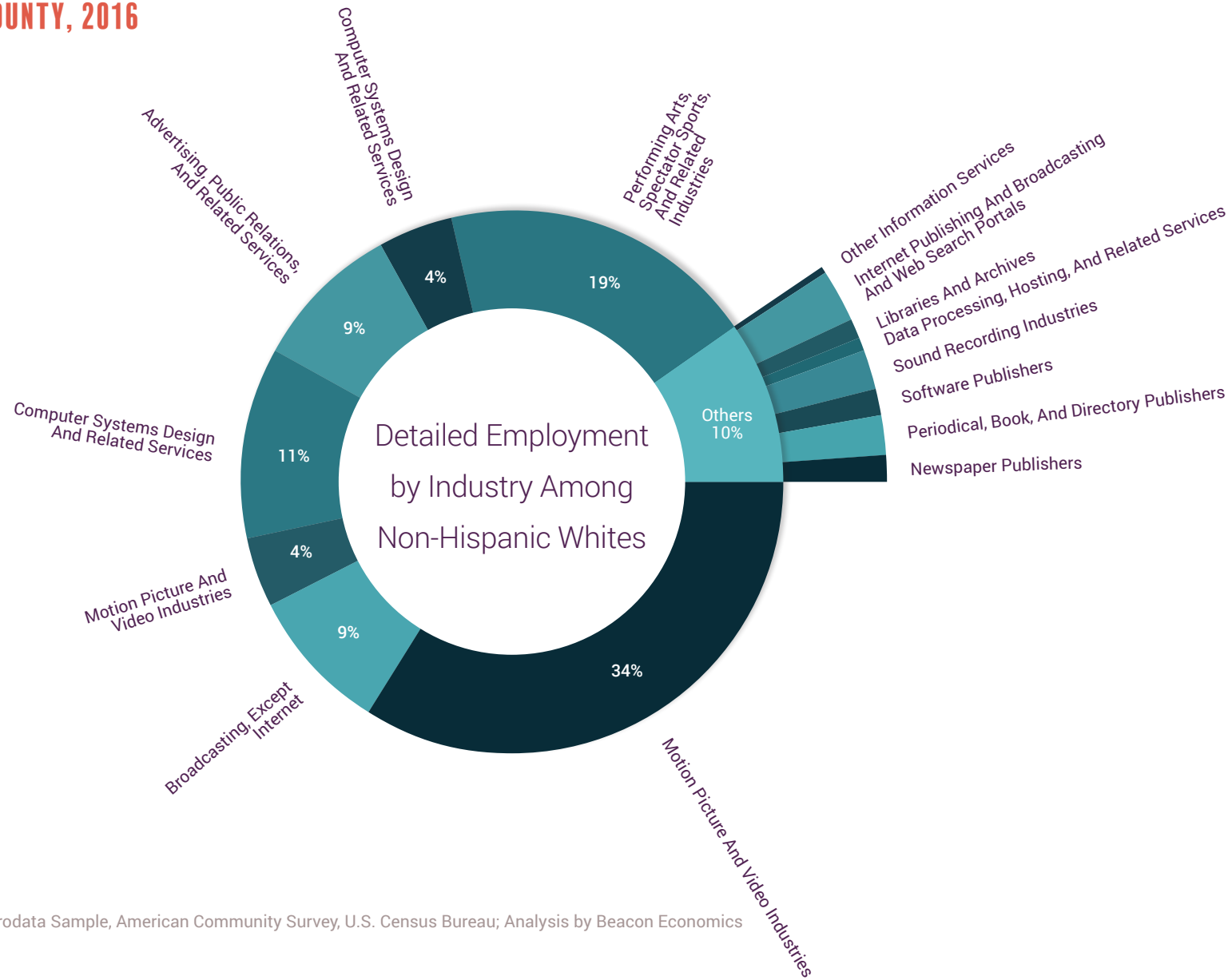
FIGURE7.9



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

DETAILED EMPLOYMENT BY SECTOR BY RACE LOS ANGELES COUNTY, 2016

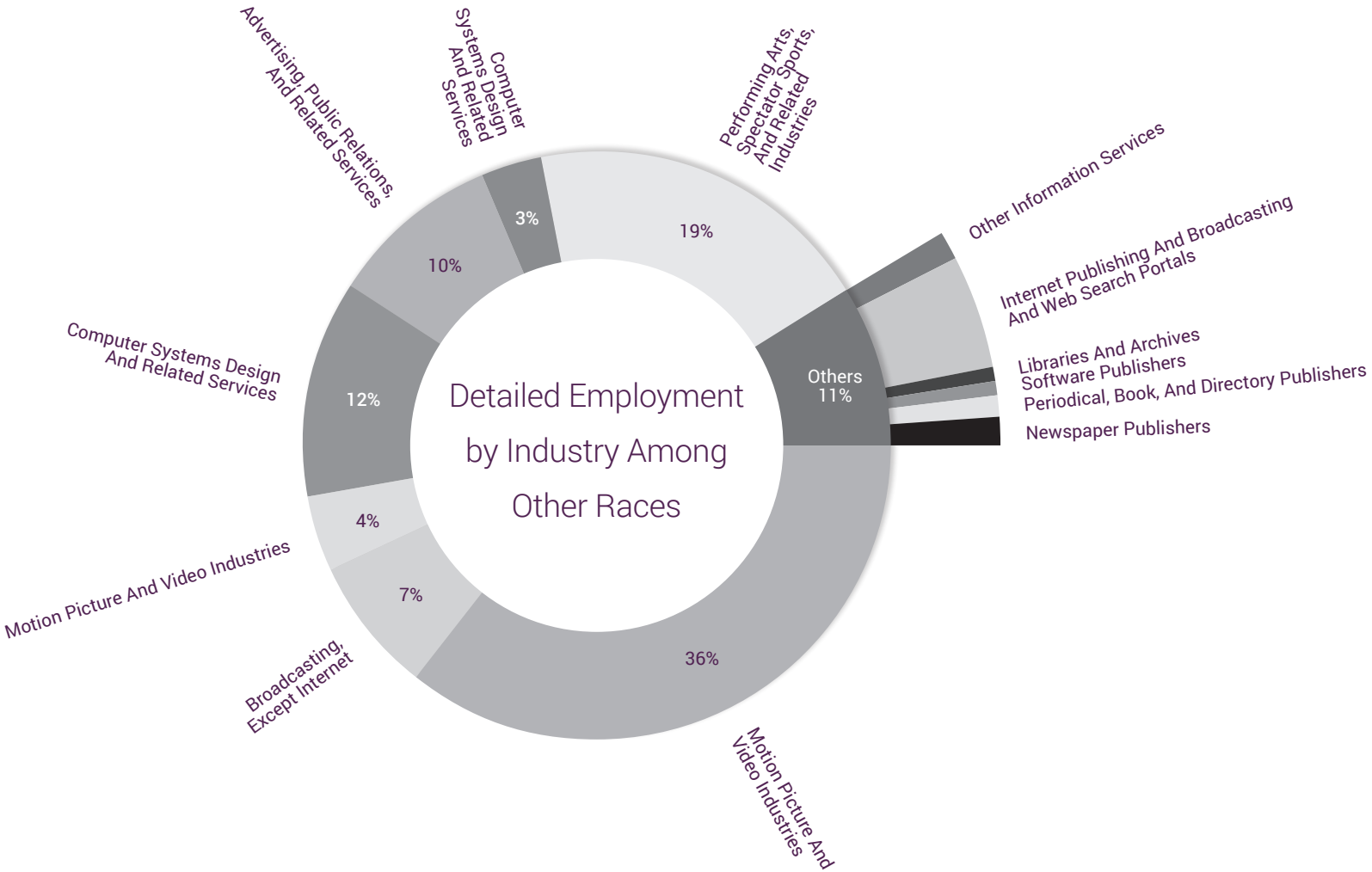
FIGURE 7.10



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

DETAILED EMPLOYMENT BY SECTOR BY RACE LOS ANGELES COUNTY, 2016

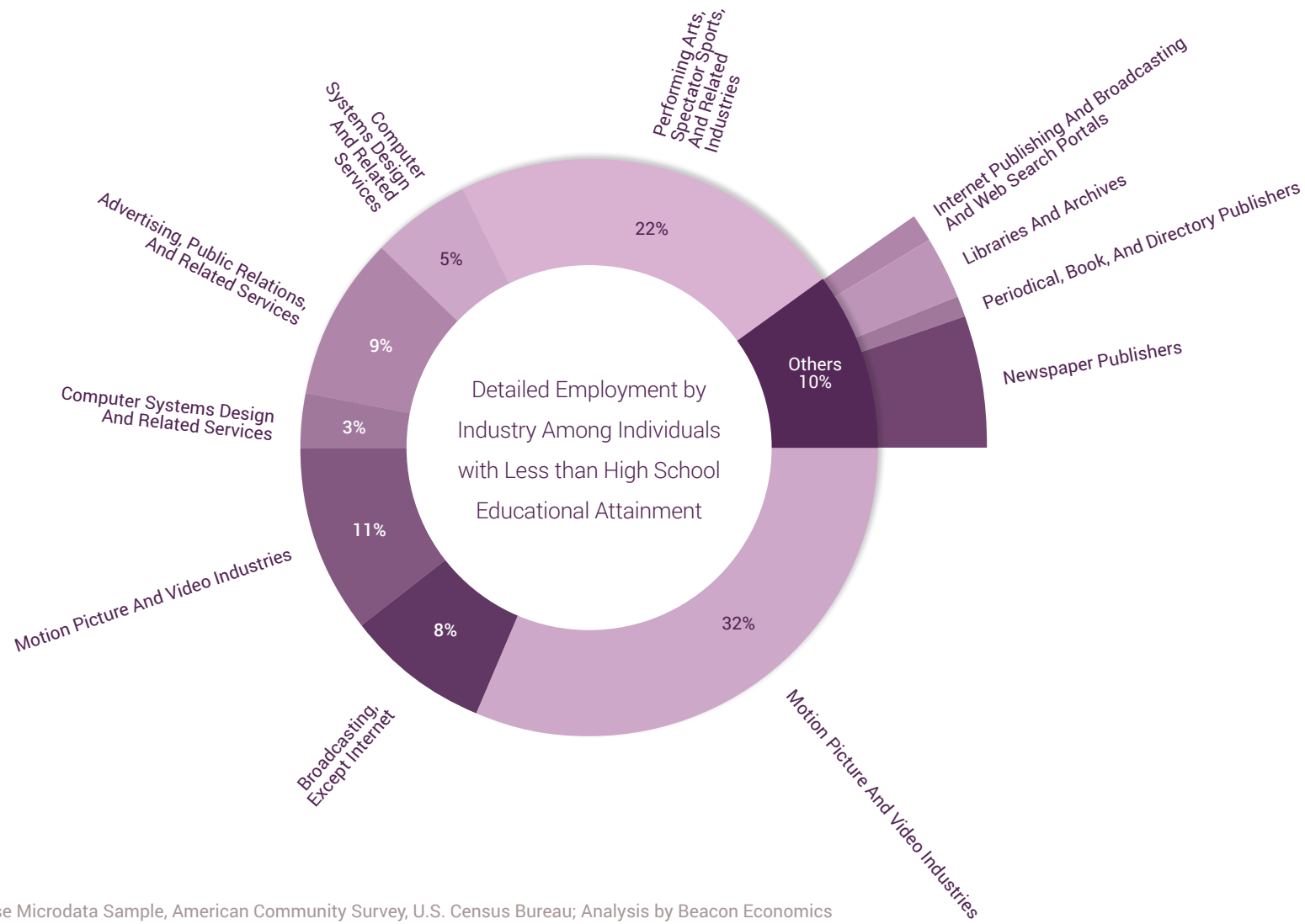
FIGURE 7.11



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

