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Digital jobs help drive Hollywood employment to highest level in decade

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Jim Deutch took a job as creative director for branded entertainment at AwesomenessTV, the YouTube teen network, after his latest show, "Fashion Star," ended its second season on NBC.

BY RICHARD VERRIER

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A surge in digital entertainment jobs from new online shows on Amazon, YouTube and other new-media outlets has helped drive employment in Hollywood to the highest level in a decade.

Some 8,000 new jobs were added to the motion picture and sound recording sector in Los Angeles County last year, according to state jobs data. The 6.5% growth from the previous year was three times higher than all private-sector jobs in the county.

There have been signs that the California economy has been on the mend for some time. But the dramatic recovery of the entertainment sector is particularly crucial to L.A. because it pumps billions of dollars into the region's economy.

It's an unexpected comeback story for an industry hard hit by a stream of layoffs at major studios and an unwelcome trend of filming being lured out of state by generous tax credits and rebates.

"We have a prolonged recovery from the recession, then we have a digital media surge that is taking place here in Southern California and an increase in commercial activity as firms are increasing their advertising expenditures," said Robert Kleinhenz, chief economist with Los Angeles County Economic Development Corp. "It's encouraging that we have been able to see these gains in employment elsewhere that have been backfilling the jobs that are lost."

Although California does not break out job figures for digital media, Kleinhenz and other economists believe that the rebound has been partly fueled by a crop of new online shows from YouTube, Amazon Studios, Yahoo and other Internet companies.

These new digital venues are rapidly reshaping how entertainment is delivered to consumers and provide new jobs that didn't exist when the recession began in 2007.

Cat Smith is one of the Hollywood workers who benefited. The art director worked on the HBO series "True Blood" until the show ended its run last year. She quickly got a job as a production designer on Amazon's Golden Globe-winning show "Transparent."

Santa Monica-based Amazon Studios has several Web series filming locally, employing hundreds of crew members on such as shows as the detective series "Bosch" and "Transparent," about a dysfunctional Los Angeles family.

Smith said she was drawn to the script and also the chance to work in a new, artist-friendly medium, one she likens to the early days of cable television.

"You're getting in on the ground floor," Smith said. "There is an excitement that 'This is the future.'"

These kind of jobs typically don't pay as much as traditional media, but they have helped L.A. County offset the 12,600 job losses that occurred in 2008 and 2009, when studios scaled back production, slashed payrolls and curbed spending on advertising.

The local entertainment industry had an average annual employment of 130,900 jobs in 2014, not counting freelance workers. It marks the second consecutive year of growth in the sector, according to the state's Employment Development Department.

Hollywood's jobs picture is closely watched because the entertainment industry is a key facet of L.A.'s economy. The industry contributed about \$61 billion in goods and services in 2012, or roughly 10% of the county's gross product, Kleinhenz said.

The employment gains in the film and TV business are impressive given that they occurred during a period of continued belt-tightening by major studios, which have been grappling with box-office misfires, vanishing DVD sales and rising competition from streaming services.

Last year, Warner Bros. began layoffs as part of a plan to cut about 1,000 jobs. Sony Pictures also eliminated hundreds of employees at its Culver City headquarters. This year, Glendale-based DreamWorks Animation said it would shed 500 jobs, or about 20% of its workforce.

Paradoxically, L.A.'s entertainment economy has managed to grow even as California loses business to rivals around the world. The industry has been clobbered over the last 15 years by the flight of big-budget movies to other states and countries that offer steep tax breaks and rebates to lure filmmakers.

Feature film production dropped 3% last year and is down about 50% since activity peaked in 1996, according to a recent report from FilmL.A. Inc., which handles film permits for the city and county.

Many big action movies, such as Disney's 2014 hit "Guardians of the Galaxy" and the upcoming "Star Wars" movie, are filmed in Britain, where companies can recoup up to 25% of their production costs. Such movies, which employ the largest crews, haven't been able to qualify for similar incentives in California.

That's about to change. To help curb runaway production, state lawmakers last year agreed to triple

California's film and television tax credits to \$330 million a year and allow more projects — including large-budget features — to receive subsidies.

"It's encouraging that we've been able to see employment gains elsewhere, but the loss of big feature films and TV series is still a concern," economist Kleinhenz said.

He said the job losses caused by the flight of big movies, however, are being partially offset by gains in other sectors of the entertainment industry.

As consumer confidence improves, advertisers are filming more commercials. That has led to a continued growth in commercial production, which was up 9% last year, according to FilmL.A. Nearly half of all commercials are filmed in the L.A. area.

Even more dramatic has been the growth in Web-based television production in Los Angeles, which has soared 353% from 2008 to 2013, according to a report by FilmL.A. These shows now account for as many production days in L.A. as sitcoms.

Netflix, Amazon, Yahoo, YouTube and other Internet giants have been expanding their entertainment offerings to grab some business from the traditional networks and cable channels.

"People are basing their operations here because this where the talent is — the writers, actors and directors," said Kevin Klowden, an economist with the Milken Institute. "It's really helping to reinforce the role of L.A. as the content center, even as TV and movie productions have been doing most of their work elsewhere."

Jim Deutch spent more than 20 years serving as a creator and executive producer on numerous television shows and movies.

After his latest show, "Fashion Star," ended its second season on NBC, Deutch in January took a job as creative director for branded entertainment at AwesomenessTV, the YouTube teen network owned by DreamWorks Animation.

"There's a whole influx of people who are making programs for digital platforms, and it's all happening here in L.A.," Deutch said.

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