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Late Backup

The Economic Impact of the Creative Sector in Austin – 2012 UPDATE



austintexas★gov



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Summary

As part of a broader City focus on creativity and its role in the community, TXP has evaluated the relationship between culture, creativity, and economic activity locally for the past decade. This paper provides an update to the previous assessments (in some cases, moving the baseline forward to 2005), and documents creative sector issues that emerged from focus groups and individual stakeholder conversations.

Table 1: 2010 Economic Impact of the Creative Sector in Austin (\$Millions)

2010	Output	Value-Added	Earnings	Jobs	City Tax Rev.
Music	\$856.10	\$325.63	\$156.52	7,957	\$9.66
Film	\$282.70	\$187.96	\$73.66	2,748	\$1.08
Gaming	\$990.74	\$256.27	\$122.58	7,274	\$1.21
Not-for-Profit	\$497.67	\$303.45	\$157.34	8,781	\$5.66
Visual Arts	\$283.80	\$143.92	\$64.48	3,851	\$3.23
Tourism/Music	\$806.25	\$485.19	\$244.65	10,191	\$28.40
Tourism/Other	\$634.61	\$381.90	\$192.57	8,021	\$22.35
Total Annual	\$4,351.88	\$2,084.31	\$1,011.80	48,822	\$71.60

Source: TXP

The role of the creative sector in Austin's economy has grown substantially, accounting in 2010 for just over \$4.35 billion in economic activity (about one-third more than the revised baseline figure for 2005), over \$71 million in City tax revenues, and almost 49,000 jobs. To put these results in context, the creative sector (as measured by employment) has risen by about twenty-five percent over the past five years, a pace more rapid than the ten percent growth for the local economy as a whole.

Much energy and effort has gone into identifying the reasons that prompt many analysts to find Austin so appealing, with widespread opportunities in the creative sector clearly a major factor. Austin is a place that appreciates creativity and culture in a variety of evolving forms, which serves to both attract and retain talented people. This in turn has a significant impact on business recruitment, retention, and expansion, as well as local entrepreneurship. As has long been the case, the sum is greater than the parts; and the parts have become so interconnected as to make traditional distinctions between them almost meaningless. As Austin looks to its economic development future, creativity is a fundamental comparative advantage – the goal is to identify the key investments, policies, and regulatory changes that can support the infrastructure necessary for sustainable growth.

Overview

The connection between culture, creativity, and economic activity is increasingly understood, and has been a strategic focus for the City for some time. TXP has addressed this relationship locally for the past decade, beginning with measuring the economic impact of music in 2001, film in 2004, an update of multiple sectors during 2005, and then a gaming analysis in 2006. This paper provides a second update to the measurements done previously, reflecting revised multipliers and a common 2005 base year, and documents issues influencing the creative sector that emerged from focus groups and individual stakeholder conversations. Each segment of the creative sector is addressed in an individual section, including a review of previous analysis, the quantitative update of the current economic and City tax revenue impact, and a status report that reflects both analysis and input from stakeholders. The report concludes with a brief discussion of the overall findings and recommendations related to the role of the creative sector in the Austin economy.

The Situation in Austin

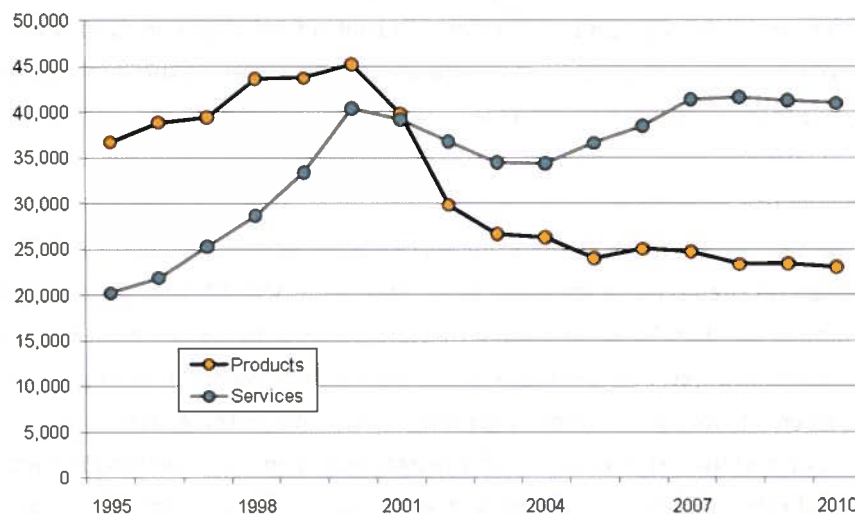
The overall economic recovery continues in Austin, as most measures of the local economy have been on the upswing for some time. This trend should carry forward into 2012, as the likelihood of no significant national monetary policy action in an election year and better-than-anticipated news on the state employment front combine with a recovering private sector to create modest economic growth. This anticipated growth (and the fact that Austin remains one of the brighter lights on the national economic horizon) has led to some recovery in the local real estate market, especially in the multifamily sector. However, job growth remains below the historic trend, and many of the new jobs created recently are relatively low-paying. As a result, economic development continues to be a high priority.

The return on investment associated with economic development is normally a longer-term payback, as external events tend to drive the fortunes of the local economy in the near term, per the recent real estate bust and recession. The community can have a more significant influence on its economic future over the longer run. Austin's future continues to depend on a highly capable workforce, innovation, and entrepreneurship, clusters in knowledge industries, the presence of a world-class research university and other institutions of higher learning, and strong community institutions. This mix of assets prompted *The Atlantic* to recently rank the Austin area second among U.S. regions on its index of "well-being," third in opportunities for recent college graduates, and eighth "most-resilient" city.

All of the above is built, at least in part, on the interrelationship between creativity, innovation, and quality of life in Austin. The connection between creativity and innovation has been explored in depth, and it is clear that much of the incremental growth of the local economy has been in sectors of the economy that rely on knowledge and creativity to

generate value. This has occurred as the overall tech sector employment base has declined. In 1990, technology directly accounted for 10.4 percent of Austin's job base, a figure that peaked at 12.9 during 2000. By 2010, tech employment had fallen to 8.4 percent of regional employment. Moreover, the composition of the tech sector has changed over the past twenty years, with growth in "soft" tech (Services, ie, research and development, software, etc.) set against the decline in "hard" tech (Products, ie, semiconductors, etc.). This speaks to creativity and innovation; while each has a role in the creation of tech products, they are especially integral to the creation of value on the soft tech side.

Figure 1: Austin MSA Technology Employment



Sources: Tech America, Bureau of Labor Statistics, TXP

At the same time, quality of life, an umbrella term that loosely covers variables such as recreational and cultural amenities, overall cost of living, diversity of local residents, and a sense of place that is at least partially informed by land, water, and the physical environment, is an increasingly important factor in economic development. This is especially the case in Austin, where there is a strong sense that the above factors combine in a unique and special way that serves to attract and retain both residents and firms. While the direct creative sector economic impact is the focus of this analysis, this larger "culture of Austin" context should be kept in mind in evaluating policies, procedures, and investments that could emerge from the findings.

Definitions and Assumptions Used in the Modeling Process

Definitions

Any effort to measure the role of the creative sector in a local economy will by definition involve classification decisions by the analyst, since the creative sector does not map directly to standard industrial classification patterns. In this case, TXP has defined six broad categories of activity as comprising the creative sector:

- 1) Music (which includes production, music video, industry, tour, and recording services, performers, and commercial music);
- 2) Film and visual media (including film, television, and commercial production);
- 3) Gaming and digital media;
- 4) Not-for-profit arts groups;
- 5) Visual arts (galleries, photographers, and other commercial visual artists); and
- 6) Culture-related tourism (broken down into tourism influenced by music and other culture-influenced tourism).

These categorizations are by no means definitive, but represent TXP's best effort to capture the range and scope of Austin's cultural economic activity in a manner that is both reasonably comprehensive and consistent with our previous local work in this area.

Assumptions

Since much of this analysis is an update of previous work by TXP, data on the direct impact of film, music, gaming, and the not-for-profits arts community was either obtained from the original sources or projected forward from the recently available baseline information from public sources. New information was developed to estimate the role of the cultural arts in Austin's tourism industry through several studies commissioned by The Austin Convention & Visitors Bureau¹. These studies examined, among other things, the relative appeal of attractions that brought visitors to Austin. Once the scores were normalized, questions concerning the variety of attractions in general, the range of art and cultural offerings available, and music and nightlife were used (in combination with data on tourism in the Austin area from D.K. Shifflet maintained by the Governor's Office of Economic Development) to calculate the role of music and the cultural arts in bringing tourists to Austin.

Updates to the 2005 Figures

Updates to both the baseline data provided by the government and the multipliers used to estimate the ripple effects have prompted us to re-run the data for 2005 in an attempt to use the best, most current data available, as well as to provide a consistent basis for comparison.

¹ http://www.austintexas.org/media/media_toolkit/research__resources

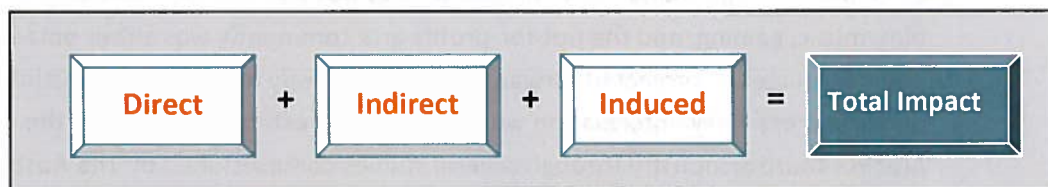
Economic Impact Methodology

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent in the local economy.

Figure 2: The Flow of Economic Impacts



Once the ripple effects have been calculated, the results can be expressed in a number of ways. Four of the most common are "Output," equivalent to sales; "Value-Added," which describes the difference between a firm's top-line revenue and its cost of goods sold (exclusive of labor-related costs); "Earnings," which represents the compensation to employees and proprietors; and "Employment," which refers to permanent, full-time jobs that have been created in the local economy. The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy.

Summary Results

In 2010, the creative sector of Austin's economy accounted for just over \$4.35 billion in economic activity, \$2.0 billion in value-added, earnings of \$1 billion in labor compensation, over \$71 million in City tax revenues, and almost 49,000 permanent jobs. The creative sector (as measured by employment) has risen by about twenty-five percent over the past five years, a pace more rapid than the ten percent growth for the local economy as a whole.

Among individual segments, gaming and digital media experienced the most rapid growth (it is interesting to note that the level of aggregate direct gaming employment for 2010 came very close to that projected by survey respondents five years ago). Not surprisingly, the economic impact of the creative sector continues to be most evident in tourism, with growth in both high profile events and the basic infrastructure of attractions and amenities.

The sections that follow summarize previous analysis and review current issues for the music, film, gaming, and not-for-profits. See Appendix 1 for detailed results.

