

Creative Economy Strategic Plan 2022 update



Legislative report per Section 129(107(e)) of Chapter 334, Laws of 2021 (the 2021-23 biennial operating budget)

**OFFICE OF ECONOMIC
DEVELOPMENT &
COMPETITIVENESS**

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Report to the Legislature

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Executive summary

Washington's creative economy is vast and growing. It includes creative technology, music and performing arts, and visual arts, as well as many other sectors and professional occupations. It also has a ripple effect throughout our communities, both as a result of increased access to arts and culture and in financial value for primary and secondary economic functions. However, it is not well understood as its own economic engine.

In 2022, the state embarked on an ambitious initiative to develop a Creative Economy Strategic Plan, which will drive this key industry sector in the state and be an example nationwide. During the 2022 legislative session, Section 129(107(e)) of [Chapter 297, Laws of 2022](#) (the supplemental operating budget), instructed the Department of Commerce to contract with a nonprofit organization with demonstrated expertise in the creative arts to establish a Washington creative economy work group, and to then develop a strategic plan to improve the creative economy.

The work group's function is to define the creative economy and the industries and clusters encompassed in it, analyze the sector's impact, and produce a strategic plan that can be used to improve the creative economy and support its industries in Washington. The Creative Economy Strategic Plan will address support for the creative community within historically marginalized communities and take into account the diverse interests, strengths, and needs of Washington's population statewide.

This report reflects the first stage of that work. Commerce contracted with the Western States Arts Federation (WESTAF) to complete this work. In 2022, WESTAF established the work group (member list is available in [Appendix A](#)) and established the research framework necessary to better understand, define, and support Washington's creative economy. The complete reports grounding this work are available in [Appendix B: Creative Economy Working Definition](#) and [Appendix C: Creative Economy Economic Model and Ecosystem Analysis](#).

As the work gets underway this year, the work group, along with Commerce and WESTAF, will introduce an iterative working narrative definition of "creative economy" and identify key strategies to support and grow the creative economy.

Legislative mandate

This report fulfills the requirement in [Section 129\(107\(e\)\)](#) of the 2021-22 state operating budget (Chapter 334, Laws of 2021):

(a) \$351,000 of the general fund—state appropriation for fiscal year 2022 and \$332,000 of the general fund—state appropriation for fiscal year 2023 are provided solely for the department to contract with a nonprofit organization with demonstrated expertise in the creative arts and strategic planning to establish a Washington creative economy work group that within two years, and with the advice of the work group, develops a strategic plan to improve the Washington creative economy that can be rolled out in incremental phases to reach identified economic, social justice, and business development goals.

(b) The goal of the strategic plan must be to ensure that the state of Washington is competitive with respect to attracting creative economy business, retaining talent within the state, and developing marketable content that can be exported for national and international consumption and monetization. The strategic plan must address support for the creative community within historically marginalized communities, as well as the creative economy at large, and take into account the diverse interests, strengths, and needs of Washington's population on both sides of the Cascade mountains.

...

(e) The department of commerce shall facilitate the timely transmission of information and documents from all appropriate state departments and agencies to the nonprofit organization contracted under this subsection. The work group must report its findings and recommendations to the appropriate committees of the legislature by December 1, 2022. The contracted nonprofit must administer the expenses of the work group.

Background

The creative economy is strong and growing in Washington, leading the nation and the West in terms of value added and industry earnings, according to the Western States Arts Federation (WESTAF). Even during the pandemic, the creative economy grew through a combination of market forces and public investment.

- Washington's creative economy brought in **\$71 billion** in industry earnings in 2021 (WESTAF's [Creative Vitality Suite](#))
- Washington's creative economy measured by industry earnings **grew by 17% from 2020 to 2021** ([Creative Vitality Suite](#))

Recognizing the sector's strength and opportunities for growth, the state Legislature established the creative economy as a key sector, and authorized a study and planning effort to establish a sector definition and strategies for growth. The two year study and strategic planning project is slated for completion by Dec. 30, 2023. This report includes key milestones and initial findings of the Creative Economy Strategic Planning process through December 2022.

