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Final Paper: How to Improve California's Anemic Film Industry

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Macroeconomics of the Entertainment Industry

The California Film Commission (CFC) enhances California's status as the leader in motion picture, television, and commercial production. The CFC exists in one of the biggest economic industries, with North America being the largest single region. The global media and entertainment market reached $2.87 trillion in 2025 and is projected to grow to $3.08 trillion in 2026, with the industry expected to reach $4.15 trillion by 2030. This industry is only growing more and more, but the problem for CFC is that California is losing its share of that rising tide to everyone else (PwC, 2025a).

Streaming has completely changed the landscape of Hollywood, but there is concern amongst consumers (Felton, 2025). 41% of consumers canceled at least one service in the previous six months, 75% are frustrated by rising prices, and 40% cut a streaming service due to financial concerns (Lee, 2025). This coincides with the collapse of linear television. TV production in Los Angeles is down more than 58% from its 2021 peak, taking with it a generation of scripted production volume that California's studio economy was built to serve.

Production in Los Angeles in 2024 hit its second-lowest annual level on record, just above 2020. The average number of film and TV production jobs in California in 2025 was down 35% from 2022 and 20% lower than a decade ago (Boswell, 2025). Stage occupancy fell sharply to 63% in 2024 compared to 93-95% in 2018-2021 (Boswell, 2025). The entertainment industry contributes around $43 billion in wages to California's economy, and lower output threatens every business reliant on film and television. 27% of the nation's film and television workforce resides in L.A., making the slowdown devastating for locals (Boswell, 2025).

Global competition is also on the rise. California is not just losing business to Georgia or New York. Australia and New Zealand experienced a 14% increase in production of projects costing $40 million or more between 2022 and 2024, while the U.S. experienced a 26% decline (Felton, 2025). Los Angeles was rated the 6th best filming location according to a survey of studio executives, with Toronto, U.K., Vancouver, Central Europe, and Australia all ranking higher (Stevens & Sperling, 2025). Other countries have increasingly generous tax incentives without annual or per-project caps, whereas California does not qualify for above-the-line labor, which other states and countries, such as the UK, already offer (Boswell, 2025).

In May 2025, President Trump announced a proposal to impose a 100% tariff on all films produced outside the United States (Dunn, 2025). The Motion Picture Association and several

industry unions urged the president to consider adjusting tax incentives instead, arguing that this would reward domestic production rather than punish overseas filming (Sperling, 2025). This introduces exactly the kind of uncertainty that suppresses greenlight activity (Whitten, 2025).

AI is ever rising as well. Disney entered a licensing agreement for OpenAI's Sora and invested $1 billion in the company. Studios want to invest in AI, but are scared of the potential outcry, especially coming fresh out of the SAGAFTRA strike (Chmielewski, 2025). For CFC, AI is a double-edged sword. It threatens to reduce crew on set, but also drives investment in the virtual production infrastructure that California is building and incentivizing (Rottenberg, 2025).

Financials in the Entertainment Industry

In the CFC, there is the California Film & Television Tax Credit Program. In this program, for every dollar of tax credit awarded, California has historically generated $24.40 in economic output, $16.14 in GDP, and $8.60 in wages (CAGov, 2026). Since 2009, this program has generated over $32.3 billion in economic activity and supported more than 234,000 cast and crew jobs across the state (CAGov, 2026).

In 2023, the weekly wage of California's film industry workers was over $2,700, 60% higher than the average across all California industries. However, employment in traditional entertainment is down 9.1% from 2013 to 2024, while newer sectors gained 53% in employment over the same period (ResearchNester, 2025). The box office rose 12% in 2025 to $33.6 billion, but domestic U.S. revenue only edged up 1% to $8.7 billion.

Program 4.0 is the biggest credit program California has. Program 4.0 is a $3.75 billion, five-year initiative to boost local production, create jobs, and retain filming in California. It offers 35–40% tax credits for eligible film and TV projects and introduces new refundable credits, stricter safety, and diversity requirements (California Film Commission, 2020). The program is projected to create 60,000 jobs and attract $10 billion in investment. In the early months of the program, applications jumped more than 400%, and 147 productions were approved for tax credit, a 53% increase year-over-year, representing $5.5 billion in total economic activity, 21,504 cast and crew jobs, and 5,928 filming days across California (California Film Commission, 2020).