Table 2: Total Creative Sector Economic Impacts in 2005 (\$Millions)

2005	Output	Value-Added	Earnings	Jobs	City Tax Rev.
Music	\$582.49	\$325.63	\$156.52	5,414	\$6.57
Film	\$295.64	\$187.96	\$73.66	2,873	\$1.13
Gaming	\$387.95	\$256.27	\$122.58	2,848	\$0.47
Not-for-Profit	\$479.68	\$292.48	\$151.61	8,444	\$5.46
Visual Arts	\$217.25	\$143.92	\$64.48	2,948	\$2.47
Tourism/Music	\$727.75	\$437.94	\$220.83	9,199	\$25.63
Tourism/Other	\$567.35	\$341.42	\$172.16	7,171	\$19.98
Total Annual	\$3,258.11	\$1,985.62	\$961.83	38,897	\$61.73

Table 3: Total Creative Sector Economic Impacts in 2010

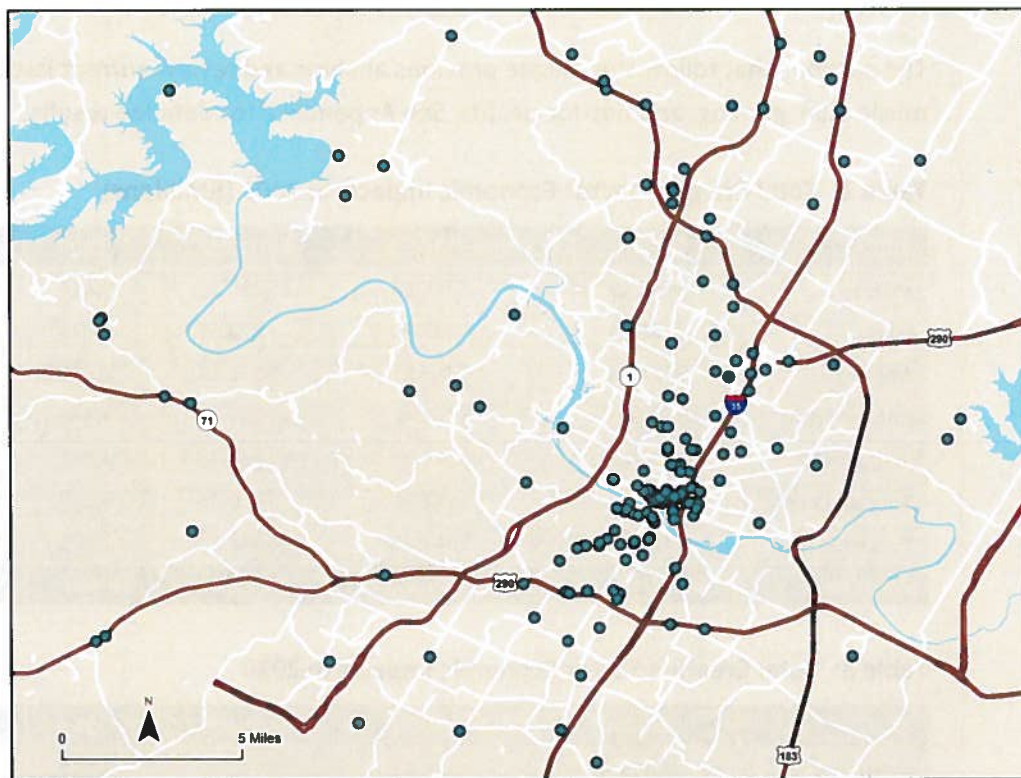
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Total Annual	\$4,351.88	\$2,084.31	\$1,011.80	48,822	\$71.60

Music

Previous Analysis

Music is a defining element of Austin's culture. The City has long recognized the role of music in Austin in a variety of ways, including providing music by local artists at the airport, previously funding a cable access channel devoted to local music, and administering a loan program specifically for the music industry. There are also scores of live music festivals in and around the City each year, attended by residents and out-of-towners. At the same time, music is an integral part of the face presented to the rest of the world, with touring acts, television shows, and content produced by local artists bringing the Austin sound to audiences all over the globe.

Figure 3: Location of Live Music Venues in Central Austin



Source: Governor's Music Office, TXP

In TXP's 2001 review of the music sector in Austin, it was determined that there are two main areas where the influence of music on the Austin economy can be measured: 1) the direct production of music by artists and local companies, and 2) the consumption of music by tourists.

In 2001, stakeholder interviews revealed several widespread concerns among local musicians. These included a disconnect between low wages and rising costs which made it

difficult for full-time working musicians to make ends meet. The local musicians interviewed also mentioned that efforts to support musicians and the music community were widespread in Austin, but without any central planning or even a communication strategy. They also cautioned that the impacts to the local music scene should be considered when City regulations and ordinances are developed and enforced.

The Current State of Austin's Music Sector

Austin continues to be known for its music scene which attracts both high-profile musicians as well as tourists. Local residents have also maintained a consistent support for music and other cultural events. Even so, the tension between live performance and digital content is evident. While many Austin musicians both perform and record their music, the business models and issues faced by these two elements of the industry are widely divergent. As digital content creators, musicians in Austin face many of the same challenges that confront other creative sector artists. The recording industry business model, like much of the creative sector, continues to evolve which brings both uncertainty and opportunities to local musicians.

For live performers, the impact of competition on compensation remains a concern. The participants in the music sector focus group also mentioned the negative impacts of increased conflict between downtown residents and music venues over such issues as noise, parking, and traffic. The concentration of music venues in close proximity to downtown has been central to the development of Austin's music scene. This legacy is facing pressure from downtown redevelopment, especially with a growing residential and lodging presence. Several focus group participants were enthusiastic about downtown residents but cautioned that conflict will escalate without a comprehensive approach to regulating issues such as parking, traffic, construction, and the noise ordinance.

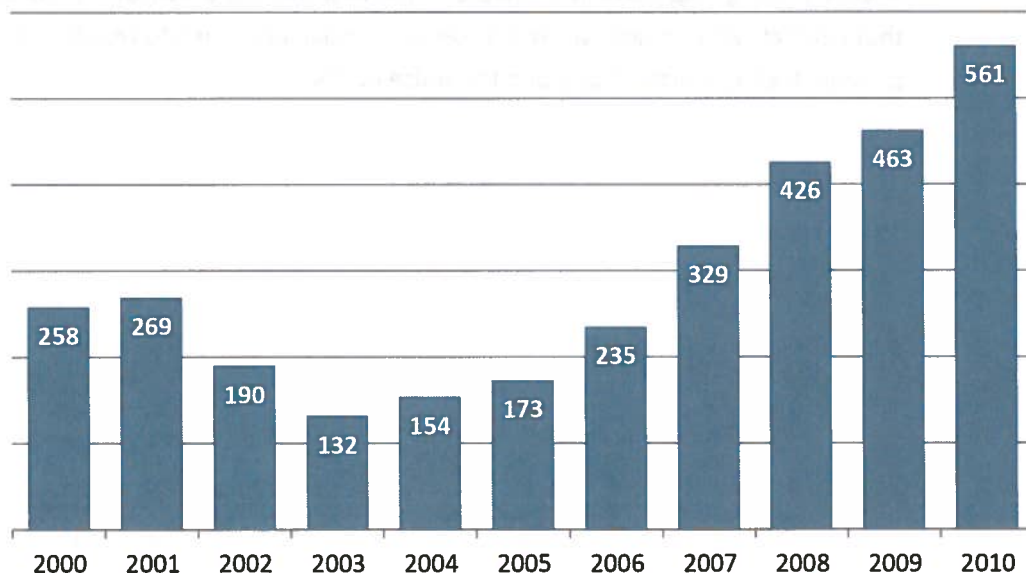
Film and Visual Media

Previous Analysis

TXP's initial film analysis found that Austin benefited from a number of distinct advantages: geographic diversity, a deep pool of talented crew members, several well-known, locally-based directors, and a handful of major film festivals. The strong presence of related creative businesses, the resources available from the University of Texas, and quality of life advantages further add to the desirability of the Austin area to filmmakers. Even with these advantages, the film production market is intensely competitive. Different communities in the US and Canada have developed incentives packages to reduce production costs and capture the economic benefits of location filming, including tax abatements, wage concessions, and subsidies.

One of the conclusions of the 2004 study was that the long-term success of a community's film production industry depended less on the financial incentives offered than the creation of a supportive regulatory environment coupled with the necessary human and physical infrastructure to support growth. Furthermore, successful regions act as facilitators for local and out-of-area production companies through publicly or privately operated film commissions or agencies. They are also proactive in marketing their region to producers and directors in Hollywood. Coordination with local educational institutions and professional organizations to provide targeted training programs designed to assure an adequate supply of local support personnel was also key for these communities.

Figure 4: Reported Employment in Motion Picture & Video Production in Austin



Sources: Bureau of Labor Statistics, TXP

The Current State of Austin's Film and Visual Media Sector

The competition between communities to attract film production companies has only grown more intense over the past decade. States such as Louisiana, Michigan, Georgia, and New Mexico are attracting larger productions with significant incentive programs. This has led not only to a decrease in the number of large budget features shot in Austin but also to local production managers and other filming support staff working more outside of the Austin area. Many of the focus group participants emphasized that producers and crew love working in Austin, but that ultimately the bottom line drives the final decision for where to locate. However, other locations in Texas, including Dallas, have been able to substantially increase the number of productions filmed in their communities through coordinated and sophisticated marketing campaigns. A more cohesive, comprehensive plan to bring filming productions to Austin could help in this respect.

Television show production is an area of growing focus and opportunity. While similar to films, the shorter production cycle and proliferation of cable channels makes television projects less risky to production companies, potentially creating a niche where Austin is well-positioned. Another area of potential opportunity that emerged from stakeholder discussion is the lack of post-production facilities and capabilities in Austin. If this downstream activity could be either recruited or developed, it could benefit the entire media industry.

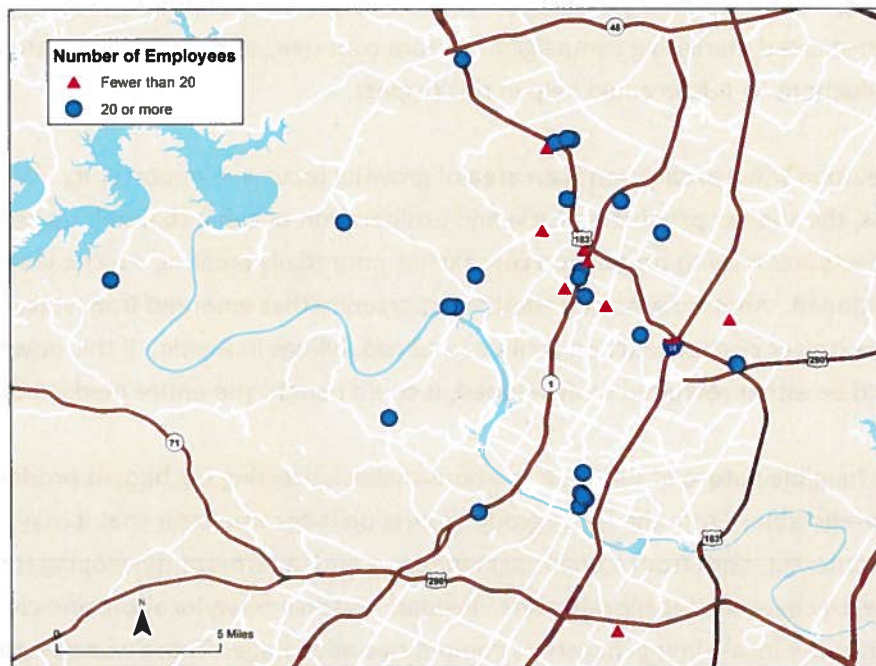
The fungible nature of shooting locations makes attracting big budget productions unpredictable. From the focus group discussion it became clear that it may not be in Austin's best interest, both from a financial standpoint and in terms of developing the local talent base, to chase the big blockbusters. Instead, Austin's crew, location, and creative culture remain the local filming industry's competitive advantage. There was general agreement that communication, cooperation, and mentorship among members of the local film industry as well as with members of the other creative industries in Austin could create a virtuous cycle of growth.

Gaming and Digital Media

Previous Analysis

TXP's 2006 analysis of the gaming and digital media industry in Austin found that it was not only a significant part of the local creative economy, but that it was well-positioned for increased growth over the next decade. TXP also found that, like the other local creative industries, gaming also has an impact on tourism, as the digital media element of SXSW Interactive and several other gaming-specific conferences help bring tourist dollars to town.

Figure 5: Location of Gaming Firms in Austin



Sources: Greater Austin Chamber of Commerce, TXP

Gaming and digital media is a rapidly evolving global industry whose fundamental basis of creating value lies in creating and distributing intellectual capital. While Austin is fortunate to have both content creators and device manufacturers in the local economy, the connection between the two is somewhat tenuous. Moreover, the added value created by the intellectual capital developed in Austin is realized by publishers elsewhere. At the time, the margins associated with gaming applications were attracting greater interest, which could in turn lead to a higher level of vertical integration. As a result, recruitment of publishers was a top priority for the continued development of the industry in Austin. Educational infrastructure and market development in particular also were identified as focal points for ongoing local efforts.

The Current State of Austin's Gaming and Digital Media Sector

The gaming and digital media industry continues to experience rapidly changing business models, financing, and products. The explosion of mobile app gaming has fundamentally changed the industry in the past five years. It was a consensus of the focus group for this sector that it is nearly impossible to say what the gaming and digital media industry will look like five years from now. It is this level of uncertainty, as well as the underlying global economic recession, that was pointed to as some of the major challenges for their industry.

As with many other industries, particularly in the creative sectors, gaming and digital media companies are facing a high level of competition for available funding. However, stakeholders indicated, game designers are able to access venture capital funding that other creative sectors cannot. Investors are drawn to innovative technology and the link between new games and these technologies. The entertainment or creative aspects of these products are less attractive than their potential to be applied to other industries, including biomedical, military, and scientific research.