Key milestones

WESTAF's work in 2022 focused on Creative Economy Work Group formation and initial qualitative and quantitative insights and research. Those activities included:

- **March 2022:** Commerce contracts with WESTAF as creative economy consultant
- **March 15-April 4:** Creative economy work group nomination process design
- **April 5-July 15:** WESTAF drafted a working definition of creative economy
- **Sept. 12-13 and Dec. 12:** Creative Economy Strategic Plan Work Group meetings
- **July 1-Sept. 29:** Economic data analysis and ecosystem model
- **Dec. 27:** Initial consultation findings and policy research
- **Summer 2022-Ongoing:** Virtual and in-person consultation meetings

WESTAF selected to lead creative economy strategic plan

Commerce selected the WESTAF and its partners Cultural Planning Group and Third Way Creative after a competitive RFP process. Established in 1974, WESTAF weaves technology, diverse thought leadership and innovation to energize, network, and fund public sector arts agencies and communities. WESTAF's team has depth of experience and expertise leading creative economy projects, studies, and initiatives in the for-profit, public, and nonprofit sectors, and a demonstrated commitment to equity, social responsibility, and inclusion. WESTAF is well known for its Creative Vitality Suite, a robust, industry-leading creative economy data analysis software tool. The consulting team's expertise in economic data analysis, coupled with its thought leadership in the creative sector, uniquely position them to successfully lead the creative economy study and strategic plan process.

Work group formed

The authorizing legislation for this project tasked the consulting team to chair a Creative Economy Work Group and to appoint work group members representing Washington’s diverse populations. In March 2022, the consulting team formed a work group of 34 diverse thought leaders representing creative economy perspectives and expertise from every part of the state. The Creative Economy Work Group roster is in [Appendix A](#).

The work group will lead the strategic plan for the creative economy and will:

- Identify existing studies of aspects affecting the creative economy, including studies relating to tax issues, legislation, finance, population and demographics, and employment
- Conduct a comparative analysis with other jurisdictions that have successfully developed creative economy plans and programs, including the states of Georgia and New Mexico, and the provinces of British Columbia and Ontario, Canada
- Conduct in-depth interviews to identify best practices for structuring a strategic plan for the state
- Evaluate existing banking models for financing creative economy projects in the private sector and develop a financial model to promote investment in Washington's creative economy
- Evaluate existing state and county tax incentives and make recommendations for improvements to support the creative economy
- Identify the role that counties and cities play with respect to the strategic plan, and identify specific counties and cities that may need or want a stronger creative economy
- Identify opportunities for synergies with new business models and the integration of new technologies
- Identify the role that state education programs in the creative arts play in the creative economy and with respect to advancing the strategic plan

This work group had its first convening in September 2022 and will lead and advise the project through its completion in December 2023.

The state of Washington requires that the planning process “address support for the creative community within historically marginalized communities, as well as the creative economy at large, and take into account the diverse interests, strengths, and needs of Washington's population on both sides of the Cascade mountains” (Section 129(107(b)) of Chapter 334, Laws of 2021). The process of ensuring historically marginalized community representation began with the recruitment and organization of the statewide work group. That involved fielding nominations from the Commission on Asian Pacific American Affairs, State Commission on Hispanic Affairs, Washington State Commission on African American Affairs, members of tribes, elected officials, and a broad range of other stakeholders. The 32 confirmed members of the work group (excluding the consultants who serve as co-chairs) are 63% women and 52% Black, Indigenous, and people of color (BIPOC). The work group also represents each of the nine regions of the state as defined by Commerce.

Research methods and approach

In 2022, WESTAF embarked on qualitative and quantitative research of Washington’s creative economy. WESTAF’s methodology includes:

Qualitative methods	Quantitative methods	Research
In-depth interviews	CVSuite Profile	Policy Research
Co-hosted discussion groups	Ecosystem Modeling	Benchmarking
Plan-based discussion groups	Regional and Community Data	CE Definitions
	Creative Sector Survey	

WESTAF’s insights and research resulted in two robust reports in 2022: the Creative Economy Definition ([Appendix B](#)) and the Creative Economy Data Analysis and Ecosystem Model ([Appendix C](#)).

In response to the legislative directive to "address support for the creative community within historically marginalized communities" and in alignment with the desire to create a plan that supports a more equitable vision for the creative economy in Washington, the consulting team tracked and will make adjustments to the process to ensure the plan meets community-identified needs of a wide range of populations related to race, ethnicity, gender, industry and occupational affiliation, region of the state, and other factors.