Studio Financials

	Netflix	Disney	Warner	Paramount	NBCU
Revenue	2025 revenue grew 16% to $45.2 billion.	2025 revenue grew 3% to $94.4 billion	2025 revenue $37.3 billion, 5% decrease. Net debt reached $29 billion	2025 revenue was $28.9 billion, 1.1% decline	2024 EBITDA increased 11% to $1.4 billion
Box Office	N/A.	$6.58 billion box office	$4.4 billion box office	$1.4 billion box office	$3.89 billion box office
Streaming	325 million paid memberships by the end of 2025.	196 million Disney+ and Hulu subscriptions Disney+ alone had 132 million subscribers.	Streaming grew 5% to $10.9 billion for the year. 131.6 million subscribers	Paramount's streaming revenue up 17% to $2.17 billion.	Peacock had 41 million subscribers by the end of 2025
Projections	Continued growth. In final talks to buy Radford Studios in LA	Continued growth, especially in theme parks	Uncertainty with the recent Paramount acquisition	Cost savings revised upward to $3 billion. Includes 2,000 layoffs	Comcast's segment restructuring makes the 2025 and projection numbers hard to predict
References	(Netflix, 2026) (Cho, 2026)	(Stoll, 2026)	(Stoll, 2026)	(Stoll, 2026)	(Stoll, 2026)

The Business Case for Reinvesting in California Production

California should not try to win the film and television industry back by just saying that Hollywood has history. History matters, but investors and studios need a stronger business reason to stay. The stronger argument is that California can still be the most complete and efficient production market in the world. The state already has deep creative labor, experienced crews, major studios, agencies, vendors, locations, and post-production resources. What California needs now is a clearer investment strategy that turns those advantages into lower risk and higher efficiency for production. The California Film Commission already supports productions through tax credits, permitting help, location services, and production assistance, but those services need to be communicated as part of a larger business case: filming in California gives productions access to a full ecosystem, not just a place to shoot (California Film Commission, 2020).

The first part of this business case is infrastructure. California needs more modern soundstages, flexible production campuses, virtual production spaces, and post-production hubs. The state already recognizes this need through its Soundstage Filming Tax Credit Program, which offers credits for qualified productions filming at certified studio construction projects. Soundstage investment not only helps one production at a time, but also creates long-term production capacity. If a studio knows that California has available stages, reliable crews, and fast access to vendors, it has fewer reasons to move a project to another market. The state should therefore frame soundstage investment as economic infrastructure, similar to transportation, housing, or technology infrastructure. This builds a physical base that keeps film and television spending inside California (California Film Commission, 2020).

This investment is especially important because production activity in Los Angeles has continued to fall, as seen by previous data. These numbers show that California's problem is not only image-based but also structural. A communication plan for CFC must therefore show that new investment in California can solve real production problems, not just improve public perception.

The second part of the business case is talent. California's crew base is one of its most valuable assets, but it cannot be taken for granted. When production slows for several years, workers leave the industry, move to other states, or take jobs outside the entertainment industry.

Once that happens, California loses one of its biggest competitive advantages. Talent development should therefore be described as infrastructure too. A trained crew base is just as important as a soundstage, because productions need workers to start quickly and finish on schedule. For CFC, this means workforce investment should not be framed only as helping workers. It should be framed as protecting the labor system that makes California valuable to studios.

The financial argument is also strong, as seen from the CFC numbers. These numbers give CFC a simple message for investors and policymakers: production incentives and infrastructure investment are not just costs. They are tools for keeping jobs, wages, local business spending, and cultural influence in the state. This is important because film production spending does not stay only inside studios. It also supports other businesses around the state.

CFC should also divide its investor audience into clear groups. Studios and streaming companies, real estate developers and infrastructure investors, local governments, and labor unions all have different goals. CFC shouldn't use one general message for everyone. For studios, the message should be: California helps you finish projects faster with better talent and fewer production risks. For infrastructure investors, the message should be: California production space can become a long-term asset because the industry still needs high-quality stages near the world's deepest entertainment labor pool. For policymakers and labor partners, the message should be: investment in production protects middle-class creative jobs and keeps economic activity in California.