Not only is the gaming industry facing growing competition for financing, but competition for talented employees is becoming even more intense. As one participant stated, "This is a global labor force." And while Austin still remains a competitive location in terms of cost of living and quality of life, local firms are now finding that advantage to be diminishing with the proliferation of design studios and production teams.

Emphasis was placed on insuring that programs at local educational institutions focus on not only developing creative talents but also providing cutting edge technical training to the next generation of game designers and software developers. Tight budgets and production cycles create staffing cycles that are not conducive to mentorship. As a result, internship opportunities (long seen as essential), have become a luxury in the eyes of the local gaming community. Facilitating communication between local firms, educational institutions, and students for the development of more sustainable internship programs would benefit all parties involved.

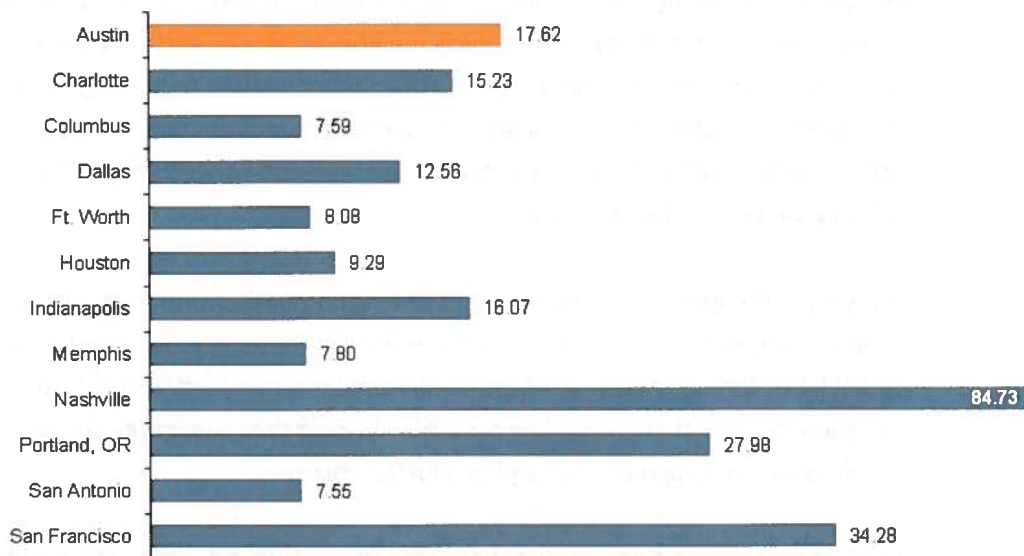
One thing that has not changed in the past five years is the types of industry members located in Austin. The gaming and digital media industry in Austin continues to consist mostly of content creators with investors and publishers located elsewhere. Building up the capacity of local entrepreneurs will help keep talented people in Austin. Stakeholders felt strongly that a "hub" or "incubator" type project that co-located established entrepreneurs, start-ups, and potential investors – along with potentially other members of the creative sector – could create a dynamic and creative environment and contribute to the continued growth of the gaming industry here.

Not-for-Profit Arts

Previous Analysis

More than just generating employment and tourism spending, the non-profit arts are a vital component of the quality of life and creative energy of Austin that makes it such an attractive place to live, work, and visit. It is for this reason that a survey of Austin-area residents found that even those who had never attended a performance still felt there was a tangible benefit from arts and culture events.

Figure 6: Performing Arts Companies per 100,000 Residents (2010)



Sources: Bureau of Labor Statistics, TXP

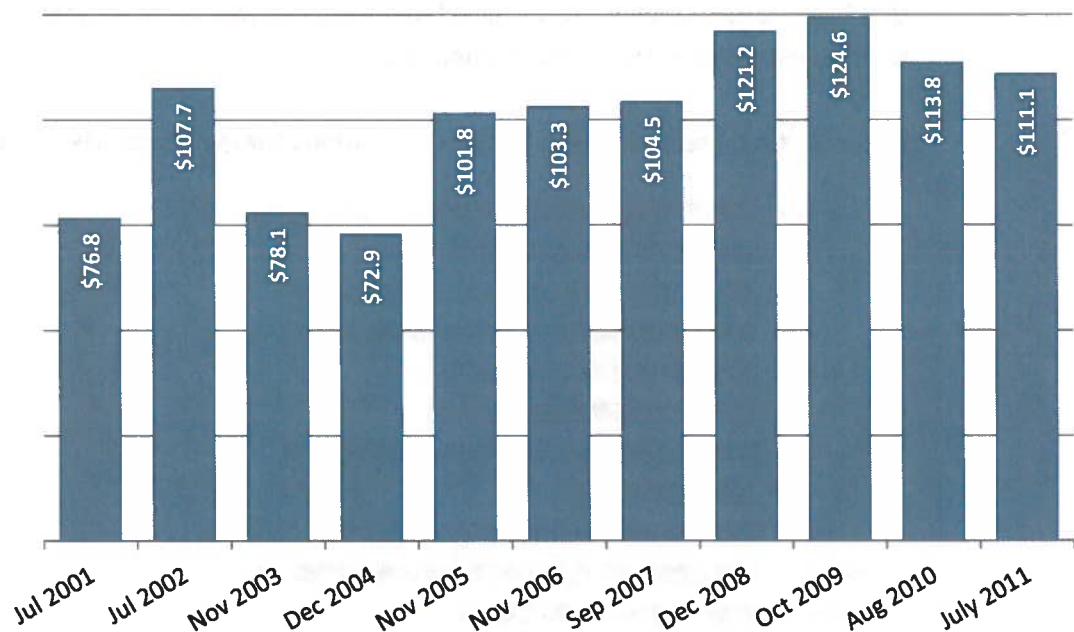
In the previous work, TXP measured the economic impact of non-profit arts organization and their audiences, excluding for-profit arts and entertainment businesses and arts produced by non-arts organizations. The direct impact of the non-profit arts as component of the local economy was estimated in two ways: (1) expenditures by arts organizations and audiences, (2) jobs and personal income generated by performers and support personnel. The secondary effects of this direct activity were then calculated, along with the local government revenue that accrues from the wages, etc. that are created. By comparing the amount of tax revenue generated by the arts to local government support for the arts, the financial return was highly positive.

The Current State of Austin's Creative Not-for-Profits

The economy clearly has had an impact on local creative not-for-profits, as the recession, stock market uncertainty, and changes in the rules related to charitable giving have all contributed to financial pressure for many groups. In spite of donor issues, the focus group

participants agreed that volunteerism and attendance at cultural events and productions remains vibrant in Austin. Unlike many other cities, Austin is not dominated by a few large institutions or large donors. While this means there are many more opportunities for smaller groups, a lot more time and effort must be spent fundraising and marketing to reach the larger number of small donations necessary for continued operation. While the range of local offerings is excellent, it's easy for many organizations, and the arts in general, to be taken for granted since they are "everywhere." This lack of perceived urgency is evident in fundraising, leading many to suggest the benefit of an educational campaign regarding the importance of continued investment in local arts.

Figure 7: Reported 990 Revenue for Travis County Registered Organizations (preceding 12 Months, \$Millions)



Sources: Urban Institute NCCS Dataweb, TXP

Cultural arts not-for-profits in Austin face some of the same challenges that all not-for-profits nationwide face. One respondent indicated that, in light of the economic downturn, larger sources were becoming more conservative with their grant funding, focusing more on organizations that provided basic need services and/or only funding organizations with which they had a long history. Similarly, donors are more willing to fund on a project-to-project or production-to-production basis, rather than make a donation for the ongoing operations of an organization. The result is a somewhat fragile situation that requires each organization to work as efficiently as possible. Basic business knowledge is crucial, particularly among the more recently created non-profits. Stakeholders also felt a clear need for more efficient sharing of resources related to overhead and operations and mentoring support.

Findings

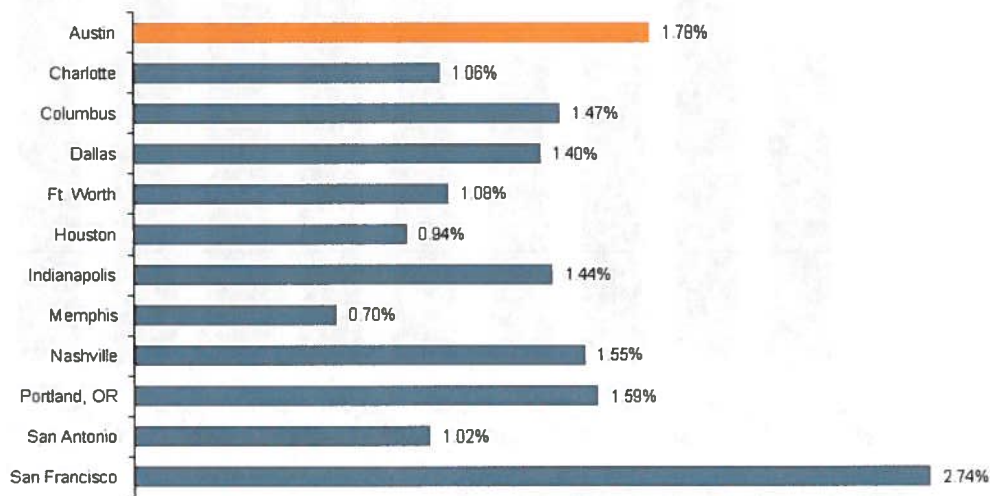
The findings that follow are based on evaluation of data, industry and overall economic trends, input from local stakeholders, and previous work. The goal was to identify significant themes leading to recommendations that translate into action.

Finding #1

More than ever, creativity is Austin's comparative advantage.

Austin continues to be among the leaders in creativity as a share of the economy among its peer group of cities. While the official data on creative occupations fails to capture the full extent of activity in these sectors, it does allow an apple-to-apples comparison across regions, with the results presented in the chart below. Not surprisingly, the Bay Area and Austin are the leaders, with Portland and Nashville close behind. It may not be a coincidence that highly creative communities have fared relatively well in recent years, at least compared to areas with a more traditional economic base.

Figure 8: Arts, Entertainment, Design Occupations Share of Total MSA Employment (2010)



Sources: Bureau of Labor Statistics, TXP

Finding #2

Individual segments of the creative sector have waxed and waned in recent years.

Different segments have experienced differing results since the 2005 analysis. Gaming, for example, has grown sharply. Meanwhile, a range of funding challenges have caused not-for-profits collectively to remain more or less flat over the past ten years, while competition from other states has put pressure on film, especially on feature film activity. This is not unique to the creative sector, as technology overall has experienced shifts within its individual segments as well.

About a third of the economic impact (and more than half the City tax revenue generated) of the creative sector is attributable to tourism. Given the growth of festival-related activity, that's not surprising, but it is important to remember that much of the appeal of Austin to visitors is based on the network of cultural and entertainment offerings, clubs, restaurants, shopping and other activities that rely strongly on locals for their business base.

Finding #3

In the film world, Texas is suffering from an incentive disadvantage compared to our peer states of Oklahoma, New Mexico, and Louisiana.

An industry veteran provided assistance in looking at the numbers on an apples-to-apples basis, using an \$8 million film budget (which typically yields about \$5 million in local spending for labor, materials, and services) as the standard. The basic program in Texas is a 15% rebate on all in-state spending (17.5% if you shoot in a disadvantaged area) and a sales tax waiver on taxable sales. Lining the data up is a little tricky; for example, New Mexico offers a 25% rebate on all purchases (not just those in-state), but imposes sales tax on all purchases and rentals (as does Oklahoma). Similarly, Louisiana offers a 30% tax credit (rather than a rebate), which has to be sold to a third party (normally for 85 cents or so on the dollar), reducing the actual net incentive. The bottom line incentive comparison is as follows.

Table 4: State Film Incentives (\$8 Million Budget)

State	State Incentive Offered	Results
Texas	15% rebate (with sales tax waiver)	\$750,000
Oklahoma	35% rebate on in-state expenditures	\$823,812
New Mexico	25% rebate (subtracting sales tax outlays)	\$1,064,239
Louisiana	30% rebate on in-state expenditures (sales tax & tax credit)	\$1,100,000

Source: TXP

It's been said it before, but it bears repeating – the level playing field in this area tilts slightly toward Texas (and Austin), but the willingness of other states to buy market share remains a significant issue.

Finding #4

Content and experience/performance are the new classifications.