DETAILED EMPLOYMENT BY SECTOR BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2016

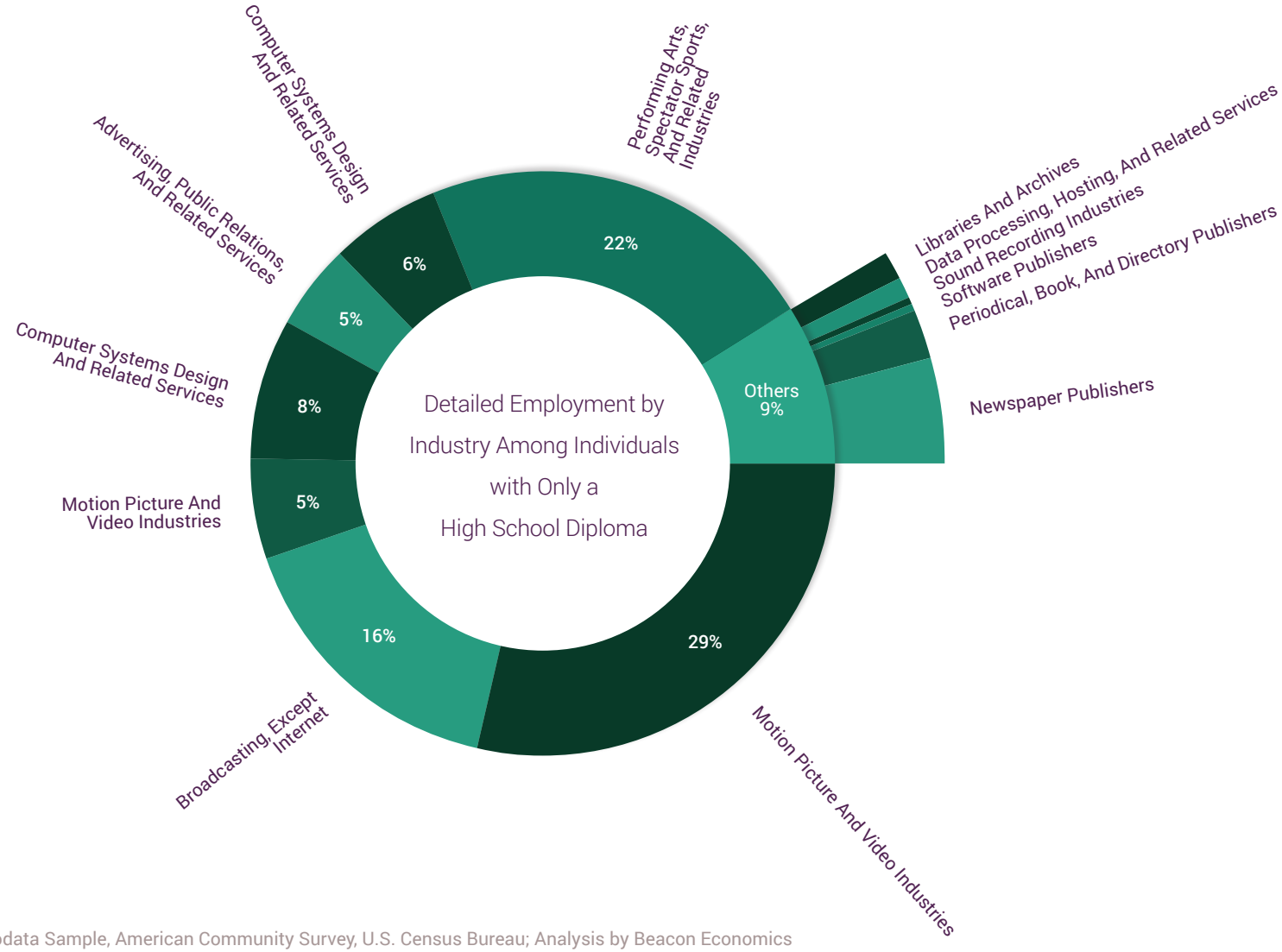
FIGURE 7.12



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

DETAILED EMPLOYMENT BY SECTOR BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2016

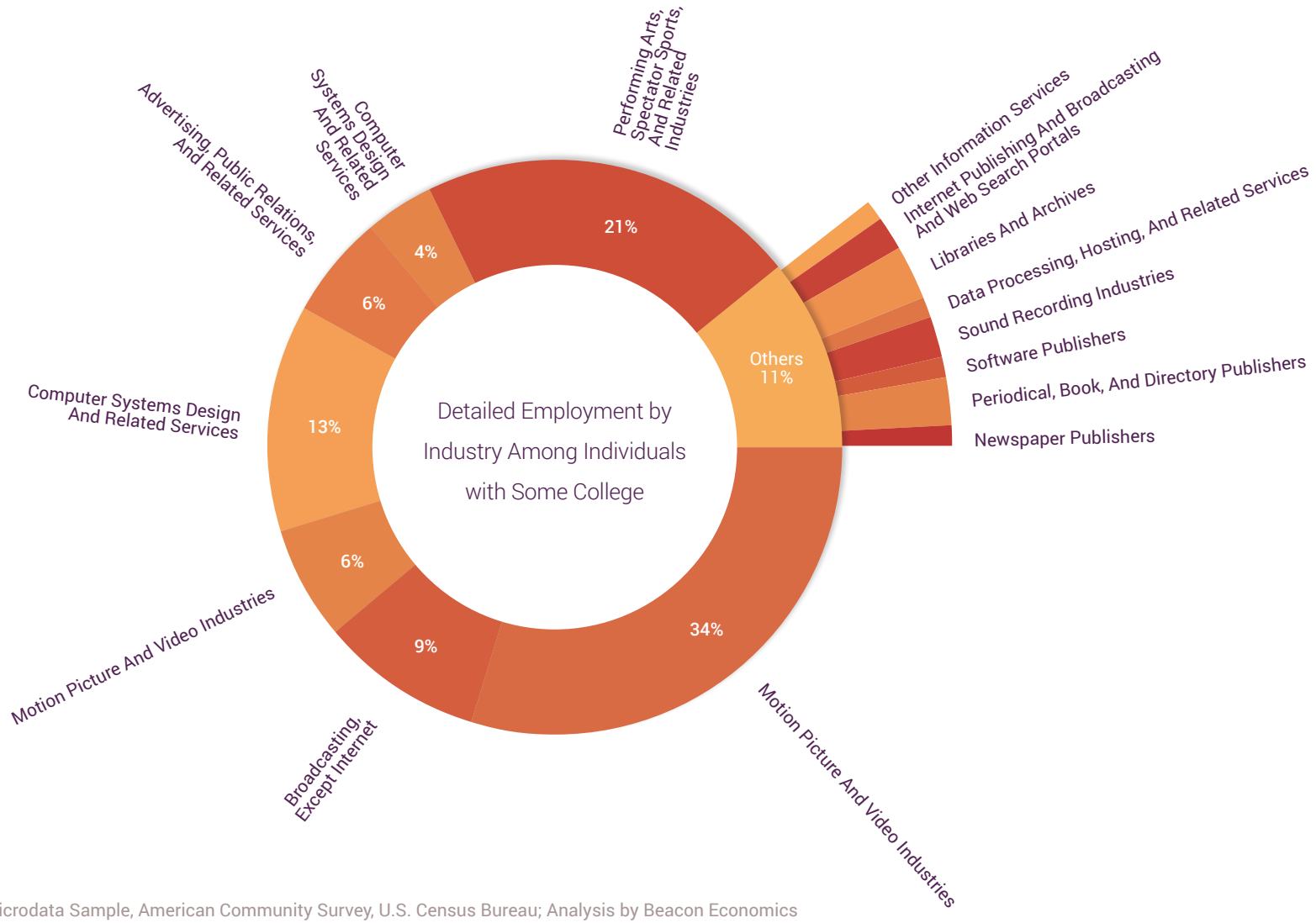
FIGURE 7.13



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

DETAILED EMPLOYMENT BY SECTOR BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2016