Work group members organized consultation meetings across the state, which resulted in engagement and feedback from more than 180 additional individuals, far exceeding the 100 individual target first established. With the leadership of the work group, Indigenous- and Latino-led organizations were engaged as host sites for consultation meetings. The consulting team also held a virtual discussion group (focus group) of Indigenous creative entrepreneurs.

When data were most recently tabulated, people of color and people from diverse racial and ethnic backgrounds represented 36% of the consultation group compared with 38% of the state population, according to WESTAF. Since then, the number of engaged people from various racial and ethnic backgrounds has increased to an estimated 41%. Of this figure, 38% are Indigenous (members of tribes in Washington or other states), 31% are Black/African American, and 19% are Asian American. Increasing representation from Latino communities and others continues to be a priority in phase two of the consultation process.

Creative Economy Definition

The Creative Economy Definition ([Appendix B](#)), completed in July 2022, is a working definition and a baseline for the strategic plan. The research team reviewed a wide range of descriptive (conceptual) definitions, and chose to focus on building a data-based definition to establish a methodological grounding for the project. This definition is not narrative; instead, it focuses on creating the framework and praxis from which the creative economy will be viewed and assessed. The narrative definition be developed in phase two of the process, and will come from iterative conversations and research with the work group and industry stakeholders.

The Creative Economy Strategic Plan process primarily focuses on creative industries and workers in the creative economy. As such, the initial working definition of Washington’s creative economy is a data-based, defining industries, employment and economic impact. This working definition includes both industry and occupational code groupings drawn from several data sources including Lightcast and CVSuite datasets used by the Department of Commerce and ArtsWA, respectively.

Washington’s creative economy includes the following sectors:

- Architecture and living spaces
- Culinary arts and beverage
- Cultural institutions
- Creative technology
- Design and advertising
- Fashion
- Film, television and radio
- Music, performing arts and visual arts
- Publishing

According to CVSuite data, Washington’s creative industries generated \$59 billion in earnings in 2020, equivalent to 16% of all dollars earned in the state ([Appendix B](#)). Within the state, the creative industries support 351,184 jobs. Washington’s high average creative economy earnings of \$170,107 per job, compared to the national creative economy average earnings of \$89,542 ([Appendix B](#), page 15), makes the state extremely attractive for creative businesses and talent.

The Creative Economy Definition Report presents initial statistics on the creative economy statewide, as well as the nine regions as defined by Commerce:

- **Cascades to Coast:** Clallam, Jefferson, Kitsap, Pierce counties
- **Mid Sound:** King County
- **North Central:** Chelan, Douglas, Grant, Okanogan counties
- **Northeast :** Ferry, Lincoln, Pend Orielle, Spokane, Stevens counties
- **Northwest:** Island, San Juan, Skagit, Snohomish, Whatcom counties
- **South Central:** Kittitas, Klickitat, Yakima counties

- **South Sound:** Grays Harbor, Lewis, Mason, Pacific, Thurston counties
- **Southeast:** Adams, Asotin, Benton, Columbia, Franklin, Garfield, Walla Walla, Whitman counties
- **Southwest:** Clark, Cowlitz, Skamania, Wahkiakum counties

Regional comparisons are important in getting a fuller picture of the state’s creative economy. The Creative Vitality Index (CVI) measures the per capita concentration of creative economy activity through creative industry sales, occupation jobs, and nonprofit revenues, allowing regions to be compared.

The Mid Sound region, which is a hub for creative technology, reports 92% more creative economic activity than the national average. Mid Sound’s CVI value (1.92) is high compared to other regions in the state. The other eight regions show 25% to 60% lower concentrations of creative economic activity compared to national figures, according to their index values: Northeast (0.74), Northwest (0.69), Cascades to Coast (0.68), South Sound (0.51), Southeast (0.48), Southwest (0.48), North Central (0.47), and South Central (0.41). There are factors that contribute to low CVI values, such as lower concentration of activities in rural areas. The index is a means to compare creative economies using both for-profit and nonprofit data and spark deeper analysis into the impacts of arts and culture in each region.

It’s important to note that this is a working definition and will be refined as the research team gathers further data and insights. Additionally, a descriptive definition will be formed in consultation with stakeholders across the state. The objective of generating a definition in the context of the strategic plan is to build on and deepen the work these stakeholders have already done in defining the creative economy of the state of Washington.