The economic impact results and segment reports reflect traditional categorizations used in previous analyses. However, a theme throughout much of this effort is that these categorizations no longer really make sense, and that creativity is best viewed as an interconnected whole, rather than in these traditional "silos." This message was heard over and

over again in stakeholder conversations. There are two key messages that emerge: 1) creativity is best viewed as the sum of its parts; and 2) policy should reflect this orientation.

The need to move past traditional classifications has been coming for some time. In working on the first gaming study in 2005, for example, it was instructive to see that games were now becoming the inspiration for films (e.g., the Pirates of the Caribbean series), music was a big part of both, and members of the local not-for-profit theater arts community were making a living (at least in part) by doing voice-overs for games. That study stated that “the lines of demarcation between much of the creative economy are blurring, as music, film, and games are increasingly “mashed-up” under the broad digital entertainment umbrella.” After some reflection, the appropriate distinction appears to be between content, i.e., creative output that can be stored digitally, and experience or performance, which implies live interaction between the audience and creator. Under this rubric, gaming, film, and recorded music are content, while live music and much of the arts world (both visual and not-for-profit) would fall under experience/performance.

What was said six years ago is still true: “to the extent that each has a strong local presence, the opportunity for synergy and overall growth is enhanced. This in turn enhances the ongoing appeal for the proverbial creative class, including both existing and potential residents.” In terms of issues facing each, the assessment is that monetization (i.e., turning intellectual capital into revenue) is top of mind for content providers, while public policy issues (regulations, operational funding, etc.) are prominent for the experience/performance side of the equation.

Finding #5

Business models are in flux.

“How are we going to make money in the future?” is one of the most consistent themes heard from stakeholders across all segments of the creative community, from not-for-profits worried about the impacts of recession and changes in philanthropy to gamers trying to secure investment capital to feature filmmakers and musicians dealing with uncertainty industry-wide. Underlying almost all of it was the sense that business models (especially for content) are in flux, and that a business plan predicated on the subscription or console model (to use examples from the gaming world) may be dead-on-arrival. However, nobody knows for sure. What appears to be happening is bifurcation across the creative space – very large organizations are trying to play it safe with extension of content that has a proven track record (especially evident in the film world), while technology has enabled micro-level efforts that are more experimental. From the point of view of a regional economy, it’s the activity in between that creates much of the sustainable base, as medium-sized organizations are both

large enough to create collectively significant economic impact and employment and nimble enough to respond to rapid change.

Finding #6

Brand identity is extremely important.

This could be the subject of a study unto itself, as the ubiquity of information technology has had an enormous influence on everything from product development to marketing to financing/business models to the overall value proposition and customer experience for anyone in the creative space. To cite but one example, Facebook and Twitter have become essential for many firms for identifying and communicating with their customer base. This rise of social media is something of a double-edged sword. On the one hand, the barriers to entry have been lowered substantially, as anyone truly can make their content available to the world at-large. On the other hand, the noise volume has gone up substantially, making getting noticed (and maybe making money) very difficult. Since everything is somewhat fluid, forecasting the future is especially tough, but one thing appears clear – brand identity is extremely important.

Recommendations

The following recommendations are based on the findings articulated above. In general, these should be viewed as providing guidance, rather as outlining a specific program of work. By the same token, some are directed towards the City, while others may best be implemented by in conjunction with other organizations or entirely outside the City's purview.

Recommendation #1

In light of the evolving environment, the City should explore sources of funding to support the increasing importance of infrastructure and facilities.

There are a range of implications for City policy, both in terms of funding priorities and operations, in viewing the creative sector as more of an integrated whole. One is the idea that funding for creative infrastructure (particularly for facilities, but also including loan guarantees, marketing, business development, etc.) could assume a larger role. There is precedent for this orientation (e.g., bond funding several years ago for Austin Studios and the music loan guarantee fund) and the relationship with Austin City Limits for both improvements to Zilker Park and the development of the Moody Theater as part of Block 21 are examples of extending the idea to include public-private partnerships. As business models and organizational structures continue to evolve, resources that provide foundational support to the sector as a whole are likely to be efficient, especially to the extent that they can leverage additional private-sector or philanthropic funding.

Recommendation #2

Support should be provided for an economic development effort that bridges intellectual capital (content) and financing.

One of the most substantial challenges identified throughout this effort was the monetization of content (see Finding #5 and #6). Aside from issues around the value proposition for customers, a large stumbling block has been the gap between the creators of intellectual capital and those who might provide financing, either debt or equity based. Creative content is not business as usual; there typically are very few hard assets in play (making collateral-based lending almost impossible), and the uncertainty around the business model makes standard risk and potential reward assessment very tough. The combination means that financing from traditional sources is hard to come by. What is available tends to come from a handful of sources (not necessarily local), and new mechanisms, such as crowd sourcing, have yet to reach critical mass. What appears to be needed is an organization (probably outside the City) that understands both sides, and can help each work to resolve the issues that prevent deals from happening. This has elements of an incubator, but with a sharper focus on deal-making and finance.

Recommendation #3

Mobility planning must connect to the creative tourism sector.

Brand Austin (created by a range of factors, including the long-running ACL television show) likely has been widely embraced across the world, as hundreds of thousands of visitors come each year to attend a range of high-profile events, with more (events and people) on the way. The visitor industry has been gearing up, with as many as 3,000 hotel rooms in the planning stages to supplement the 6,000 that already exist downtown. Meanwhile, the State is considering an ambitious plan for redevelopment of its downtown office complex, which could add another five to seven million square feet of commercial mixed-use space and thousands of workers. When Waller Creek redevelopment and efforts on a new medical school are factored in, it becomes clear that mobility is a crucial issue, a fact lost on no one. To that end, specific expertise has been engaged (South by Southwest has brought in a crowd consultant) and creative technology is being discussed (e.g., using lasers in the sky to facilitate way-finding). In addition to movement to and within the central city, parking capacity, and the overall flow of Austin traffic during major events will have an impact on the capacity to sustain and grow creative tourism.

Recommendation #4

The regulatory environment (particularly in the central city) has to accommodate the needs of the entertainment industry.

In some ways, local live music has never been in better shape, as the music-centric festivals continue to attract record numbers of attendees and dollars to Austin. However, the basic infrastructure of venues remains at-risk. Lots of factors are in this equation, including changing audience demographics, the role of social media, and the evolution of the overall business model for many bands. Perhaps one of the trickiest is the regulatory environment facing live music, as the urbanist approach to central-city redevelopment (mixing a range of land uses, including housing, in close proximity) runs head-on into sound ordinances, parking issues, and the fact that from a real estate perspective the highest and best use of many venues may no longer be as a place to see music.

As a reminder, the value of live music extends well beyond the activity of any given weekend, as the brand identity in general and the infrastructure to support cultural tourism in particular, are highly valuable economic assets. The temptation is to identify iconic music venues and put policy in place that prohibits changes in use. However, that flies in the face of regulating the form of the built environment and letting the market determine what needs to actually happen inside. A range of technology solutions (e.g. "silent" concerts), as well as possible regulatory adjustments, could also mitigate the problem.

Recommendation #5

Expand promotional efforts to reflect the range and diversity of Austin's cultural assets.

As outlined in Finding #2, tourism is currently the largest part of Austin's creative sector. Beyond the major events, it is the wide range of Austin's creative offerings – the different size and genre of performance experiences as well as the diversity of the local creative sector – which contributes to the vibrancy of Austin. Many cultural tourists come to Austin for the large festivals, but many also come to experience a cultural scene that occurs daily throughout the year. This segment is critical, as the commercial infrastructure that supports this activity depends on large events, this ongoing tourism, and local demand for the viability.

Recommendation #6

Implement previous recommendations that still apply, and communicate where appropriate.

Some have been implemented (such as the designation of the single point of contact at the City), some likely no longer make sense (i.e. using the now-defunct Burnt Orange Productions as a model) and some may still be valid, albeit in a modified form. External marketing (both domestically and abroad) for all aspects of the creative sector probably is an area where more could be done, especially if it is coordinated with other organizations in town that promote tourism and the arts. By the same token, there is at least one instance of an Austin-based performing arts organization being paid by the host nation to perform overseas, effectively "exporting culture." In that same vein, there may be an opportunity to create a content event similar to the American Film Market. All of this takes place in the context of the City taking steps on its own. To cite but a few examples:

- the CreateAustin Cultural Masterplan lays out a vision and a roadmap for Austin's cultural development over the next 10 years;
- the Small Business Development Program (SBDP) is increasing focus on providing service to the creative community; and
- the City participated in a recent trade mission between Austin and London to foster mutual growth in the digital media sector

Finally, much of the ultimate measure of these recommendations and other City actions is not just implementation but awareness; the best resource in the world is only as effective as its utilization.

Conclusion

Much energy and effort has gone into analyzing the reasons that prompt many to find Austin so appealing, with widespread opportunities in the creative space clearly a major factor. The role of the creative sector in Austin's economy (as measured by employment) has risen by about twenty-five percent over the past five years, a pace more rapid than the ten percent growth for the local economy as a whole, and reflects the fact that creativity (in its many facets) is increasingly important to the present and future regional economy. Austin is a place that appreciates creativity and culture in a variety of evolving forms, and the incredible diversity of the local scene undoubtedly serves to both attract and retain talented people. This in turn has a significant impact on business recruitment, retention, and expansion, as well as local entrepreneurship.

As has long been the case, the sum is greater than the parts; and the parts have become so inter-connected as to make traditional distinctions between them almost meaningless. As Austin looks to its economic development future, creativity is a fundamental comparative advantage – the goal is to identify the key investments, policies, and regulatory changes that can support the infrastructure necessary for sustainability and growth.

Appendix 1: Detailed Economic Impacts by Sector

A1.1: Detailed Music Economic Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$208,615	\$83,446	\$41,719	3
Mining	\$1,063,939	\$542,400	\$229,452	2
Utilities	\$7,989,970	\$5,131,939	\$1,585,305	15
Construction	\$2,962,339	\$1,460,308	\$1,084,683	28
Manufacturing	\$24,700,063	\$9,429,416	\$5,694,584	103
Wholesale Trade	\$13,747,755	\$9,283,385	\$4,297,012	66
Retail Trade	\$26,285,540	\$17,231,632	\$8,948,632	367
Transport & Warehousing	\$10,389,047	\$5,799,508	\$3,963,263	104
Information	\$304,349,007	\$119,307,147	\$63,349,638	1,177
Finance & Insurance	\$40,179,326	\$23,510,956	\$11,159,716	202
Real Estate	\$57,869,912	\$43,099,942	\$4,422,168	191
Professional Services	\$47,981,542	\$33,169,849	\$22,423,728	379
Management of Firms	\$2,962,339	\$1,814,954	\$1,230,698	16
Administrative Services	\$20,986,709	\$14,415,324	\$9,783,003	481
Educational Services	\$4,109,723	\$2,336,492	\$1,647,883	66
Health care	\$25,597,110	\$15,833,909	\$11,994,087	307
Arts/Entertain/Recreation	\$230,165,371	\$157,442,042	\$67,312,901	3,893
Accommodation	\$5,444,862	\$3,504,739	\$1,585,305	62
Food Services	\$13,101,047	\$6,821,724	\$4,150,997	278
Other Services	\$16,000,801	\$8,052,554	\$4,818,494	187
Households	\$0	\$312,923	\$312,889	31
Total Annual	\$856,095,016	\$478,584,589	\$230,036,157	7,957

A1.2: Detailed Film Economic Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$64,598	\$32,299	\$16,147	1
Mining	\$355,290	\$177,645	\$80,734	1
Utilities	\$2,955,369	\$1,905,648	\$597,431	6
Construction	\$1,130,469	\$565,234	\$419,816	11
Manufacturing	\$7,864,834	\$2,939,219	\$1,792,292	31
Wholesale Trade	\$4,279,632	\$2,890,771	\$1,340,182	21
Retail Trade	\$7,848,684	\$5,151,708	\$2,680,365	110
Transport & Warehousing	\$2,583,929	\$1,453,460	\$968,807	25
Information	\$181,860,153	\$116,147,609	\$40,334,647	1,829
Finance & Insurance	\$11,676,129	\$6,766,664	\$3,164,768	57
Real Estate	\$21,333,564	\$15,955,762	\$1,873,026	86
Professional Services	\$12,257,513	\$8,397,769	\$5,732,106	94
Management of Firms	\$823,627	\$500,636	\$339,082	4
Administrative Services	\$6,637,468	\$4,618,773	\$3,180,915	161
Educational Services	\$1,162,768	\$662,132	\$468,257	19
Health care	\$7,832,535	\$4,844,867	\$3,665,318	94
Arts/Entertain/Recreation	\$2,600,079	\$1,663,404	\$807,339	48
Accommodation	\$1,114,319	\$710,580	\$322,936	13
Food Services	\$3,472,155	\$1,808,750	\$1,097,981	74
Other Services	\$4,844,867	\$2,438,583	\$1,453,210	56
Households	\$0	\$96,897	\$96,881	10
Total Annual	\$282,697,983	\$179,728,412	\$70,432,238	2,748