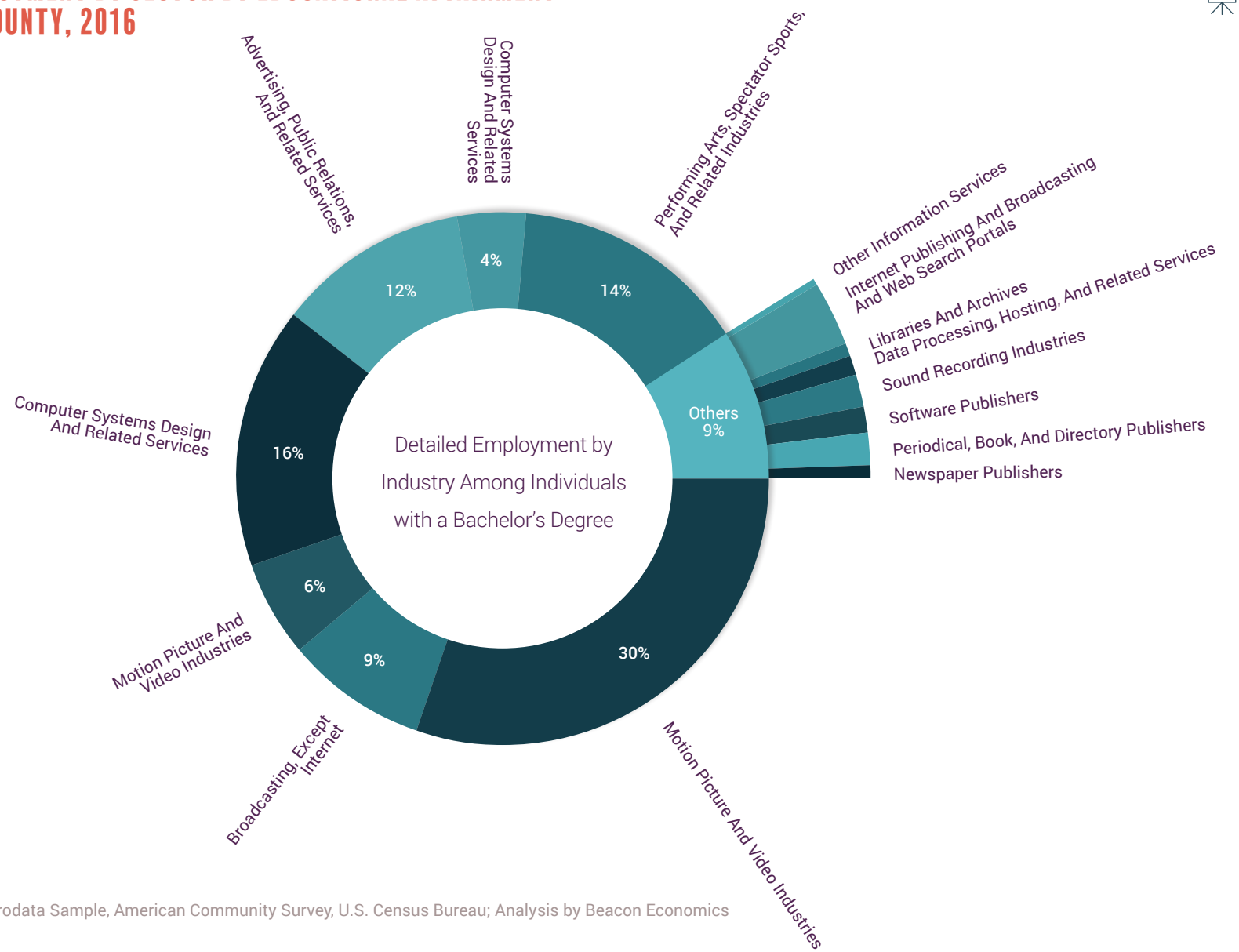
FIGURE 7.14



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

DETAILED EMPLOYMENT BY SECTOR BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2016

