

Otis Report: L.A.'s 'creative economy' loses thousands of jobs

The Otis Report's 2010 economic study of Los Angeles and Orange County's arts and entertainment industries detail employment declines as well as some gains in average pay in some fields.

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The Los Angeles area's arts and entertainment industries lost thousands of jobs from 2007 to 2010, according to a study of the "creative economy."

The findings for 2010 commissioned by Otis College of Art and Design and compiled from state and federal government figures by the Los Angeles County Economic Development Corp. showed a loss of 21,500 jobs and an 11% decline in employment in the three years.

Known as the Otis Report on the Creative Economy of Los Angeles and Orange Counties, the study encompasses both traditional arts and entertainment categories and five additional fields that the researchers consider to be part of the region's broader creative economy.

The traditional fields — architecture/interior design, art galleries, digital media, television/film/recordings and visual and performing arts — accounted for 171,700 workers in the two counties in 2010, down from 193,200 three years earlier. Taking advertising/graphic design, furniture, fashion, toys and product/industrial design into account, the 2010 creative jobs total comes to 338,000 — down 13.4% from the 390,300 jobs identified in the Otis report for 2007.

Otis has been issuing its annual reports since 2007, aiming to give advocates for the arts and other creative fields statistical ammunition for persuading public officials to adopt arts-friendly policies.

There is no line item for what movie and rock stars, their agents and managers are paid; they are combined with workers in the largely nonprofit, less remunerative worlds of museums, theater and dance. That visual and performing arts category suffered a 6.8% job loss over the three years, but average pay in Los Angeles County increased to \$199,047 — a 32% raise from the 2007 level.

The report says the nearly \$200,000 average salary in visual and performing arts in L.A. County is skewed upward by big names from Hollywood.

Kimberly Ritter, one of the economists who compiled the report, said the result for Orange County — an average salary of \$36,161 for visual and performing arts workers — gives "a better idea of what the rank and file is getting." Orange County has no major film and television producers or record labels cutting big checks for big names. Nonprofit organizations do most of the hiring, and although average pay was up 7.6% over 2007, it was less than a fifth the L.A. County average. Meanwhile, OC's visual and performing arts workforce was slashed nearly a third between 2007 and 2010, falling to 2,400.

Within the visual and performing arts category for the two counties, there were 10,200 "independent artists and writers" in 2010, down from 10,400 in 2005, the year for which more detailed job description analyses were available. However, agencies and management companies that handle those artists and writers saw their ranks increase 38.3% over the five years, to 6,500. Employment took a hit among musical groups, falling from 4,400 to 3,000. Theater companies saw an increase from 2,200 workers to 2,700; fluctuations were slight for museums (4,000 employees in 2010) and dance companies (200 employees).

The category that the Otis report labels "entertainment" includes Hollywood's non-performing technicians and behind-the-scenes production employees. It's by far the biggest group in the region's creative economy, with a combined \$12.1 billion payroll for the two counties in 2010. Average pay came to \$100,578, a 4.4% increase above 2007. But there was still plenty of pain to go around: employment fell 7.9%, from 131,600 to 121,100.

From 2005 to 2010, jobs in motion picture and video production declined 7.7%; jobs in sound recording fell from 3,800 to 3,100, and cable broadcasting took the worst hit, down 25% to 5,400. Jobs in post-production services increased slightly, to 9,000.

Architecture and interior design, a field highly vulnerable to Southern California's real estate and construction bust, suffered a 36% job loss between 2007 and 2010.

The smallest Otis job category is art galleries, which suffered. The report identified 258 galleries in the two counties in 2010, down from 343 in 2007. L.A. County lost nearly 20% of its galleries — a rate of attrition eclipsed by Orange County's 41%. Employment was nearly halved over three years, from 1,500 jobs in the two counties to 800. Otis found that the average Los Angeles gallery employee makes \$54,767; Orange County peers got \$31,139.

Digital media, including software publishing and video game design and production, had robust earnings gains, with payrolls in the two counties up by a third, to \$1.33 billion. Average pay rose to \$135,612, but the number of workers fell slightly, from 10,100 to 9,800.

With employers cutting back, economists nationwide have said that self-employment may be the wave of the present and future. The Otis report identified 127,750 self-employed creative workers in the two counties in 2009, the most recent year available. That represents a modest increase from 122,214 self-employed people in 2006. The report notes that the total creative workforce can't be calculated by simply adding self-employed workers to those who work for companies, because there's an overlap. An undetermined but substantial number of creative workers divide their time between working for themselves and working for others.

The report includes broad estimates for the revenue earned by L.A.- and O.C.-based companies in the creative sector, but economist Ritter said they aren't very reliable because they're based on Census Bureau economic surveys that take place only every four years — and which, for privacy reasons, do not always include county-by-county figures for each industry, for fear of revealing the market share of certain locally-dominant and therefore easily identifiable firms. "There can be a large margin of error, but we have to work with the data that is available," she said.

Otis estimated that revenue in the traditional arts and entertainment fields rose to \$71 billion in 2010, a 15.6% increase over 2007; the overall creative economy in the two counties rose 24.4% during the three years, to \$128.8 billion.

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