A1.3: Detailed Gaming and Digital Media Economic Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$324,179	\$149,621	\$42,424	3
Mining	\$1,471,275	\$748,106	\$275,755	2
Utilities	\$10,373,739	\$6,608,271	\$1,760,592	14
Construction	\$4,089,647	\$2,019,887	\$1,251,505	26
Manufacturing	\$18,752,528	\$7,206,756	\$3,245,429	51
Wholesale Trade	\$19,126,581	\$12,917,300	\$5,090,869	63
Retail Trade	\$39,923,933	\$26,158,779	\$11,560,516	385
Transport & Warehousing	\$8,852,590	\$4,713,069	\$2,799,978	60
Information	\$41,594,703	\$22,268,627	\$7,848,424	109
Finance & Insurance	\$52,990,854	\$30,522,732	\$12,345,358	180
Real Estate	\$85,957,399	\$63,863,330	\$5,366,625	193
Professional Services	\$300,763,617	\$207,898,705	\$138,514,069	1,428
Management of Firms	\$3,740,531	\$2,319,129	\$1,315,141	14
Administrative Services	\$38,303,036	\$27,181,191	\$16,163,510	664
Educational Services	\$6,159,407	\$3,516,099	\$2,121,196	69
Health care	\$39,973,806	\$24,712,440	\$15,930,179	330
Arts/Entertain/Recreation	\$271,338,108	\$186,428,058	\$67,581,290	3,150
Accommodation	\$5,959,912	\$3,840,278	\$1,484,837	47
Food Services	\$18,253,791	\$9,500,948	\$4,921,174	267
Other Services	\$22,792,301	\$11,396,151	\$5,854,500	185
Households	\$0	\$473,801	\$403,027	34
Total Annual	\$990,741,938	\$654,443,277	\$305,876,398	7,274

A1.4: Detailed Not-for-Profits Economic Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$178,668	\$72,539	\$25,370	2
Mining	\$995,369	\$507,403	\$204,395	2
Utilities	\$7,906,918	\$4,831,372	\$1,563,468	16
Construction	\$2,717,089	\$1,350,407	\$990,499	26
Manufacturing	\$11,533,344	\$4,425,603	\$2,456,770	52
Wholesale Trade	\$11,365,346	\$7,668,191	\$3,544,871	56
Retail Trade	\$65,320,134	\$42,788,269	\$22,249,036	936
Transport & Warehousing	\$6,922,741	\$3,798,910	\$2,578,905	67
Information	\$19,635,837	\$10,569,920	\$4,829,571	83
Finance & Insurance	\$26,595,846	\$15,355,561	\$7,300,699	135
Real Estate	\$45,795,760	\$34,058,384	\$3,638,776	169
Professional Services	\$22,269,853	\$15,094,178	\$10,306,923	179
Management of Firms	\$2,449,552	\$1,520,353	\$1,013,001	13
Administrative Services	\$15,919,434	\$10,947,876	\$7,462,045	367
Educational Services	\$2,929,227	\$1,668,435	\$1,175,692	49
Health care	\$17,484,858	\$10,828,129	\$8,211,585	224
Arts/Entertain/Recreation	\$127,852,547	\$73,618,535	\$46,428,595	4,691
Accommodation	\$57,751,472	\$37,169,840	\$16,935,412	679
Food Services	\$40,028,427	\$20,826,789	\$12,691,674	871
Other Services	\$12,021,208	\$6,139,676	\$3,525,080	144
Households	\$0	\$209,317	\$209,358	22
Total Annual	\$497,673,632	\$303,449,686	\$157,341,724	8,781

A1.5: Detailed Visual Arts Economic Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$78,970	\$31,588	\$15,789	1
Mining	\$347,470	\$173,735	\$78,945	1
Utilities	\$2,479,670	\$1,579,408	\$489,460	5
Construction	\$963,439	\$473,822	\$347,359	9
Manufacturing	\$4,422,341	\$1,705,760	\$931,553	19
Wholesale Trade	\$4,438,135	\$3,000,874	\$1,389,435	21
Retail Trade	\$9,665,974	\$6,333,424	\$3,284,119	135
Transport & Warehousing	\$2,416,494	\$1,295,114	\$899,975	24
Information	\$10,913,706	\$5,575,309	\$2,447,300	43
Finance & Insurance	\$12,919,554	\$7,391,627	\$3,568,321	65
Real Estate	\$19,410,919	\$14,372,609	\$1,389,435	62
Professional Services	\$15,857,252	\$11,055,853	\$7,468,213	130
Management of Firms	\$1,137,173	\$694,939	\$473,671	6
Administrative Services	\$7,265,275	\$5,022,516	\$3,426,220	166
Educational Services	\$1,532,025	\$868,674	\$615,772	24
Health care	\$9,381,681	\$5,796,426	\$4,389,351	112
Arts/Entertain/Recreation	\$170,117,985	\$117,049,892	\$49,703,876	2,858
Accommodation	\$1,152,967	\$742,322	\$331,570	13
Food Services	\$3,916,931	\$2,037,436	\$1,247,334	83
Other Services	\$5,385,780	\$2,700,787	\$1,626,270	63
Households	\$0	\$110,559	\$110,523	11
Total Annual	\$283,803,740	\$188,012,673	\$84,234,492	3,851

A1.6a: Detailed Music-Influenced Tourism Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$346,410	\$118,866	\$41,889	3
Mining	\$1,942,615	\$986,024	\$407,572	3
Utilities	\$15,681,297	\$9,379,118	\$3,103,212	30
Construction	\$5,015,026	\$2,500,721	\$1,835,208	47
Manufacturing	\$21,239,712	\$7,893,855	\$4,319,136	87
Wholesale Trade	\$19,938,975	\$13,446,610	\$6,223,406	96
Retail Trade	\$62,548,587	\$40,969,256	\$21,303,588	873
Transport & Warehousing	\$11,103,246	\$6,007,843	\$4,204,790	105
Information	\$30,959,580	\$16,848,451	\$7,601,227	124
Finance & Insurance	\$43,696,389	\$25,289,091	\$12,073,203	219
Real Estate	\$72,865,050	\$53,938,137	\$5,472,793	243
Professional Services	\$32,786,725	\$21,924,609	\$15,346,237	246
Management of Firms	\$4,659,559	\$2,890,150	\$1,915,591	25
Administrative Services	\$20,935,188	\$13,843,963	\$9,095,660	402
Educational Services	\$4,554,278	\$2,582,229	\$1,870,305	78
Health care	\$27,233,971	\$16,872,224	\$12,803,437	353
Arts/Entertain/Recreation	\$98,587,720	\$59,485,231	\$34,991,231	1,720
Accommodation	\$139,988,292	\$90,101,798	\$41,042,551	1,603
Food Services	\$172,876,902	\$89,946,706	\$54,802,651	3,664
Other Services	\$19,292,569	\$9,831,942	\$5,870,176	236
Households	\$0	\$330,562	\$330,587	33
Total Annual	\$806,252,092	\$485,187,387	\$244,654,449	10,191

A1.6b: Detailed Other Culture-Influenced Tourism Impacts (2010)

	Output	Value-Added	Earnings	Jobs
Agriculture, etc.	\$272,664	\$93,561	\$32,972	2
Mining	\$1,529,058	\$776,113	\$320,806	2
Utilities	\$12,342,953	\$7,382,426	\$2,442,578	24
Construction	\$3,947,393	\$1,968,350	\$1,444,516	37
Manufacturing	\$16,718,054	\$6,213,356	\$3,399,648	69
Wholesale Trade	\$15,694,227	\$10,584,002	\$4,898,524	75
Retail Trade	\$49,232,807	\$32,247,435	\$16,768,332	687
Transport & Warehousing	\$8,739,509	\$4,728,852	\$3,309,645	82
Information	\$24,368,689	\$13,261,635	\$5,983,025	98
Finance & Insurance	\$34,393,997	\$19,905,373	\$9,502,975	172
Real Estate	\$57,353,031	\$42,455,410	\$4,307,707	191
Professional Services	\$25,806,859	\$17,257,145	\$12,079,223	193
Management of Firms	\$3,667,600	\$2,274,874	\$1,507,786	20
Administrative Services	\$16,478,359	\$10,896,764	\$7,159,312	317
Educational Services	\$3,584,731	\$2,032,506	\$1,472,141	61
Health care	\$21,436,213	\$13,280,348	\$10,077,752	278
Arts/Entertain/Recreation	\$77,599,679	\$46,821,601	\$27,542,054	1,354
Accommodation	\$110,186,609	\$70,920,299	\$32,305,126	1,262
Food Services	\$136,073,663	\$70,798,224	\$43,135,881	2,884
Other Services	\$15,185,432	\$7,738,850	\$4,620,492	186
Households	\$0	\$260,189	\$260,209	26
Total Annual	\$634,611,528	\$381,897,315	\$192,570,705	8,021

Appendix 2: Detailed Occupational Data

The data in this appendix is drawn from official federal figures produced by the Bureau of Labor Statistics (www.bls.gov), and is included for purposes of further relative comparison between peer communities. A value of N/A in a given cell indicates that, while there are residents of that community employed in a particular occupation, the employment or income data was withheld for reasons of confidentiality, could not be measured (as part of the BLS process) at a statistically-valid level, or was simply not available at the time of publication.

The data below for Austin should not be compared to the findings in the main body of the report, which were produced through primary research by TXP, but rather to that for other communities in this Appendix.

A2.1: Austin-Round Rock, TX Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	310	\$79,430
Craft Artists	70	\$60,730
Fine Artists, Including Painters, Sculptors, and Illustrators	30	\$34,420
Multimedia Artists and Animators	290	\$49,780
Artists and Related Workers, All Other	N/A	\$40,210
Commercial and Industrial Designers	60	\$63,920
Floral Designers	160	\$24,440
Graphic Designers	1,410	\$51,150
Interior Designers	340	\$41,280
Merchandise Displayers and Window Trimmers	370	\$27,380
Producers and Directors	440	\$58,800
Athletes and Sports Competitors	130	\$89,050
Coaches and Scouts	940	\$44,950
Umpires, Referees, and Other Sports Officials	N/A	\$40,580
Music Directors and Composers	250	\$46,050
Musicians and Singers	170	N/A
Radio and Television Announcers	120	\$46,750
Public Address System and Other Announcers	N/A	\$22,670
Broadcast News Analysts	30	\$79,180
Reporters and Correspondents	310	\$41,470
Public Relations Specialists	3,620	\$59,460
Editors	740	\$51,080
Technical Writers	690	\$57,470
Writers and Authors	470	\$73,630
Media and Communication Workers, All Other	N/A	\$39,430
Audio and Video Equipment Technicians	400	\$35,740
Broadcast Technicians	150	\$41,810
Sound Engineering Technicians	110	\$36,660
Photographers	460	\$34,960
Camera Operators, Television, Video, and Motion Picture	50	\$31,610
Film and Video Editors	110	\$45,970
Total Arts, Design, Entertainment, Sports, and Media Occupations	13,490	\$52,540

A2.2: Charlotte-Gastonia-Concord, NC-SC Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	90	\$91,160
Craft Artists	N/A	\$29,770
Commercial and Industrial Designers	70	\$60,730
Floral Designers	130	\$23,180
Graphic Designers	1,500	\$49,750
Interior Designers	290	\$56,590
Merchandise Displayers and Window Trimmers	140	\$34,130
Set and Exhibit Designers	30	\$38,710
Designers, All Other	60	\$59,080
Producers and Directors	400	\$57,820
Athletes and Sports Competitors	160	N/A
Coaches and Scouts	1,010	\$35,400
Umpires, Referees, and Other Sports Officials	100	\$31,980
Choreographers	110	\$27,800
Music Directors and Composers	N/A	\$39,340
Musicians and Singers	190	N/A
Entertainers and Performers, Sports and Related Workers, All Other	80	N/A
Radio and Television Announcers	310	\$54,380
Public Address System and Other Announcers	N/A	\$28,470
Broadcast News Analysts	70	N/A
Reporters and Correspondents	230	\$46,670
Public Relations Specialists	1,000	\$51,670
Editors	430	\$54,870
Technical Writers	200	\$61,570
Writers and Authors	90	\$46,000
Interpreters and Translators	470	\$54,550
Media and Communication Workers, All Other	40	\$53,230
Audio and Video Equipment Technicians	160	\$44,630
Broadcast Technicians	170	\$41,530
Sound Engineering Technicians	70	\$46,100
Photographers	410	\$33,310
Camera Operators, Television, Video, and Motion Picture	120	\$35,380
Film and Video Editors	110	\$37,240
Media and Communication Equipment Workers, All Other	60	\$47,960
Total Arts, Design, Entertainment, Sports, and Media Occupations	8,550	\$48,910