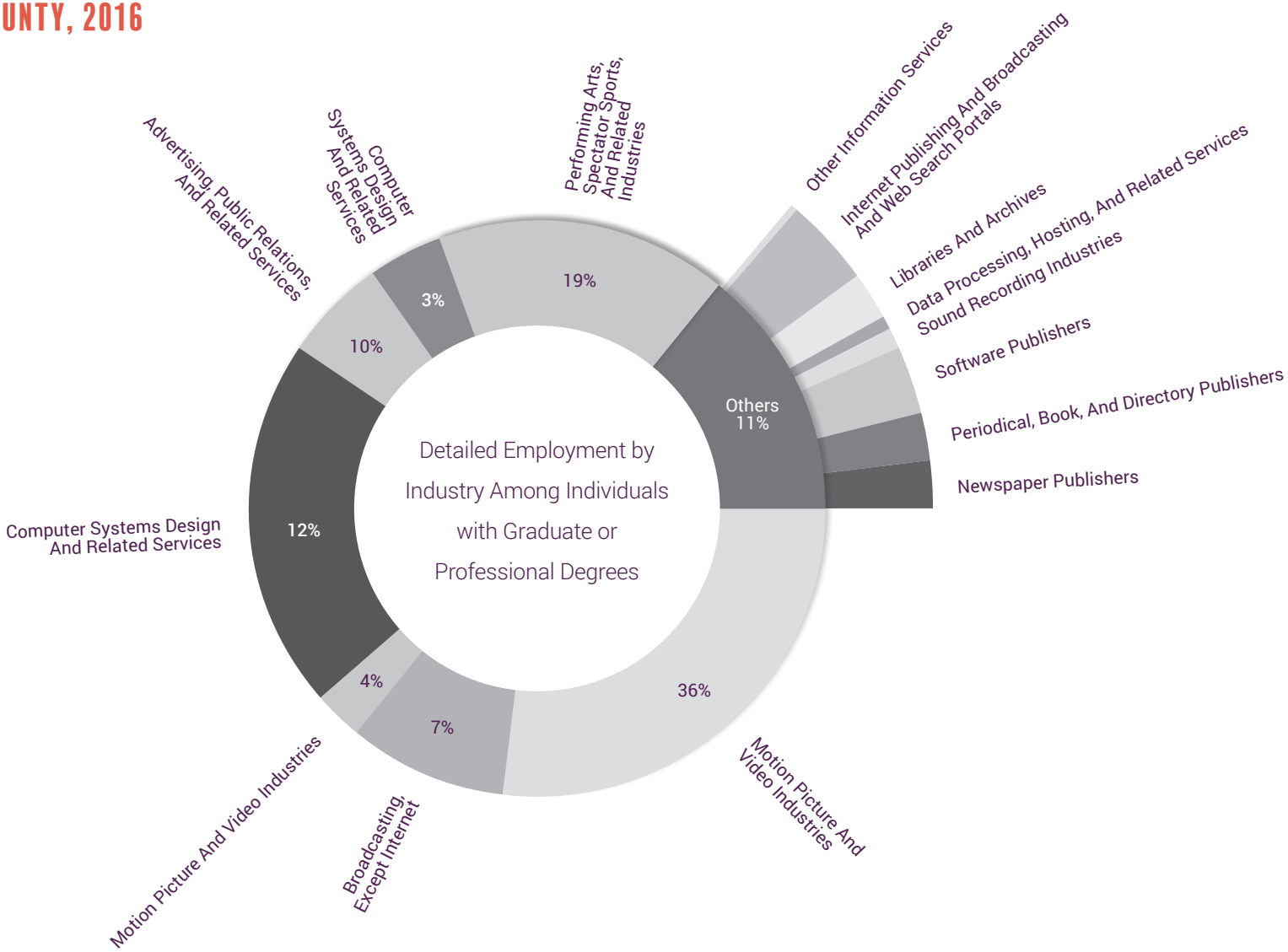
FIGURE 7.15



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

DETAILED EMPLOYMENT BY SECTOR BY EDUCATIONAL ATTAINMENT LOS ANGELES COUNTY, 2016

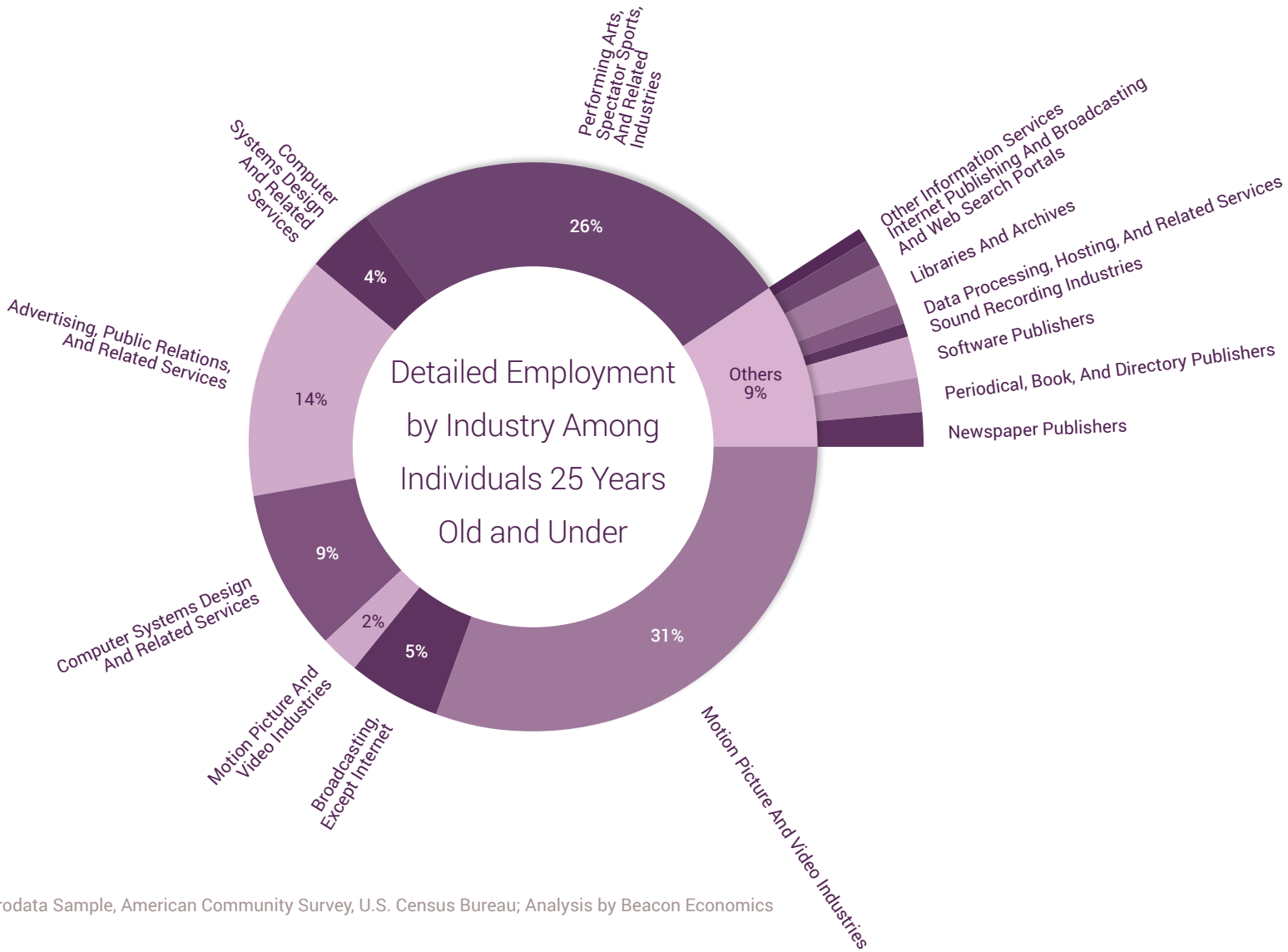
FIGURE 7.16



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

DETAILED EMPLOYMENT BY SECTOR BY AGE LOS ANGELES COUNTY, 2016

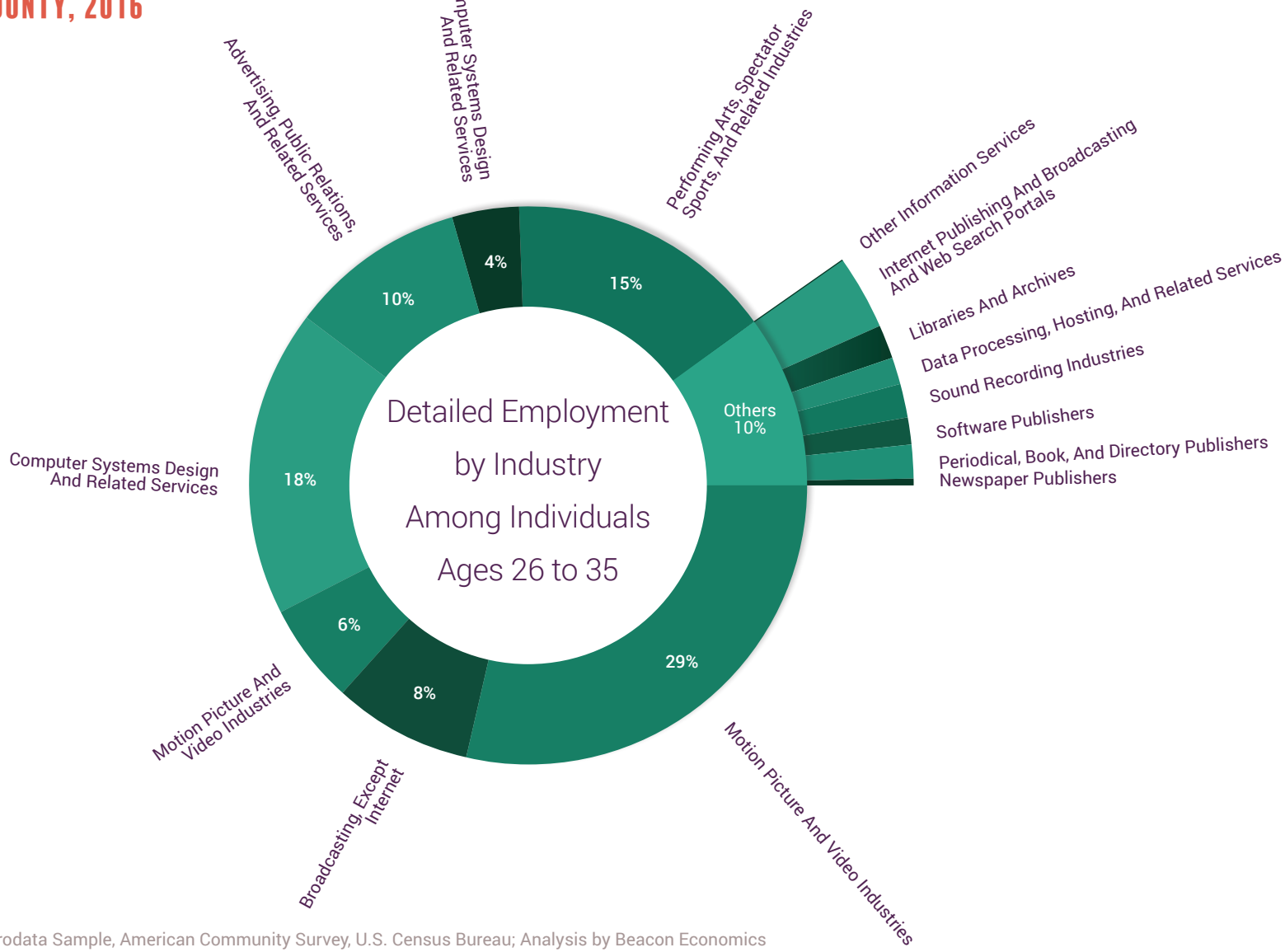
FIGURE 7.17



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

DETAILED EMPLOYMENT BY SECTOR BY AGE LOS ANGELES COUNTY, 2016

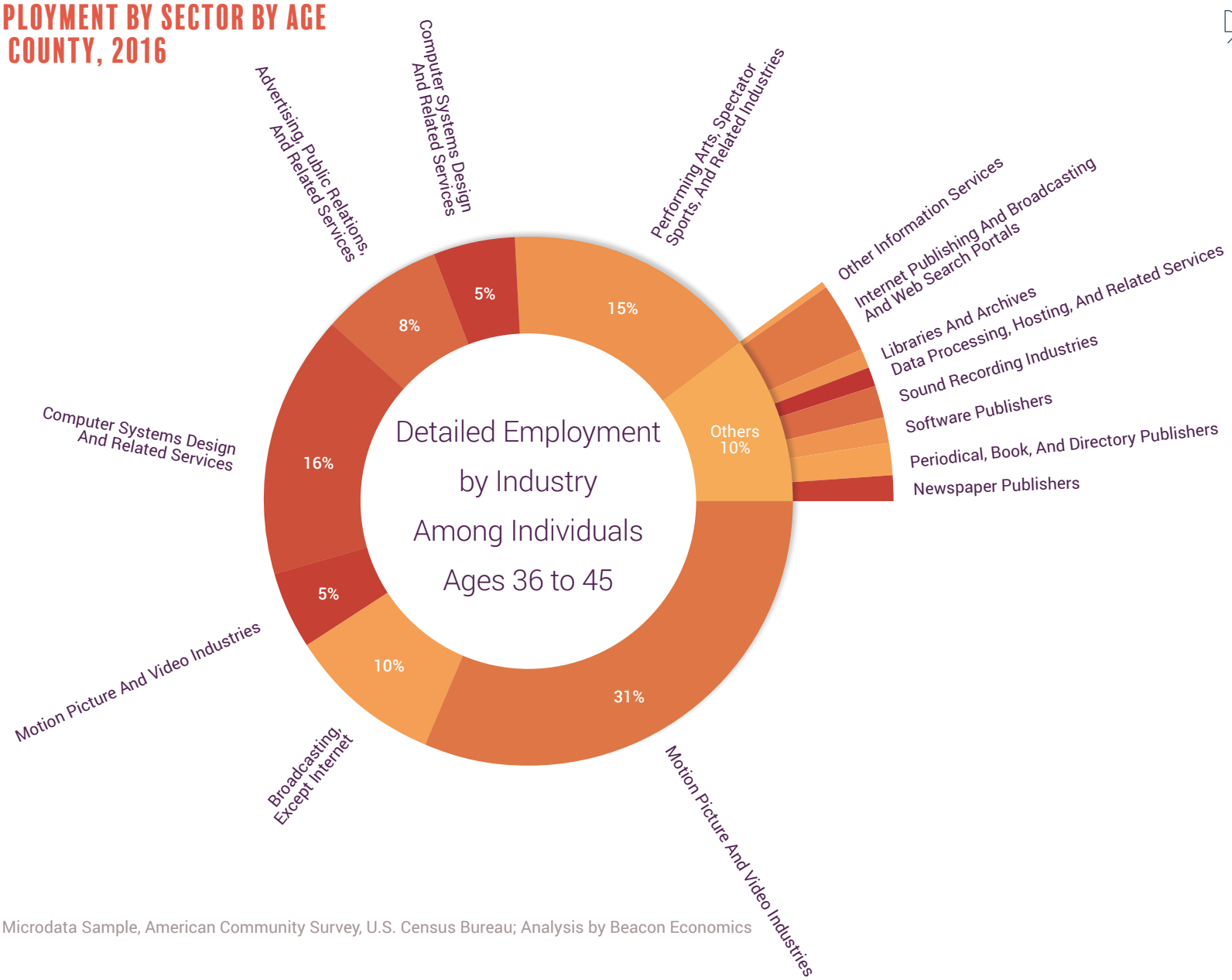
FIGURE 7.18



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

DETAILED EMPLOYMENT BY SECTOR BY AGE LOS ANGELES COUNTY, 2016

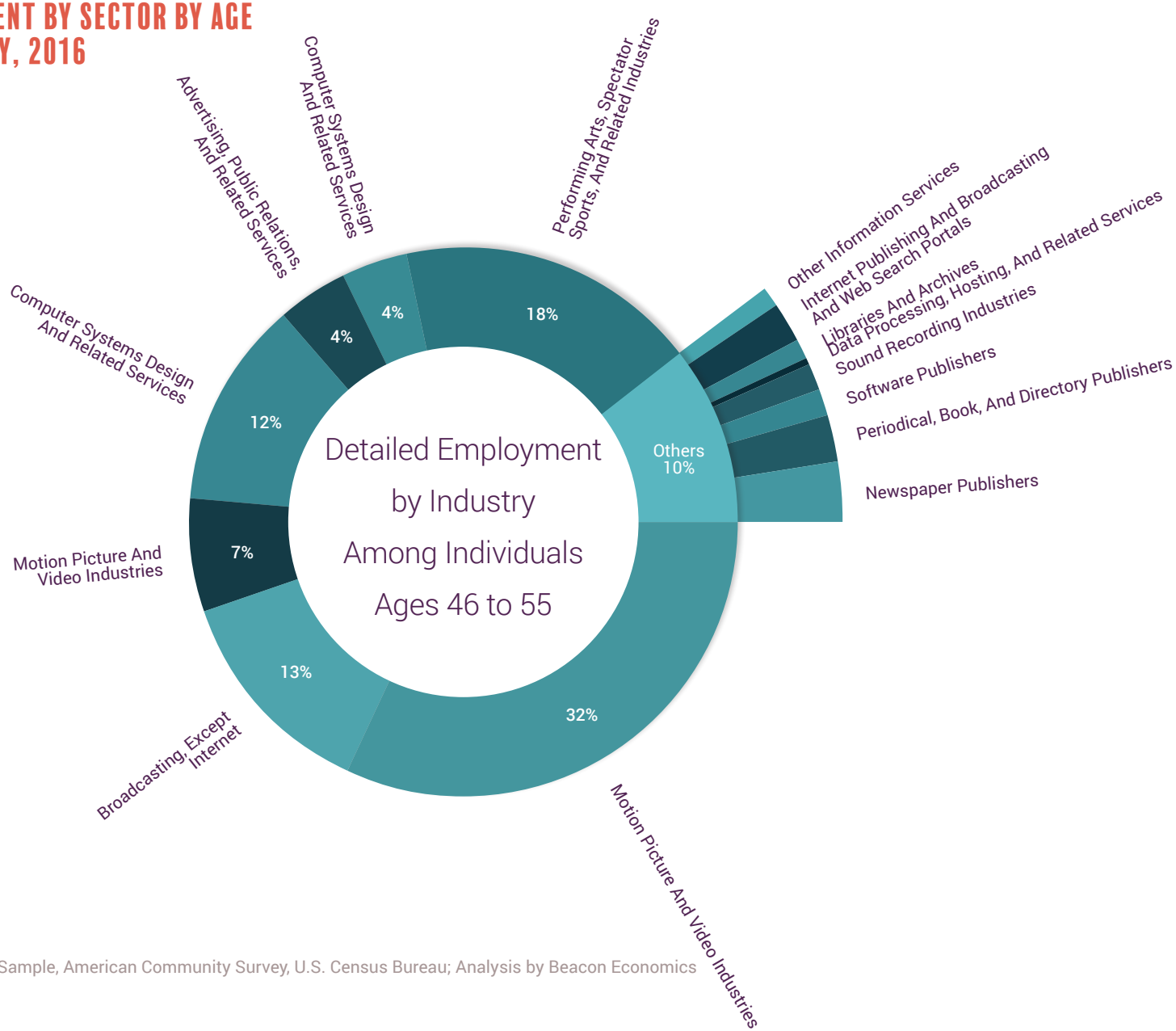
FIGURE 7.19



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

DETAILED EMPLOYMENT BY SECTOR BY AGE LOS ANGELES COUNTY, 2016

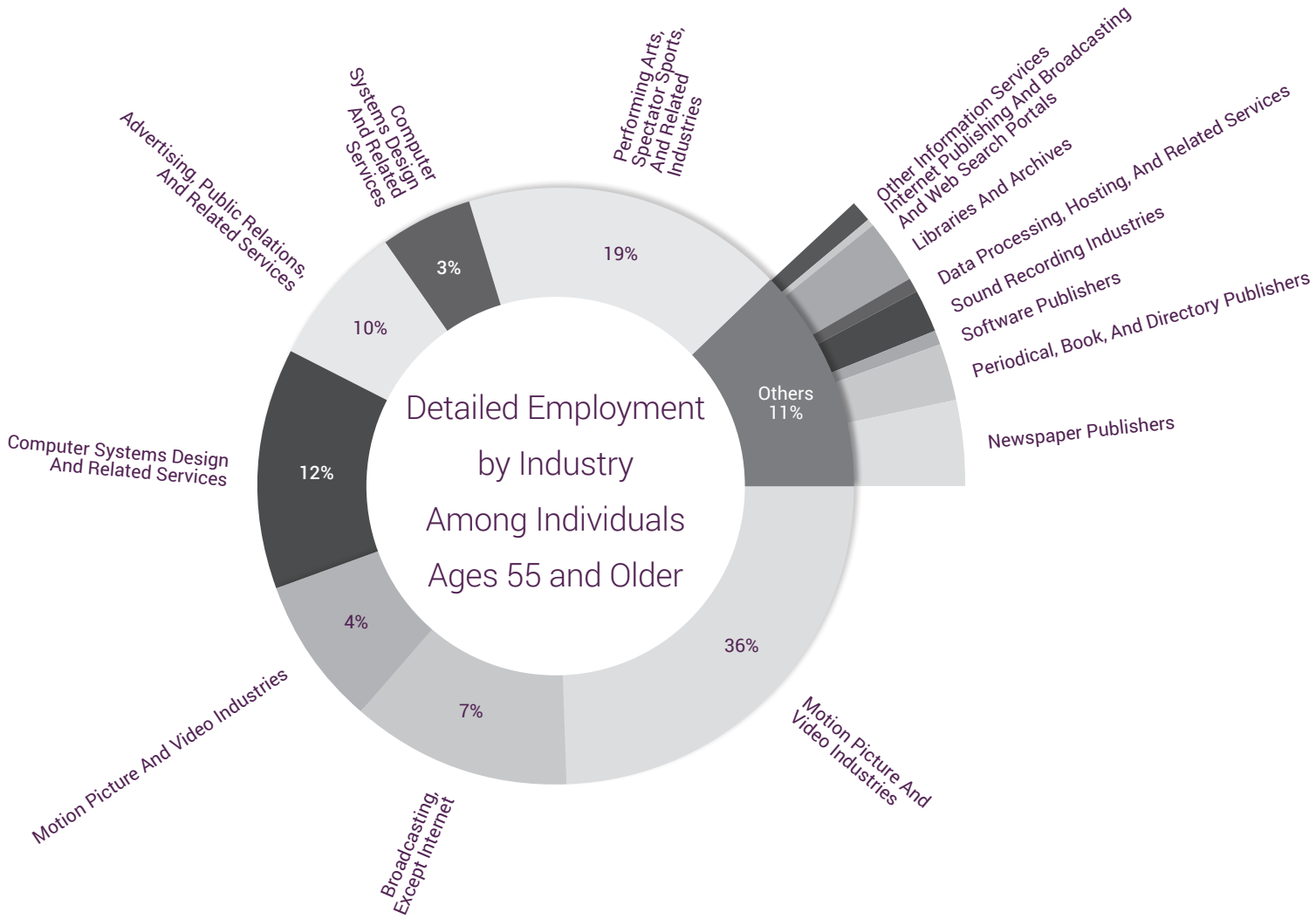
FIGURE 7.20



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

DETAILED EMPLOYMENT BY SECTOR BY AGE LOS ANGELES COUNTY, 2016

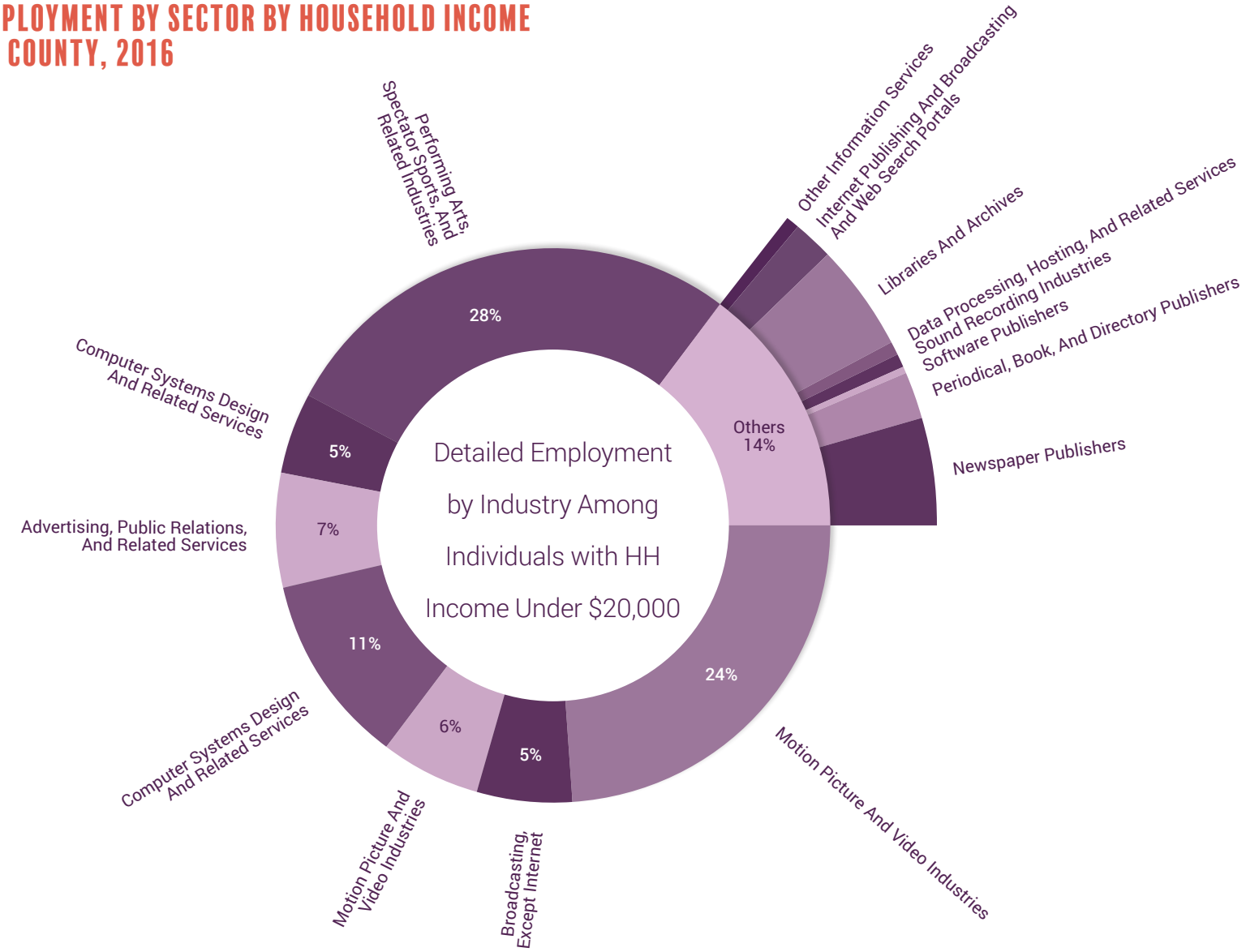
FIGURE 7.21



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

DETAILED EMPLOYMENT BY SECTOR BY HOUSEHOLD INCOME LOS ANGELES COUNTY, 2016

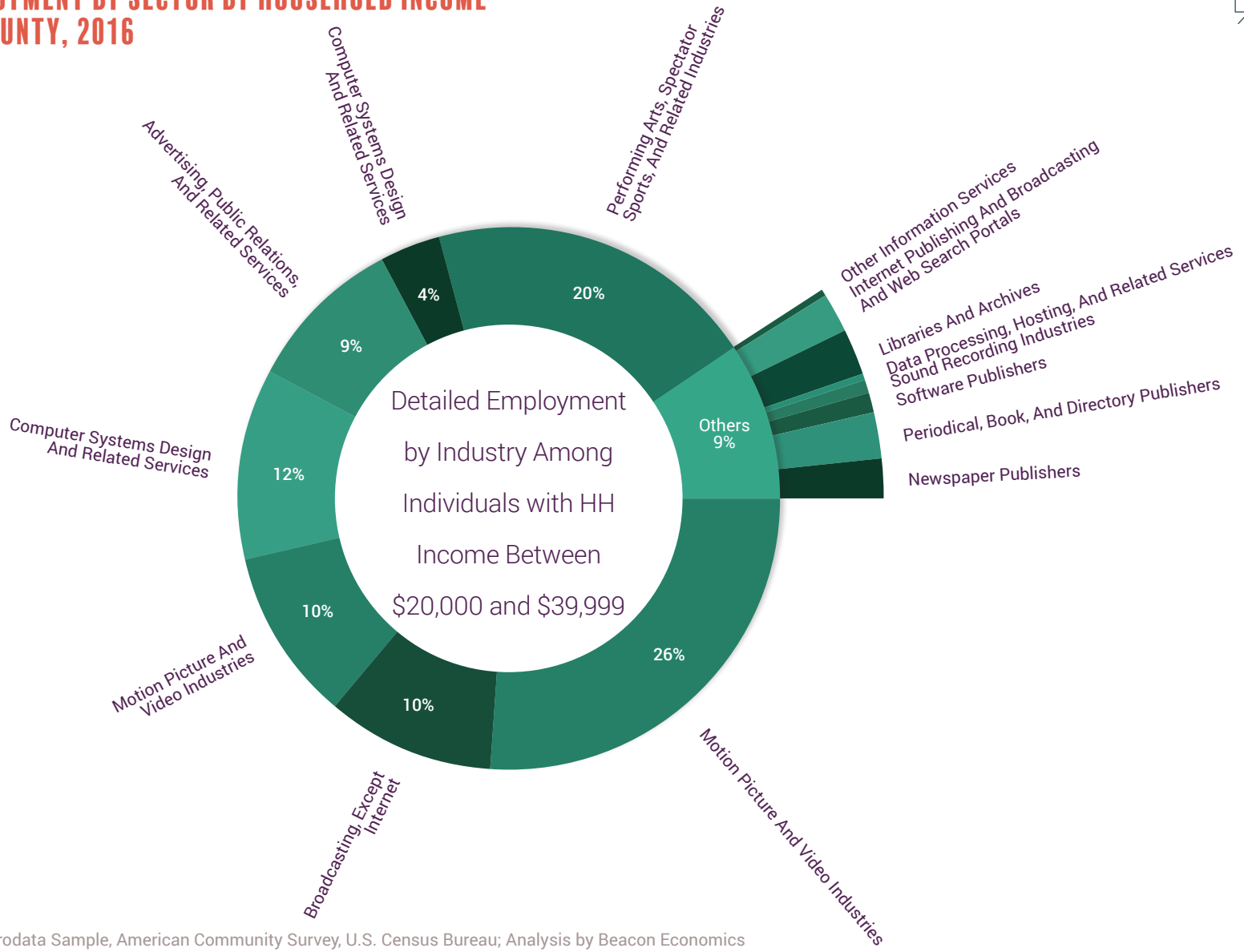
FIGURE 7.22



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

DETAILED EMPLOYMENT BY SECTOR BY HOUSEHOLD INCOME LOS ANGELES COUNTY, 2016

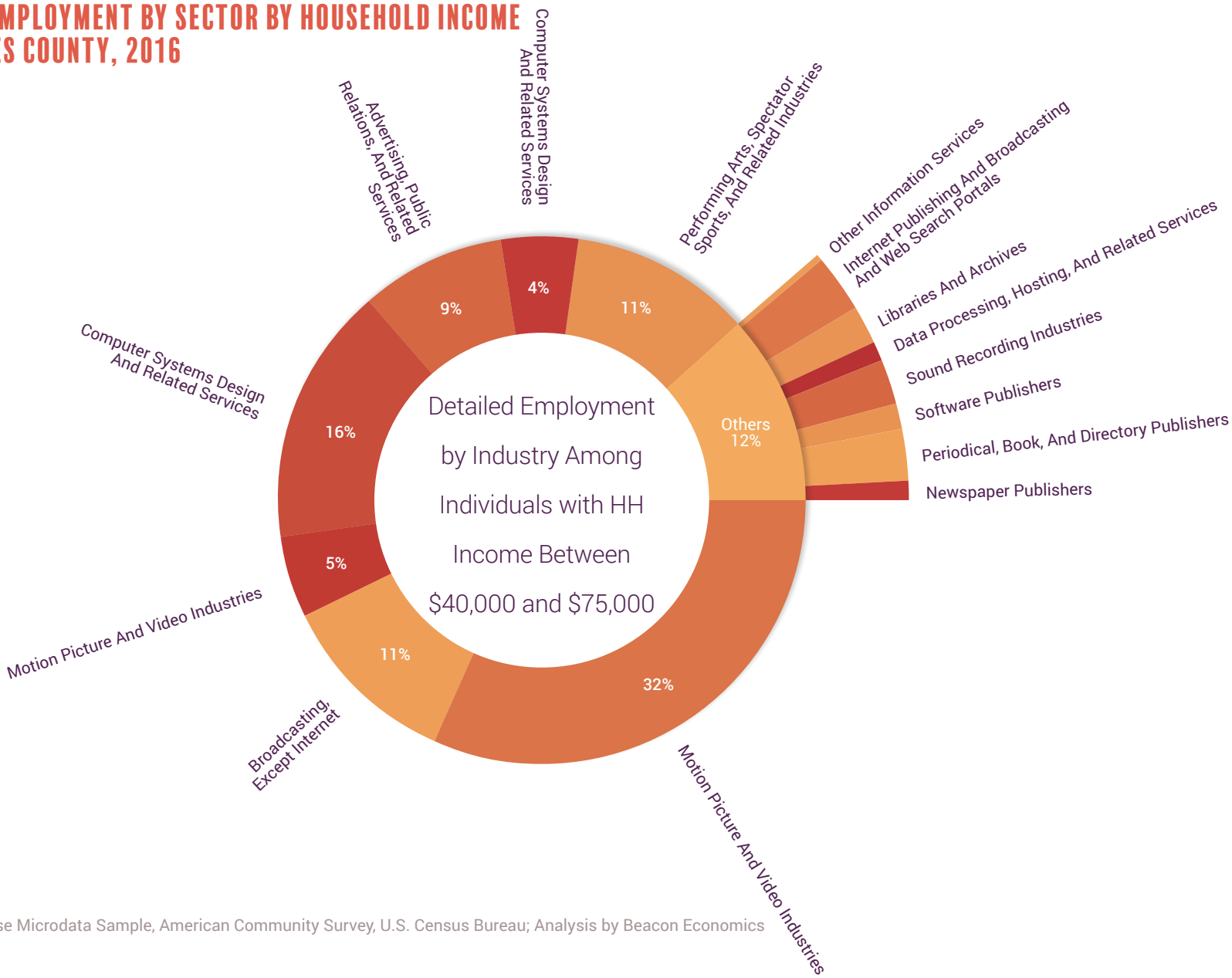
FIGURE 7.23



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

DETAILED EMPLOYMENT BY SECTOR BY HOUSEHOLD INCOME LOS ANGELES COUNTY, 2016

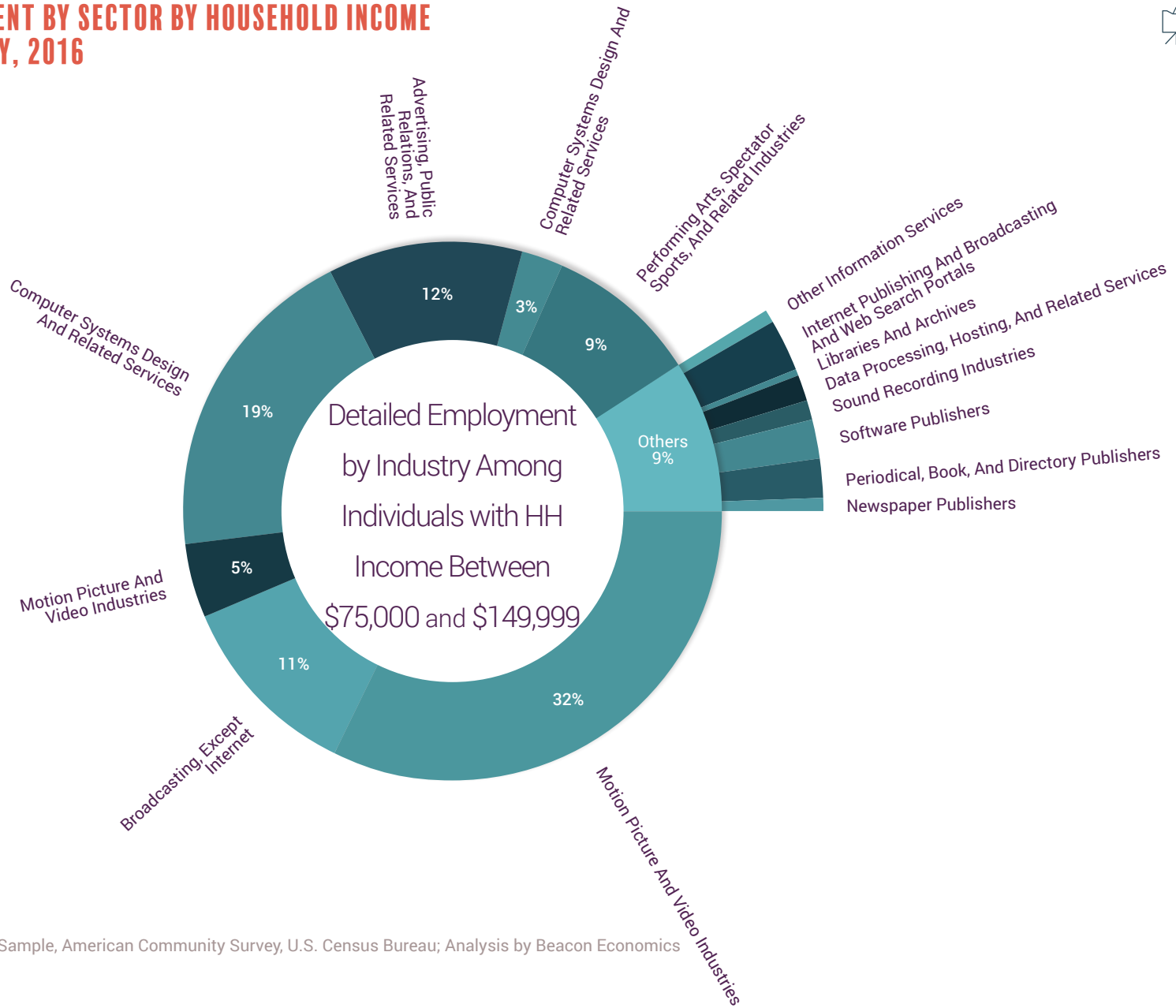
FIGURE 7.24



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

DETAILED EMPLOYMENT BY SECTOR BY HOUSEHOLD INCOME LOS ANGELES COUNTY, 2016

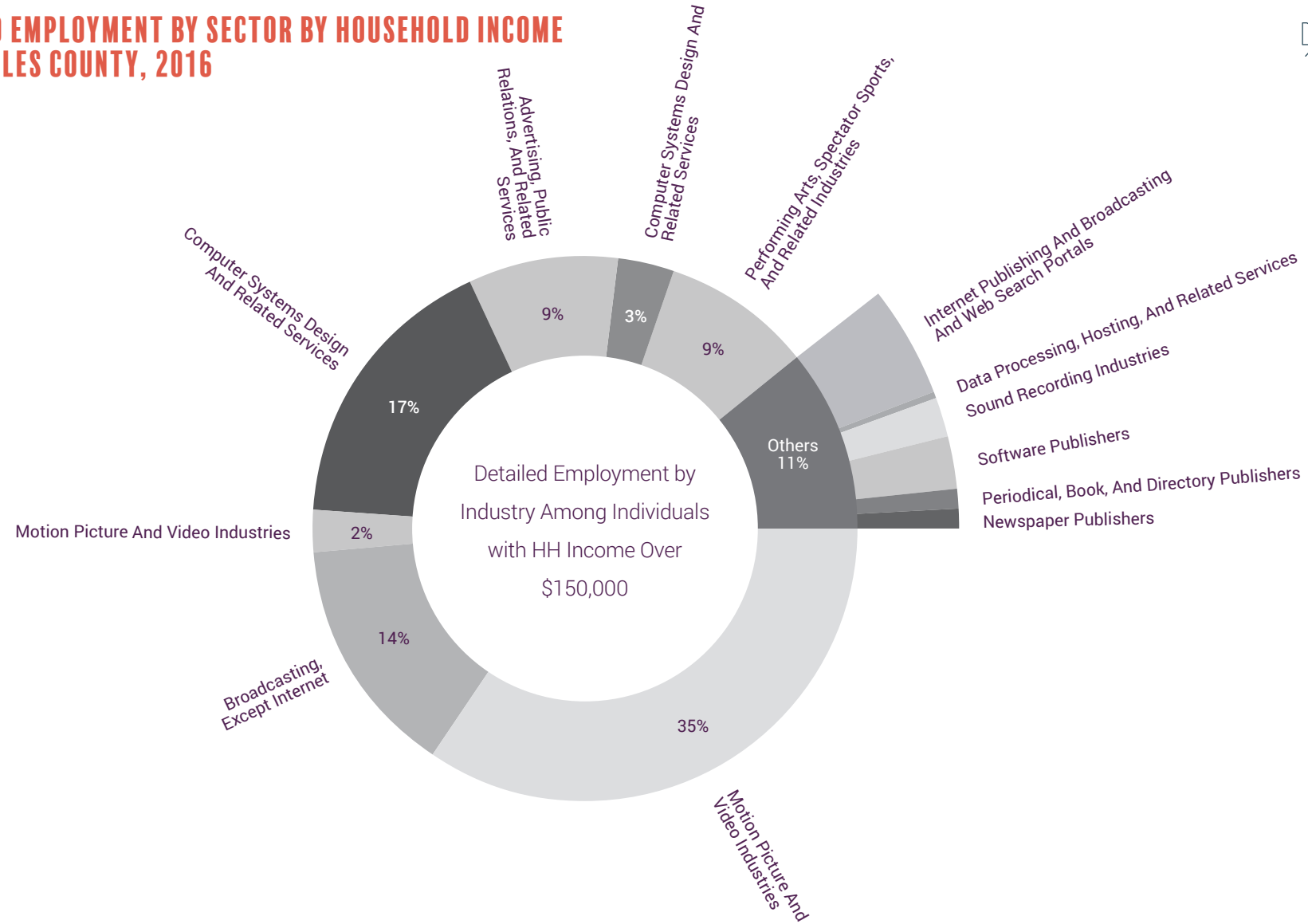
FIGURE 7.25



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

DETAILED EMPLOYMENT BY SECTOR BY HOUSEHOLD INCOME LOS ANGELES COUNTY, 2016

FIGURE 7.26



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

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INTERVENTION FRAMEWORK AND RECOMMENDATIONS

LOGIC MODELING

Armed with a broad goal, a specific constituency, and a sound assessment of its own levers and unique purview, the County may use logic modeling tools to design the "how" of an intervention.