This leads to the core communication strategy. CFC should move the message away from nostalgia and pair it with economic confidence. The point should not only be "Hollywood was built here." The stronger point is "California is still the most complete place to build the future of entertainment." This message connects naturally to infrastructure, talent, and technology. California can present itself as a state where traditional production and virtual production can work together. This also makes the state more attractive to smaller productions, not just major studios. Independent filmmakers may not have the budget to manage complex production moves across multiple states or countries. If California can make the process more efficient and centralized, it can become attractive to both large and small productions.

To make this communication plan credible, CFC should measure success with both business and communication metrics. These metrics would help prove that the campaign is not

only improving California's image but also helping rebuild real production activity. The goal is to make California easier to choose, easier to invest in, and harder to leave.

The Campaign: "Then. Now. Always California."

In order to reverse the downward trend in California's film and TV industry and to remain globally competitive, it is recommended that the California Film Commission implement the "Then. Now. Always California" campaign proposed in this paper. While California still remains the top destination to film in the nation, it is quickly losing ground to New York, New Jersey, and Georgia, despite the golden state having the fourth largest economy, geographical and climate advantages, and other infrastructural advantages. All of the aforementioned advantages will be highlighted in this campaign. The "Then. Now. Always California" campaign will have three basic tenants in which all communication goals, strategy, and tactics will be derived from. The three tenants of the campaign will be the following: "A century of California cinema and many to come, the California Cinema Coalition, and centralizing California cinema." The California cinema industry doesn't need a re-introduction or a re-invention, but rather a reminder. A reminder of what it's been in the past, and what it still is — the global cinema capital. As a result, the campaign's communication goals are to have California continue to be viewed as global cinema capital, position California as an efficient cinema market, and to have California cinema be considered technologically innovative. It's by no accident that over a century ago at the film industry's inception, early film studios, and later television, chose California, specifically Southern California as the home of cinema and entertainment. While many states have more competitive tax incentives than California, they're limited in the number of available film days because of climate and geographical barriers. As obvious as it may be, having to move your filming between states because of these natural barriers ends up cutting into the so-called tax credits, creating larger logistical hurdles for studios. California does not have this barrier, and this will be highlighted in the campaign. But better weather and geography isn't enough to coax studios to do a majority of their filming in California, and for this reason, the creation of the California Cinema Coalition. Being a member of the California Cinema Coalition will require filmmakers, studios, to have majority (57%) of projects be filmed and produced in California. The benefit of being a member of this group would give studios, filmmakers, and unions access to state-owned properties for filming, and access to a slew of up-and-coming, California-made

film and television projects. Additionally, it would give these stakeholders a seat at the proverbial table for future film policy decisions. Akin to how car insurances have certified body shops and technicians, the California Cinema Coalition will be a mutually-beneficial ecosystem for studios, and labor. This will in turn create an exclusive club open to all with one simple requirement, film in California. Lastly, the final tenant will be to create a friction-less filming process. It's less about being the cheapest place to film, but more about being the most efficient with each dollar spent. Creating an environment where filmmakers and studios worry less about bureaucracy and paperwork, the better. At the end of the day, cheaper isn't always better and being able to centralize this process takes one step closer into convincing the film industry that California is worth every dollar spent. The campaign's strategy is two-fold: highlight institutional players and future players and position the California film industry as bureaucratic-less. The strategy will be executed by using the experiential tactics. To pair with the creation of the California Cinema Coalition, the California Film Commission will host a yearly gala and conference. The conference will host panel discussions from some of California's most prominent film studios, film makers, and tech players. This will be open to all filmmakers to create an ecosystem of exchanging ideas and fostering relationships. Along with the conference, the gala will award studios, films, and other visual projects that were made in exclusively in California. Separately, the California Film Commission will create a film festival called "Exclusively California" that will center indie California filmmakers that made their projects exclusively in California using California labor. At this festival, institutional players a part of the California Cinema Coalition will have the first opportunity to mentor or collaborate with smaller filmmakers. Lastly, the California Film Commission will create a billboard campaign near other film studios in other states highlighting the benefits of filming in California. The final piece of the future ecosystem will be creating a feeder system of future filmmakers, producers, and set designers. This will be done in two ways: first, the California Film Commission will create partnerships with film and businesses school at Southern California universities (USC, Chapman, UCI, and Pepperdine University). Secondly, apprenticeship programs at community colleges with the help of the film and television industry unions (SAG-AFTRA, WGA, DGA, IATSE, and etc.). These partnerships will highlight the robust and unmatched workforce that exists nowhere else but California.

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