A2.3: Columbus, OH Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	320	\$93,850
Craft Artists	60	\$31,170
Fine Artists, Including Painters, Sculptors, and Illustrators	50	\$47,990
Multimedia Artists and Animators	160	\$67,060
Commercial and Industrial Designers	280	\$55,040
Floral Designers	160	\$27,010
Graphic Designers	1,870	\$49,430
Interior Designers	340	\$54,770
Merchandise Displayers and Window Trimmers	670	\$28,650
Designers, All Other	60	\$33,360
Actors	320	N/A
Producers and Directors	300	\$65,300
Athletes and Sports Competitors	80	\$39,120
Coaches and Scouts	1,450	\$38,650
Umpires, Referees, and Other Sports Officials	N/A	\$23,820
Dancers	N/A	N/A
Choreographers	N/A	\$30,210
Music Directors and Composers	80	\$50,540
Musicians and Singers	90	N/A
Radio and Television Announcers	90	\$27,160
Public Address System and Other Announcers	30	\$39,910
Reporters and Correspondents	590	\$34,460
Public Relations Specialists	1,810	\$53,860
Editors	1,310	N/A
Technical Writers	270	\$64,510
Writers and Authors	340	\$60,050
Interpreters and Translators	480	\$55,470
Media and Communication Workers, All Other	110	\$42,370
Audio and Video Equipment Technicians	270	\$42,740
Broadcast Technicians	190	\$38,660
Sound Engineering Technicians	40	\$46,890
Photographers	310	\$36,700
Camera Operators, Television, Video, and Motion Picture	90	\$50,110
Film and Video Editors	100	\$45,050
Media and Communication Equipment Workers, All Other	70	\$73,530
Total Arts, Design, Entertainment, Sports, and Media Occupations	12,990	\$50,840

A2.4: Dallas-Plano-Irving, TX Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	550	\$87,820
Craft Artists	100	\$23,800
Fine Artists, Including Painters, Sculptors, and Illustrators	80	\$40,520
Multimedia Artists and Animators	640	\$65,370
Artists and Related Workers, All Other	N/A	\$62,010
Commercial and Industrial Designers	440	\$60,670
Fashion Designers	130	\$47,620
Floral Designers	620	\$24,240
Graphic Designers	2,710	\$49,640
Interior Designers	1,170	\$57,510
Merchandise Displayers and Window Trimmers	1,470	\$29,350
Set and Exhibit Designers	150	\$43,830
Actors	1,990	N/A
Producers and Directors	710	\$73,060
Athletes and Sports Competitors	340	\$179,770
Coaches and Scouts	3,260	\$30,870
Umpires, Referees, and Other Sports Officials	50	\$26,970
Choreographers	N/A	\$46,690
Music Directors and Composers	830	\$41,710
Musicians and Singers	580	N/A
Radio and Television Announcers	380	N/A
Public Address System and Other Announcers	140	\$29,990
Broadcast News Analysts	N/A	\$93,600
Reporters and Correspondents	390	\$46,520
Public Relations Specialists	5,170	\$66,060
Editors	1,100	\$53,460
Technical Writers	890	\$67,570
Writers and Authors	520	\$56,680
Interpreters and Translators	730	\$31,320
Media and Communication Workers, All Other	120	\$64,920
Audio and Video Equipment Technicians	690	\$44,910
Broadcast Technicians	220	\$46,500
Sound Engineering Technicians	130	\$49,260
Photographers	860	\$30,780
Camera Operators, Television, Video, and Motion Picture	220	\$42,900
Film and Video Editors	150	\$66,060
Media and Communication Equipment Workers, All Other	70	\$67,820
Total Arts, Design, Entertainment, Sports, and Media Occupations	28,020	\$52,010

A2.5: Fort Worth-Arlington, TX Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	160	\$75,040
Commercial and Industrial Designers	70	\$55,020
Floral Designers	330	\$23,880
Graphic Designers	1,030	\$41,860
Interior Designers	250	\$47,520
Merchandise Displayers and Window Trimmers	550	\$27,570
Set and Exhibit Designers	60	\$39,930
Actors	90	N/A
Producers and Directors	200	\$46,870
Coaches and Scouts	1,200	\$32,150
Umpires, Referees, and Other Sports Officials	N/A	\$42,350
Dancers	N/A	N/A
Music Directors and Composers	70	\$78,420
Musicians and Singers	N/A	N/A
Entertainers and Performers, Sports and Related Workers, All Other	N/A	N/A
Radio and Television Announcers	120	\$35,010
Public Address System and Other Announcers	30	\$24,570
Reporters and Correspondents	190	\$32,910
Public Relations Specialists	1,360	\$59,110
Editors	520	\$70,800
Technical Writers	300	\$54,470
Writers and Authors	150	\$65,680
Interpreters and Translators	350	\$34,120
Media and Communication Workers, All Other	40	\$44,310
Audio and Video Equipment Technicians	260	\$47,440
Broadcast Technicians	290	\$44,980
Sound Engineering Technicians	50	\$35,000
Photographers	430	\$36,710
Camera Operators, Television, Video, and Motion Picture	N/A	\$45,040
Film and Video Editors	50	\$34,760
Total Arts, Design, Entertainment, Sports, and Media Occupations	9,000	\$45,220

A2.6: Houston-Sugar Land-Baytown, TX Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	410	\$69,760
Craft Artists	80	\$36,790
Fine Artists, Including Painters, Sculptors, and Illustrators	90	\$45,030
Multimedia Artists and Animators	220	\$56,300
Commercial and Industrial Designers	420	\$70,700
Fashion Designers	130	\$80,620
Floral Designers	710	\$23,110
Graphic Designers	2,750	\$45,480
Interior Designers	1,100	\$51,740
Merchandise Displayers and Window Trimmers	2,050	\$22,710
Set and Exhibit Designers	170	\$48,140
Designers, All Other	N/A	\$42,350
Producers and Directors	730	\$53,990
Athletes and Sports Competitors	100	N/A
Coaches and Scouts	2,020	\$30,810
Umpires, Referees, and Other Sports Officials	220	\$24,310
Dancers	130	N/A
Choreographers	300	\$53,220
Music Directors and Composers	300	\$60,250
Musicians and Singers	230	N/A
Radio and Television Announcers	240	\$45,160
Public Address System and Other Announcers	130	\$36,050
Reporters and Correspondents	520	\$36,560
Public Relations Specialists	4,300	\$59,560
Editors	1,030	\$51,380
Technical Writers	760	\$59,880
Writers and Authors	460	\$48,490
Interpreters and Translators	610	\$49,810
Media and Communication Workers, All Other	50	\$44,160
Audio and Video Equipment Technicians	540	\$35,200
Broadcast Technicians	200	\$44,930
Sound Engineering Technicians	110	\$31,650
Photographers	1,470	\$33,220
Camera Operators, Television, Video, and Motion Picture	N/A	\$25,950
Film and Video Editors	140	\$45,920
Media and Communication Equipment Workers, All Other	70	\$74,560
Total Arts, Design, Entertainment, Sports, and Media Occupations	23,500	\$45,950

A2.7: Indianapolis-Carmel, IN Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	150	\$65,660
Craft Artists	N/A	\$30,360
Fine Artists, Including Painters, Sculptors, and Illustrators	30	\$61,850
Multimedia Artists and Animators	120	\$48,690
Commercial and Industrial Designers	390	\$47,650
Floral Designers	460	\$23,320
Graphic Designers	1,240	\$42,220
Interior Designers	510	\$43,900
Merchandise Displayers and Window Trimmers	490	\$25,870
Set and Exhibit Designers	70	\$42,590
Actors	210	N/A
Producers and Directors	330	\$51,670
Athletes and Sports Competitors	100	\$97,050
Coaches and Scouts	1,210	\$30,830
Umpires, Referees, and Other Sports Officials	60	\$25,160
Dancers	320	N/A
Music Directors and Composers	120	\$50,310
Musicians and Singers	N/A	N/A
Radio and Television Announcers	N/A	\$36,960
Broadcast News Analysts	60	N/A
Reporters and Correspondents	270	\$51,280
Public Relations Specialists	1,790	\$51,360
Editors	660	\$51,040
Technical Writers	360	\$55,730
Writers and Authors	330	\$42,100
Interpreters and Translators	440	\$40,000
Media and Communication Workers, All Other	50	\$35,410
Audio and Video Equipment Technicians	400	\$35,490
Broadcast Technicians	240	\$33,150
Sound Engineering Technicians	170	\$45,200
Photographers	720	\$31,620
Camera Operators, Television, Video, and Motion Picture	40	\$39,200
Film and Video Editors	50	\$35,200
Total Arts, Design, Entertainment, Sports, and Media Occupations	12,270	\$41,270

A2.8: Memphis, TN-MS-AR Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	60	\$67,470
Commercial and Industrial Designers	60	\$49,660
Floral Designers	140	\$24,990
Graphic Designers	550	\$46,000
Interior Designers	110	\$43,440
Merchandise Displayers and Window Trimmers	290	\$30,930
Producers and Directors	150	\$41,990
Athletes and Sports Competitors	90	N/A
Coaches and Scouts	380	\$42,590
Dancers	60	N/A
Music Directors and Composers	N/A	\$40,460
Musicians and Singers	100	N/A
Radio and Television Announcers	200	\$27,960
Reporters and Correspondents	170	\$31,210
Public Relations Specialists	490	\$49,470
Editors	210	\$45,910
Technical Writers	110	\$57,830
Writers and Authors	90	\$45,420
Interpreters and Translators	60	\$36,410
Audio and Video Equipment Technicians	150	\$29,220
Broadcast Technicians	100	\$27,900
Photographers	140	\$23,630
Camera Operators, Television, Video, and Motion Picture	N/A	\$39,830
Total Arts, Design, Entertainment, Sports, and Media Occupations	4,100	\$41,510

A2.9: Nashville-Davidson-Murfreesboro, TN Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	130	N/A
Multimedia Artists and Animators	40	\$58,350
Commercial and Industrial Designers	130	\$61,590
Floral Designers	140	\$31,450
Graphic Designers	1,070	\$39,820
Interior Designers	250	\$43,110
Merchandise Displayers and Window Trimmers	180	\$27,190
Set and Exhibit Designers	N/A	\$87,810
Designers, All Other	N/A	\$34,860
Coaches and Scouts	1,260	\$41,230
Umpires, Referees, and Other Sports Officials	N/A	\$21,190
Music Directors and Composers	120	\$43,600
Musicians and Singers	1,850	N/A
Entertainers and Performers, Sports and Related Workers, All Other	N/A	N/A
Radio and Television Announcers	330	\$29,710
Reporters and Correspondents	240	\$38,430
Public Relations Specialists	870	\$51,410
Editors	510	\$56,270
Technical Writers	120	\$60,920
Writers and Authors	270	\$37,330
Interpreters and Translators	120	\$30,590
Media and Communication Workers, All Other	280	\$37,960
Audio and Video Equipment Technicians	450	\$40,230
Broadcast Technicians	200	\$36,910
Sound Engineering Technicians	370	\$36,090
Photographers	220	\$28,780
Camera Operators, Television, Video, and Motion Picture	280	\$41,210
Film and Video Editors	180	\$63,230
Media and Communication Equipment Workers, All Other	N/A	\$29,550
Total Arts, Design, Entertainment, Sports, and Media Occupations	10,900	\$52,640