An organization's logic model in many cases is its strategy or plan for action and it is powered by a theory of change. The exercise of logic modeling forces intervention design teams to rigorously articulate and clarify an intervention's theory of change, as defined by Paul Brest in his seminal article "The Power of Theories of Change," the empirical basis underlying any intervention.[102]

The philanthropic community has led the way, piloting data-driven tools for measuring the success of interventions and testing with data collected the theories of change that underpin them.[103] Originally funded by the Rockefeller Foundation, B Lab has developed a data platform called B Analytics that helps investors, supply chain managers, and governments measure and improve their impact, as defined by them. As an investor in outcomes, intervening government actors can leverage tools like B Analytics to answer questions like whom, demographically, an intervention is serving and what kinds of measurable outcomes it's driving.[104] In 2015, The New York City Economic Development Corporation launched a program in partnership with B Lab called Best for NYC, designed around the use of the B Analytics platform.[105]

As reflected in Brest's article, logic models and theories of change have mostly been developed for use by nonprofit and philanthropic communities in assessing their programmatic portfolios and investments. Government agencies similar to their

[102] http://1rqxbs47ujl4rdy6q3nzf554.wpengine.netdna-cdn.com/wp-content/uploads/2016/07/The-Power-Of-Theories-Of-Change.pdf

[103] http://www.bcorporation.net/what-are-b-corps/the-non-profit-behind-b-corps/our-history

[105] http://b-analytics.net/content/b-analytics-measure-what-matters

[105] https://www.nycedc.com/blog-entry/compete-be-best-nyc

LOGIC MODEL[106]
FIGURE 7

philanthropic and nongovernmental counterparts may intervene or invest in order to generate certain outcomes; in certain domains and less in others government actors in the U.S. are comfortable or uncomfortable respectively with the language of intervention and the role of intervener. For example, government actors typically consider and plan for producing outcomes via intervention in the healthcare industry which is often categorized as quasi-privatized. In a report published by the Fraser Institute entitled The Entertainment Industries, Government Policies, and Canada's National Identity, the direct and indirect support of the entertainment industries by government intervention and the logic that justifies such support including its economic evidence is rigorously evaluated.[107]