Creative Economy Data Analysis and Ecosystem Model

WESTAF’s Creative Economy Data Analysis and Ecosystem Model, completed in September 2022, provides a baseline data profile of the creative economy ecosystem for the state of Washington and its nine regions ([Appendix C](#)). The report focuses on the aggregate scale of the creative economy in Washington, the supply chains of creative economy sectors, employment and demographic trends, and foreign and interstate trade of goods and services produced by creative industries. Specific methodologies used in the report include economic base analysis; shift-share analysis; network analysis; profile information on the socioeconomics, scale, and competitiveness of the creative economy; and its linkages across the demand and supply side of the domestic and foreign markets within and outside of Washington.

Some findings gleaned from the analysis of the data include ([Appendix C](#), pages 2-4)

- Washington’s creative economy contributed \$119.2 billion to the gross domestic product (GDP) of the entire economy of Washington – a 19.6% share of the total economy.
- Within the creative economy, the largest industry sectors by gross domestic product are creative technology (\$89.6 billion), architecture and living spaces (\$9.3 billion), and fashion (\$7.5 billion). The GDP of music, theater, dance, and visual arts is \$4.7 billion, comparable to the state’s distinctive culinary arts and beverage sector with a GDP of \$4.9 billion.
- Within the creative economy, the smallest industries by gross domestic product are design and advertising (\$2.3 billion), cultural institutions (\$1.5 billion), and film, television, and radio (\$1.3 billion).
- The Mid Sound region has the largest creative economy by a significant margin, driven by creative technology. The gross domestic product of the creative economy in 2019 in this region was \$103.3

billion. The Northwest region has the second largest creative economy, with a gross domestic product of \$3.8 billion.

- The two smallest regional creative economies are the North Central region, with a gross domestic product of \$653 million, and the South Central region, with a gross domestic product of \$831.9 million.

In terms of trade, the Washington creative economy ([Appendix B](#), page 3):

- Imported \$13.5 billion of the inputs used in the production of the goods and services. There may be an opportunity to strengthen the local supply chain of the creative economy and grow the broader economy by reducing these imports.
- Exported \$82.6 billion of their products to regions outside the state but within the U.S. (domestic exports). This was 31.5% of the total domestic exports of all industries in the state.
- Exported \$6.8 billion of goods and services to consumers in other countries. These foreign exports accounted for 9.4% of foreign exports of all industries in the state. To the extent these exports can be increased, it will bring new money into the state and regional economies and catalyze the growth of both the creative economy and overall state economy.
- Creative economy domestic exports amount to 47.7% of total output. In other words, almost half the goods and services produced by the creative economy in the state of Washington are exported to other states or regions in the U.S. However, the foreign exports of the creative economy industries only amount to 4% of their total output. This difference is especially stark considering the creative technology industry in which 61.3% of their total output was exported to other states or regions of the U.S., but only 3% of their total output was exported to customers in foreign countries. This indicates a possible opportunity to increase foreign exports and further catalyze the growth of both the creative economy and the broader economy by bringing more money into the state and regional economies.

Washington topline employment data indicates ([Appendix B](#), page 3):

- Since 2011, employment in the creative economy has grown over 50%.
- The Mid Sound region is the central hub of creative economy activity in the state of Washington, as described by the GDP and employment numbers.
 - The Mid Sound region has seen the most growth in terms of employment over the last 10 years, and 73% of creative industry jobs are from this region. A majority of Mid Sounds jobs (203,970) are attributed to the creative technology sector.
 - The creative technology sector was the only sector to grow during the COVID-19 pandemic. It's believed that the pandemic's remote work conditions were conducive to the type of environments needed to create new technologies, whereas other sectors which require face-to-face interactions had larger impacts.
- Arts sectors such as culinary arts; music, performing, and visual arts; film; and cultural institutions saw a substantial decline during the pandemic. However, we are optimistic for future creative sector employment because employment numbers rebounded in 2021.
- Over the last 10 years, the publishing, fashion and design sectors have seen a steady decline in employment throughout the state.
- Music, performing arts and visual arts is the second largest creative sector contributing to the state's employment and is unique throughout most of Washington's regions, described by its competitive effect metric. This particular sector generates the most jobs in the areas of Cascades to Coast, Northwest, Northeast, South Central, and South Sound.