A2.10: Portland-Vancouver, OR-WA Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	390	\$70,230
Fine Artists, Including Painters, Sculptors, and Illustrators	80	\$45,670
Multimedia Artists and Animators	360	\$63,180
Artists and Related Workers, All Other	70	\$47,200
Commercial and Industrial Designers	160	\$87,820
Fashion Designers	110	\$67,860
Floral Designers	310	\$25,160
Graphic Designers	1,580	\$47,310
Interior Designers	340	\$48,950
Merchandise Displayers and Window Trimmers	1,330	\$36,770
Set and Exhibit Designers	60	\$58,910
Designers, All Other	140	\$59,840
Actors	120	N/A
Producers and Directors	650	\$80,370
Coaches and Scouts	1,870	\$37,140
Umpires, Referees, and Other Sports Officials	80	\$31,560
Dancers	90	N/A
Music Directors and Composers	450	\$46,500
Musicians and Singers	720	N/A
Entertainers and Performers, Sports and Related Workers, All Other	N/A	N/A
Radio and Television Announcers	170	\$49,160
Broadcast News Analysts	60	\$105,810
Reporters and Correspondents	370	\$43,750
Public Relations Specialists	1,630	\$57,730
Editors	720	\$57,760
Technical Writers	500	\$70,430
Writers and Authors	390	\$60,090
Interpreters and Translators	510	\$59,580
Media and Communication Workers, All Other	310	\$50,010
Audio and Video Equipment Technicians	510	\$34,080
Broadcast Technicians	160	\$44,800
Sound Engineering Technicians	40	\$43,160
Photographers	380	\$42,310
Camera Operators, Television, Video, and Motion Picture	110	\$51,240
Film and Video Editors	160	\$60,140
Media and Communication Equipment Workers, All Other	230	\$38,060
Total Arts, Design, Entertainment, Sports, and Media Occupations	15,340	\$51,530

A2.11: San Antonio, TX Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	90	\$71,160
Craft Artists	40	\$26,280
Multimedia Artists and Animators	110	\$57,560
Floral Designers	230	\$25,910
Graphic Designers	1,010	\$44,260
Interior Designers	260	\$46,540
Merchandise Displayers and Window Trimmers	700	\$26,010
Producers and Directors	270	\$60,010
Coaches and Scouts	540	\$33,210
Music Directors and Composers	120	\$58,870
Musicians and Singers	N/A	N/A
Radio and Television Announcers	260	\$32,690
Reporters and Correspondents	250	\$30,040
Public Relations Specialists	1,590	\$52,800
Editors	660	\$47,990
Technical Writers	250	\$58,050
Writers and Authors	100	\$57,490
Interpreters and Translators	220	\$42,440
Audio and Video Equipment Technicians	190	\$34,510
Broadcast Technicians	170	\$39,940
Sound Engineering Technicians	N/A	\$30,920
Photographers	300	\$30,410
Camera Operators, Television, Video, and Motion Picture	70	\$47,540
Film and Video Editors	30	\$42,030
Media and Communication Equipment Workers, All Other	130	\$68,150
Total Arts, Design, Entertainment, Sports, and Media Occupations	8,480	\$44,630

A2.12: San Francisco-Oakland-Fremont, CA Arts-Related Occupations (2010)

Arts-Related Occupations	Total Employment	Mean Annual Income
Art Directors	1,390	\$105,890
Fine Artists, Including Painters, Sculptors, and Illustrators	N/A	\$66,850
Multimedia Artists and Animators	1,990	\$73,520
Artists and Related Workers, All Other	60	\$56,140
Commercial and Industrial Designers	460	\$65,450
Fashion Designers	320	\$67,940
Floral Designers	460	\$35,450
Graphic Designers	4,860	\$69,440
Interior Designers	1,410	\$58,290
Merchandise Displayers and Window Trimmers	1,200	\$30,510
Set and Exhibit Designers	390	\$59,860
Designers, All Other	350	\$61,870
Producers and Directors	1,550	\$92,380
Coaches and Scouts	4,480	\$43,930
Umpires, Referees, and Other Sports Officials	230	\$24,650
Dancers	320	N/A
Choreographers	500	\$41,940
Music Directors and Composers	570	\$66,130
Musicians and Singers	1,090	N/A
Radio and Television Announcers	400	\$82,690
Public Address System and Other Announcers	110	\$31,200
Broadcast News Analysts	70	\$69,350
Reporters and Correspondents	730	\$56,190
Public Relations Specialists	5,380	\$75,600
Editors	2,330	\$58,990
Technical Writers	1,030	\$80,440
Writers and Authors	900	\$66,830
Interpreters and Translators	690	\$53,000
Media and Communication Workers, All Other	470	\$46,860
Audio and Video Equipment Technicians	1,350	\$50,570
Broadcast Technicians	440	\$50,570
Sound Engineering Technicians	690	\$57,040
Photographers	600	\$46,620
Camera Operators, Television, Video, and Motion Picture	350	\$68,080
Film and Video Editors	610	\$65,330
Media and Communication Equipment Workers, All Other	440	\$62,270
Total Arts, Design, Entertainment, Sports, and Media Occupations	39,920	\$66,860

Appendix 3: Focus Group Participants

The following is a list of the industry sector participants, with their affiliations, at each of the four focus group meetings. Following the meetings, a list of questions and topics discussed was shared with other industry representatives who were unable to attend the focus group discussion. The individuals who responded to this email inquiry have been included in the appropriate sector subgroup and are marked with an asterisk (*).

Music Focus Group Participants

Ernest Auerbach (Austin Lyric Opera)
Danny Gillespie (Austin Music Foundation)
Colin Kendrick (Austin Music Foundation)
Catlin Whittington (SXSW)
Matt Hinsley (Austin Classical Guitar Society)
Michael Feferman (C3 Presents)
Heather Wagner Reed (Juice Consulting LLC/Music Commission)
Harold McMillan (Diverse Arts Culture Works)
Ed Bailey (Austin City Limits//KLRU)
*Ora Shay (Austin Chamber Music Center)
*Michael Melinger (Austin Jazz Workshop, Inc.)
*Michael Mordecai (musician)

Film and Visual Media Focus Group Participants

Susan Kirr (independent producer)
John Crowley (independent location manager/scout)
Christian Raymond (Austin Community College RTF)
Beth Sepko (BSEPKO Casting)
Janet Pierson (SXSW Film)
Rebecca Campbell (Austin Film Society)
Joey Hudgins (location manager/film production)
Elizabeth Reeder-Neubauer (Alliance Austin and Studio E)
Donise Hardy (A Casting Place)
Barbara Morgan (Austin Film Festival)
*Lisa McWilliams (Mobile Film School)
*Steve White (independent scout/location manager)
*Tim League (Alamo Drafthouse)
*Robbie Friedmann (independent location manager)

Gaming and Digital Media Focus Group Participants

Jesse Benjamin (Sony Online Entertainment)

Matt Scibilia (Critical Mass Interactive Inc)

Brad Woolwine (Critical Mass Interactive Inc)

Fred Schmidt (Portalarium Inc)

Gordon Walton (Playdom Austin)

Tony Schum (Austin Chamber of Commerce)

*Warren Spector (Junction Point)

*Julie Huls (Austin Technology Council)

Not-for-Profit Arts Focus Group Participants

Terrence Moline (Team Moline LLC)

Etta Sanders (New Works Theater Community)

Marcy Hoen (Austin Creative Alliance)

Allison Orr (Forklift Danceworks)

Meredith Powell (Art Alliance Austin)

Brad Carlin (Fusebox)

Shea Little (Big Medium)

Cookie Ruiz (Ballet Austin, Create Austin, and Imagine Austin)

Laura Esparza (COA/PARD)

Sylvia Orozco (Mexic-Arte Museum)

*Lisa McWilliams (Mobile Film School)

Appendix 4: Focus Group Notes

Four individual focus groups were held in mid-November. In order to provide some structure and continuity to the conversation, the following questions were asked of each group

1. Describe the current state of your industry in Austin. How has the status of the national economy influenced the situation?
2. Aside from the overall economic environment, what are the key issues facing your industry locally?
 - a. Business model
 - b. Customers/clients
 - c. Labor Force (cost/quality/availability)
 - d. Regulatory environment
 - e. Other costs
 - f. Competition – Domestic & Foreign
3. What are Austin's strengths? Have they changed in the last several years?
4. What are Austin's weaknesses? Have they changed in the last several years?
5. What could and should the City do to improve the situation? What should other institutional actors be doing?

A4.1 Film Focus Group

Discussion of change over last 5 years

- The industry in Austin is missing big money – no features (\$20 to \$40 million)
- Still lots of ultra-low budget indie films
- Louisiana, Michigan, and New Mexico are drawing all of the large productions with their incentive programs. Though, in real terms the gap between their incentives and TX incentives is not as large as is perceived (differences in sales tax, caps on incentive programs, check verses selling a credit, etc.).
- Things do seem to be coming back
- The \$10-20 million film base used to be the bread and butter of Austin, but that level of film budget is not happening very much anywhere

There is a discussion of creating a City matching fund (not 1:1) for state film incentives

The nature of incentives has led several of the participants to work less in Austin and more in other places in Texas (Dallas) and out of the state

Huge budget films don't come to Austin and they would be very unpredictable anyway
In the 90s, TV movies were huge

"This is an indie town"

Producers like Austin – they say it is easy to get things done and the town and citizens are used to creative things happening here

Fox and WB both like to be here; lots of projects look to come here but ultimately they go where the incentives are. The bottom line in paramount

At the other end of the spectrum are the indie films. They need development and support their developing businesses

According to Austin Studios, films traditionally came here because of: (1) incentives, (2) crew, (3) locations, (4) night life, and (5) facilities – but now the available facilities have moved to third in the rankings with the development of Austin Studios

Maybe there is a need to change perception of incentives to match reality; right now the perception is that Texas is not serious about incentives. It is important to court production companies and studios – "let LA people know." At the Expo, Texas does not have a good marketing effort (but Dallas does). Other states go all out.

Ann Richards in the 90s

Bring people HERE, rather than sending representatives to LA.

- Buy badges for industry people for SXSW (this is already happening, but a more sustainable and focused approach could be helpful)
- Coordinate efforts with location people to see facilities and locations
- Spend marketing money IN Austin rather than in LA

Austin Film Commission website is old. It needs to be updated. People need to know what services are available, where, when, and who to contact.

Austin's crew, locations, and culture are very competitive with other cities. (Marketing and incentive programs are not competitive.)

A website with different examples of what can be filmed in Austin (types of geography, eras, etc.)

What do we want to be competitive in:

- We're here as a location, not as an industry (even though the message to date has been that Austin wants to be an industry)
- Independent, but jobs and support services are not
- If we can bridge the funding gap for indies, it will draw them here
- Create infrastructure for investment (not just for low end films; everyone needs funding)

Fungible nature of shooting locations leads to two options:

1. Draw in big budget with incentives
2. Build up local talent (act as a film industry incubator)

UT has moved towards a focus on student-driven films (less risky) and emphasizing the teaching opportunity rather than any potential commercial success

Need capital to fund independent film production in Austin

Industry-wide problem: how do you monetize creative work, BUT creative work will still happen

Policy Suggestion: cheap rent for home and work space

Incubator strategy: create a center for communication and cooperation which will promote mentorship (people who have done what you want to do). Some mentoring exists through AFS and Reel Women.

San Antonio has a city incentive? Maybe HOT funded?

Create a resource guide:

- Who has been successful
- Could the film society do this?
- Help with marketing AND making films

The Alamo theatre is an example of a successful business model

Need to move from an insular community to an industry: invite people in to get their take from the outside of our market and to get a picture of the entire industry

Local vs industry-wide issues (most issues facing film industry in Austin stem from industry-wide)

Austin's reputation: can turn permits in a day and the city is fantastic about accommodating filming

Transmedia: intersection and convergence of gaming, film (production, not casting, lighting, etc.), and music industries. Media convergence is huge industry-wide (they are now interlocking industries) with the rising influence of technology

Policy recommendations: (1) balance incentives, (2) provide free facility/location space, (3) create an I.D. card for crew members to spread out the incentive (Film Commission is already doing this?)

Use IC² as a model. They used the big picture to structure programs and partnerships to generate a specific outcome and implemented infrastructure project o support industry development.

Goal: creators need to have sustainable business models (the difference between the tech industry and the film industry is that there is a lack of a patent, so they need to use a new entertainment-based model), to do this firms should be brought together in a consortium or development-support institution

New distribution models can be created here!