While the report's justification of the "socially efficient or desirable industry rate of output" may not translate usefully to L.A. County's decision-making landscape for the Film and Digital Media industry, the broader framework of addressing "market failures" may. This framework may also usefully align with a time-bound government role, where a government actor intervenes to correct for a market failure, provides the market a proof of concept or significantly subsidizes a perceived risk, and then exits without the implication of subsidy in perpetuity.

[106] W.K. Kellogg Foundation. "Logic Model Development Guide: Using Logic Models to Bring Together Planning, Evaluation, and Action." W.K. Kellogg Foundation, Jan. 2004. Retrieved on April 30, 2018. Retrieved from file:///Users/alysasloanhannon/Downloads/LogicModel%20(3).pdf.

[107] Globerman, S. "The Entertainment Industries, Government Policies, and Canada's National Identity." Fraser Institute, March 2014. Retrieved on May 1, 2018. Retrieved from: https://www.fraserinstitute.org/sites/default/files/entertainment-industries-government-policies-and-canadas-national-identity_0.pdf

A LOOK AT THREE GOVERNMENTS INTERVENING IN FILM AND DIGITAL MEDIA

Many of the interventions discussed are public-private partnerships. Public-private partnership enjoys support in the economic development space as a successful approach to government intervention, allowing the public sector to help drive the correction of a market failure and leveraging the private sector's expertise and funding.[108]

BRITISH COLUMBIA, CREATIVE BC

Creative BC is an organization sponsored by the Canadian provincial government of British Columbia and established to provide professional expertise and business support to strengthen BC's motion picture, interactive digital, music, and publishing sectors. The program's website claims that Creative BC's "programs, services, and investments act as a catalyst to help these sectors realize their economic and creative potential and to contribute to the future prosperity of our province."

Creative BC has three types of programs: (1) Industry Initiatives including Amplify BC Portfolio directed at the music industry; (2) Project and Market Development Programs; and (3) Skills Development Programs. More specific examples of the types of interventions within each include:

> Industry Initiatives, Amplify BC Portfolio: $7.5M Music Fund to support people working in BC's diverse music industry. It targets four program areas: career development for BC artists, support for live music events in BC, support for BC's music companies, and the development of its provincial music industry.
>
> Market Development Programs, Passport to Markets Program: This program provides travel support to BC resident film, TV, and new media producers and sales agents to attend international markets and conferences. The fund is intended to assist producers exploring co-production partnerships and developing relationships with broadcasters, distributors and financiers.
>
> Skills Development Programs, CMPA-BC Story Department Internship: Creative BC and the Canadian Media Producers Association (CMPA)—BC Producers Branch provides funding for the skills development of professionals committed to careers in writing for dramatic television.

[108] https://insights.som.yale.edu/insights/are-public-private-partnerships-the-best-way-to-provide-government-services

NEW YORK CITY, NYCEDC

Through its Industry Initiatives department, The New York City Economic Development Corporation administers a number of industry-oriented programs intended to generate good jobs in New York City. The department has a Creative and Applied Tech team which hosts a number of programs related to the sectors of the Film and Digital Media industry. Because NYCEDC manages certain real estate functions on behalf of New York City, many of its interventions involve the leveraging of real estate and brick and mortar spaces.

Three interventions piloted by NYCEDC around Creative Tech include:

NYC Media Lab: Launched in partnership with NYU-Poly and Columbia University, Media Lab connects digital media and technology companies with New York City's universities to drive innovation, entrepreneurship, and talent development. Media Lab "tackles big questions facing the media industry today, with the goal of generating research, knowledge transfer, talent development, R&D, and new business models." Media Lab funds prototyping projects that foster collaboration across a range of disciplines core to the future of media and runs The Combine, an early stage accelerator for emerging media and technology startups.

Made in NY Media Center: A 20,000 square foot facility funded through partnership with the Independent Feature Project, the Media Center is a collaborative workspace and community designed to support and connect the next generation of media and tech entrepreneurs, innovators, and artists with industry resources, events, mentorship, and educational opportunities.