- Although the music, performing arts, and visual arts sector is strong in Cascades to Coast, overall, the creative economy has seen a decline in employment starting in 2018. It's worth investigating the forces contributing to this trend, whether it's migration, housing, cost of living, or other factors.

The ecosystem analysis will broaden when paired with the collection of qualitative data from work groups, select individuals, and sectors across Washington, which has begun and will continue throughout this next phase of the project.

Next steps: Completing the strategic plan

The Creative Economy Work Group and consulting team continue working to deliver a Creative Economy Strategic Plan to the Legislature by December 2023. Future milestones include:

- **January 2023:** Deliver initial policy research and consultation findings
- **January-March 2023:** Continue qualitative insights consultation process, including in-depth interviews, co-hosted discussion groups, plan-based discussion groups, individual interviews, and a broad survey
- **April 2023:** Deliver initial draft of strategic framework
- **July 2023:** Deliver consultation summary and revised strategic framework (revisions based on work group and community feedback)
- **September 2023:** Present draft Creative Economy Strategic Plan
- **December 2023:** Present final Creative Economy Strategic Plan and report to the Legislature

Commerce and the consulting team have a shared goal to deliver an actionable Creative Economy Strategic Plan to ensure that the state of Washington is competitive, as measured by success in attracting creative economy businesses, retaining talent within the state, and developing marketable content for national and international export.

Appendix A: Creative Economy Work Group Roster

Co-Chairs

David Holland, Deputy Director, WESTAF

Martin Cohen, Partner, Creative Planning Group

Creative Economy Work group Members

royal alley-barnes, Acting Director, Seattle Office of Arts & Culture, Seattle

Jonathan Baker, Founder, eqpd, Twisp

Mary Big Bull-Lewis, Indigenous Entrepreneur, Wenatchi Wear, Wenatchee

Squire Broel, Founder, Broel Studio, Inc., Walla Walla

Sarah Brown, Executive Director, TwispWorks, Twisp

Manuel Cawaling, Executive Director, Inspire Washington, Seattle

Matt Chan, President, Chanster LLC, Seattle

Daryll Crews, CEO, The January Group, Tacoma

Davin Diaz, President, DrewBoy Creative, West Richland

Colleen Echohawk, CEO, Eighth Generation, Seattle

Jacob Ewing, Special Projects Coordinator, Association of Washington Cities, Tumwater

Horace Francis. CPA, Francis & Company PLLC, Seattle

Shannon Halberstadt, Creative Economy Sector Lead, Washington Department of Commerce, Seattle

Karen Hanan, Executive Director, ArtsWA (Washington State Arts Commission), Olympia

Virl Hill, Head of Worldwide Business Development, Media & Entertainment, Microsoft, Mercer Island

Angie Hinojos, Executive Director, Centro Cultural Mexicano, Woodinville

Roni Holder-Diefenbach, Executive Director, The Economic Alliance, Okanogan

Amber Knox, Executive Director, Tieton Arts & Humanities, Selah

Amy Lillard, Executive Director, Washington Filmworks / Whipsmart, Seattle

Jiemei Lin, Illustrator, Pullman

Mariella Luz, Working Artist, Studio Potter, and Instructor, Board president, Artist Trust, Olympia

Jennica Machado, Economic Development Manager, Thurston County/WSAC, Olympia

Ed Marquand, Founding Director, Mighty Tieton, Tieton

Monica Miller, Executive Director, Gallery One Visual Arts Center, Ellensburg

Katie Oman, Chief Operating Officer, Northwest Maritime Center, Nordland

Betania Ridenour, Maker, Bristle and Stick, Twisp

Lisa Smith, Executive Director, Washington Microenterprise Association, Olympia

Gina Stark, Economic Development Project Manager, Port of Bellingham, Sedro Woolley

Joseph Todd, Commissioner, Commission on African American Affairs, Renton

Laura VerMeulen, Director, Longhouse Education & Cultural Center, The Evergreen State College, Lacey

Umi Wagoner, Co-Owner, eTcTacoma, Tacoma

Emily Washines Scholar, Native Friends, Toppenish

Appendix B: [Creative Economy Working Definition \(PDF\)](#)

Appendix C: [Creative Economy Economic Model and Ecosystem Analysis \(PDF\)](#)