Geo-code addresses of locations and firms (get information from TX Film Commission)

Connection of technology, creative sector, money, and the City

Need to have technology innovators at the table

City could take the point to promote communication between sectors and cooperation

- Create a consortium (could be housed at National Guard location)
- This cooperative effort needs to look like it is not stealing funding from existing film support monies
- Support entrepreneurship
- Provide necessary tools for scaling their business models

TV vs film: there is a LOT of TV work and a lot of quality productions (though all writing and post-production happens in LA). TV is less risky and offers the possibility for a better return

because it can be adjusted quickly (like Friday Night Lights). There are also a lot of distributors for TV because each station now makes its own content.

Why Dallas and not Austin?

Lying Game receives an extra 2.5% incentive for filming in a low income area (“empowerment zone”). When new census data comes out, this is likely no longer be available to productions at Austin Studios. However, the City could help map areas that do qualify as “empowerment zones” and facilitate the use of existing facilities in these areas.

“Creativity is the asset”

A4.2 Video Games and Digital Media Focus Group

Old debate: how is the business model changing?

- Funding at SXSWi accelerator
- Crowd sourcing (new Boondock Saints)
- MMOs
- Transmedia (connection between different platforms)

Investment groups outside of Austin are the most viable; they are looking to turn \$100 million into \$1 billion

Connection of gaming to other types of technology use – medical simulation, military, etc (this is easier for funder to understand how they will recoup their investment); technology NOT entertainment is the draw for investors

Investment funding is still an issue – so it is important to look for alternative opportunities

- This fits Austin’s image as an indie, entrepreneur-driven city
- Super angels and seed funding
- It is possible for entrepreneurs to stand out

Deal making is happening at an earlier level; frontline capital is going to entrepreneurs

Video games are high risk, low reward propositions unless they make the jump to other media platforms or franchise

Need film, not technology/venture capital type financing; innovation/entertainment funding can be Austin’s niche

Don't recruit companies to come here; build up the capacity of local entrepreneurs who will build their headquarters here when they succeed (because they also will STAY)

Create networks/communication avenues between entrepreneurs

Pair money with talent – workforce development (bus programmers to Austin. Once they get here they will never want to leave.)

Update university curricula to reflect the real needs of the industry

Need own investor infrastructure

Learn from evolution of the industry in San Francisco (creative industry and educational institutions support each other)

UT is not connected to the industry

Gaming education is seen as a trade school type degree

Large corporations want a relationship with universities; UT requires endowments to get any traction

Get Sand Hill Road reps here; have managing partners create an Austin office; create a VC incubator? It is important for them to be familiar with local specifics

SXSWi wants to be a player

- Brand Austin as center of creative industries
- Need help to capitalize on and take advantage of

Austin is more about innovation, not imitation which can be riskier

Industry is being more involved in work force development

- There is an increasing quality of graduates from St Eds and ACC
- Need more internship opportunities

Budget and production cycles are so tight that there is less space for mentorship

Industry can't grow as fast as it could

- Need more people with tech training
- Need capital empowerment

- Have the creative talent

Detroit offers 50% of everything incentive (not just R&D)

Infrastructure changes are more important than incentives (incentives are too slow and private sector funding is working right now)

City can help create right environment: create a media hub - use old National Guard building and incentivize venture capital to locate in one space (city could be influential in helping Austin Studio developing National Guard building into a multimedia facility)

facilities and low cost space (like South of Market in San Francisco)

Unused second and third floors on 6th and Congress: trying to create “nerdberg” – maybe the City can offer property tax incentives?

Global labor force and global competition

California is too expensive for new businesses, bureaucracy is huge, and because there is a large supply of employers the employees are not very loyal

In a creative industry they need a lot of people with the same skills so that you can find the right fit for your business

Money is the biggest issue. Not creative talent. Not product capability.

Funders need to be part philanthropy, part investment

Austin can hold on to talent because of the lifestyle it offers even when there are more opportunities elsewhere

Have creative, need engineers

Online industry is where the opportunities are

Honors program at UT in computer science – these graduates are poached by Google who can pay more

Independent studios: publishers, VC, angel funding

SXSWI accelerator, GDC

Need more publisher/published mentors for people who want to publish themselves (in Austin, the industry is mostly studios who are similar to wholesalers)

Investors are more willing to invest in publishers, rather than studios

Buying vs growing the dog – Texas Emerging Technology Fund: filling funding gap between friends/family and venture capital. What do they need? What is the cost of funding, application process, restrictions/requirements/bureaucracy?

Need early stage investors and a mechanism for regular meetings between mentors and mentees in the industry – creative media vertical incubators

Government funding can't take the place of investors: there is too much risk and the cultures are too different

"how do we create publishers" is an evolving question

Nearly impossible to tell what the industry will look like in 5 years

How to tap into conservative old Texas money? They believe in local investment. Focus is on project investment, not company investment. Need to have a bridge between them and techy firms.

A4.3 Non-Profit Arts Focus Group

Assets of non-profits in cultural production are much lower in Austin than in comparable communities

- Non-sustainable
- according to Louise Stevens, based on 990 reports
- disparity between commercial and non-profits in Austin
- could create a "crisis of creativity" going forward

People starting their own non-profits don't have enough support and communication between all members of the non-profit sector in Austin could be better. If support, classes, and infrastructure exists it is not well known or take advantage of by most of the sector.

The issue is the economy

HOT funding is up

Changes to the deductibility of charitable giving will have an impact; increasing requirements for 990s

Size is not the issue, excellence is the issue (non-profits need to know how to run businesses). There is a lack of basic business knowledge and how to run their day to day operations - in Philadelphia, there is a support for infrastructure and foundations that fund day to day and this is a location where dance in particular is flourishing

Need health insurance and dental coverage and working wages for artists (no one pays all of these)

Working artists are bypassing the non-profit model and going to LLCs and other models (not-for-profit is just an IRS taxing designation)

Artists have to exist on a project to project basis and it is hard to make it at an institutional level and funders don't want to fund operations

Austin can't copy NYC, Philadelphia, or Atlanta (they have 100 year old foundations). We need to think more like entrepreneurs

The perception is non-profit is easier than a business

Philanthropy is different

Social entrepreneurship has increased the proliferation of non-profits, but they are "time sucks"

"kick start" program is an example of innovation in funding models (but it increases the workload for performers because everyone has to be involved in the marketing effort)

Chronicle of Philanthropy ranks Austin's "stinginess" as high

No direct correlation between income and participation in the arts in Austin; it is a young community

Opportunity: not blinded by large institutions and not tied to a few large donors (which can lead to a type of censorship); this means that it can be anyone's game and entrepreneurship is valued

Charitable gifts in Austin are typically at the \$500-\$1,500 level; most large gifts are endowments (so organizations never get to touch the principle)

In 10 years everyone will be shocked that Austin will have used a completely different model

Want funders to be engaged but not overwhelmed

Ongoing sustaining donors – "regulars"

Facilities, infrastructure, and capital assets (the city could help with these) but organizations really need operations budget and business management assistance

Austin is unique in the availability of community arts (everyone thinks they are an artist to some degree)

Create Austin set up the framework for collaboration and discussion of new ideas; it found that there doesn't need to be yet another department, but just more cross-department collaboration and marketing of services that are already available

Need: space (rehearsal and workspace); there are inventories of what is needed and what exists for space – are they up to date?

Federal courthouse (30,000 square feet) – what will it be repurposed for?

Bond money for workspace for artists?

Movement to get members of the creative sector to be involved in leadership and policy development; they should sit in arts council or commission and participate as needed; the issue is that they don't know how to become involved, don't know that it is important, and/or don't have time

The importance of the strength of organizational and community infrastructure: leaders and administrators can advocate and be politically involved while artists work and produce; it is on the arts community themselves to reach out to all members and activate their community

Educate the community about how to donate and how to support: everyone identifies Austin as an arts town, but there is a lack of a call to action or immediacy to funding requests

Sustainability/ Austin as an arts incubator – people come here to get their start and then leave

Separate silos don't make sense and are an impediment to progress; need to change the orientation to see all creative industries as part of a cohesive whole

Too many non-profits; maybe some should merge together to share resources and administrative help

Need to develop professional boards and leadership; it is difficult to make the case for a funder to pay for full-time staff/leadership (in this way grants/charity are different from venture capital)

Change capital; invest with risk

Need to maintain diversity in arts ecosystem but there is a disparity of professionalism and success

VC mentality (and funding) would help the non-profit sector in Austin

Businesses that support the arts and art institutions
Cultural contracts

Update city's system and how they deal with the arts (right now it is lumped into multiple departments, mostly parks and recreation, and they give HOT \$)

Line item funding the operations of their major institutions – has this been successful in other cities?

Arts must be funded because it promotes innovation and early adopting of new technologies and models

Different funding models: pay for projects, pay for artists, pay for infrastructure

Speak to the value for businesses; the arts are important in selling Austin

Need to incorporate into the comp plan

Loaded term of “culture”: cultural heritage (minorities), large cultural institutions (pearls), or creative businesses

Sense of urgency is missing because the arts are everywhere in Austin so it is easy to take them for granted; it is not about making people believe that it is Armageddon, but that without investment it will diminish and die overtime and then the city will change - this type of education effort requires advocacy

City-wide marketing campaign

Economic development organization for the creative sector: the creative alliance

- strengthen value proposition
- marketing infrastructure, helping fledgling organizations and companies get funding

working artists need to be included into the political dialogue; they need to take themselves seriously; mentoring is key

Imagine Austin comp plan is coming out at the beginning of next year

Funding for arts/creative businesses should be consolidated

Mobile app is developing a new model for revenue

Growing importance of digital media for the arts – need to try new things; cutting edge; changing business model but can't replace the LIVE aspect of performance, attendance, etc

Regular meetings and conversations among all creative sector participants

Create a chamber of commerce for the arts?

A4.4 Music Focus Group

Clubs downtown and their ability to stay downtown

Struggle for live music venues and even the definition of what that is

Label structure is breaking down; the music business is becoming more spread out and diffuse

Physical infrastructure is not necessary so marginal cost has gone down to almost nothing

Non-live component is very similar to rest of creative sector

Need more support for not for profit arts

Live music: noise complaints; balance needs of new residents and existing venues as the city encourages increased density downtown

If music is pushed out of downtown, it will lead to it being too spread out

There is something special about the central location of mixed big and small venues; Austin has a unique concentration of live music

There is an issue of bands staying within the decibel limits – i.e. W hotel vs Cedar Street; also, it may just be that it is not the live music venues but the bars and related noise

City is changing and you have to allow it to change

Construction requirements to use better materials to block music/noise

City could help: data collection with regards to noise complaints (ability to categorize) - this will separate out the complaints with the undergrad bars and the live music bars

Waller Creek Plan: 15 story mixed use - pays better rent than a music venue but the vibrant cultural life that is lost when music venues are pushed out creates a different type of value (similar to a park)

Take into account the impact of music and encourage the unique fabric of downtown to be recognized in planning

Sound mitigation requirements downtown

City owned venues designated for use by promoters/acts (zoning issue?)

Use vs. personality (incentive specific uses but allow market to determine personality) – the city needs to take a stand to support specific uses

Tourism vs. relocation

Issue of slippery slope of losing the soul of downtown

Free rider problem with large corporations who use the brand of Austin to capture new talent

Monetize the brand of Austin

Young creatives and professionals – diversity

City leadership in strategic planning to determine what kind of people we are looking to attract and what kind of downtown/city we want

Value of young energy even if you don't participate

City puts money into a running path but people come because the city is “cool”

Incubator & advocacy & tracking data

Needs: places to perform

State of Austin economy; need to raise the level of dialogue

Music industry model is falling apart

Austin Music Foundation tracks music (standing data needs, use their interns to track)

SXSW interactive is growing fastest (issues = safety and crowd control)

Traffic control downtown – limit the number of events? Space them out more? Different types of events?

SXSW growth: issue of space. Need more venues for interactive (currently they are in all downtown venues). In east Austin the neighborhood association is pushing back (hotels downtown don't complain about the noise). Another problem for SXSW is the cooptation consumer brands and the movement away from being an industry event to a festival has created infrastructure shock

Lyric Opera attendees are 25% from outside the Austin area but donors are all Austin –based. Attendance is approximately 20,000 per year. They are trying to segment their performances to appeal to different potential audiences

CVB: role of live music in attracting conventions?

Pointer patron model

Album-tour relationship is changing

Perception: need to leave Austin to a successful Austin musician

Challenge: people in seats

What is needed to help artist tour and make money – entrepreneurship education (VC model) but most educational funding is aimed at children

Austin Music Foundation helps artists learn to master and market their record

Create a connection between SXSW/ACL and not-for-profits for professionalism development

Philanthropy is aimed at charities and high arts, not popular music

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