AR/VR Lab: In February 2017, NYCEDC released an RFP for a Virtual Reality and Augmented Reality Lab. The lab "will support growing VR/AR companies and entrepreneurs and convene cross-sector stakeholders to position New York City as the global leader in the emerging VR/AR industry. Representing $6 million in public and private funding, the lab will be the first publicly-funded VR/AR space in the country and will provide shared access to tools and technologies and strengthen the local talent pipeline.

IN2NYC (*Industry-agnostic, internationally focused): IN2NYC brings international entrepreneurs to schools across New York City's five boroughs to build businesses, develop innovation ecosystems, and train the next generation of entrepreneurs. Entrepreneurs will have the opportunity to build their businesses in CUNY co-working spaces alongside other innovators while using their areas of expertise to contribute to campus life through activities such as participation in academic research and mentorship of student entrepreneurs.

U.K., BRITISH FILM INSTITUTE (BFI)

Founded in 1933, BFI is a charity governed by the Royal Charter. BFI awards lottery funding to film production, distribution, education, audience development, and market intelligence and research.

Film Export Fund: This fund offers support to drive export opportunities for British films abroad. It is a springboard for British film exports, designed to help British films make sales abroad when they're selected for important international festivals, alleviating costs around a film's publicity and marketing and technical as well as logistical costs.

Audiovisual Policy Engagement: BFI takes a leading role in shaping policy and advocacy on not only IP protection and international free trade agreements but also co-production agreements, sustainability, and access to finance.

Documentary Funding: BFI partners with Doc Society to fund and support progressive and creative documentary filmmaking across the whole of the UK. This program provides funding for UK documentary films, along with a dedicated support program for new and emerging filmmakers as part of BFI NETWORK.

BFI Vision Awards: The BFI Vision Awards focus on supporting a new generation of diverse, ambitious film producers around the UK to help support its mission of discovering and developing emerging filmmaking voices, providing funding to build up and strengthen their development slates.