Labor Market Report: Creative Economy in Washington State

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The creative economy has caught the attention of governments and policymakers around the globe. It was first introduced to academia as a concept by John Howkins in the early 2000s who defined the creative economy as fields focused on innovation and production, including art, crafts, design, film, music, performing arts, and software among others (Creative Economy 2021). Governments may find the creative economy to be an attractive focus because it joins socially valued industries that support artists and artisanal production with economically powerful ones from the knowledge economy that can boost economic outputs, thereby increasing Gross Domestic Product (GDP), a metric many governments find valuable.

Washington state has created programs and materials to provide focused support for the creative economy. One such program is run by the Washington State Arts Commission (ArtsWA) and focuses on creative districts that can be magnets of the creative economy and creative industries throughout the state. ArtsWA listed software developers and marketing managers along with musicians and singers in a list of Top 10 creative jobs in the State of Washington on their website (Creative Economy 2023). It seems strange to designate a sector of the economy that includes such disparate job markets as software developers and musicians. Traditional creative professions like musicians and creative knowledge professions like software developers have significant differences in economic resources.

This paper focuses on the creative economy in Washington state, related historical labor market trends, and the impact of the COVID-19 pandemic on related industries. Due to the expansive nature of the creative economy, this paper will use specific labor markets to represent both the information industries and artistic industries of the creative economy when those industries cannot be addressed in general. ArtsWA lists the top 10 creative jobs in Washington as (listed one to ten, in this order): software developers, postsecondary teachers, photographers,

web developers, writers and authors, musicians & singers, marketing managers, graphic designers, fine artists, and interpreters & translators (Creative Economy 2023). Using this list as a guide, software developers and web developers will be used to represent information industries of the creative economy and writers & authors and musicians & singers will be used to represent artistic industries of the creative economy.

The creative economy has a long history in Washington state, albeit by different names. Boeing was one of the first major employers in the state. While it was not part of the information sector per se during its early decades, it attracted talented workers, thereby increasing the labor supply of technology workers that would support later demand by companies such as Microsoft (*Washington's economic history: From humble beginnings to global impact* 2023). Other technology giants like Amazon started in Washington while established companies like Google and Meta set up employment hubs in the region to have access to the large and growing labor supply of technology workers. Over the past decade, the information sector in Washington has grown by almost 34%, bringing workers to make up 10.7% of the total labor force in the state (*Information and Communication Technology in Washington State* 2023). Average annual wage in Washington for software developers and web developers is $145,150 and $101, 920, respectively (Washington State Employment Security Department, *Occupational Employment & Wages - May 2021 (2022 Release)*). Technology industries in Washington state have gone through boom-and-bust cycles, such as the dot-com boom followed by the bust in the early 2000s. It is unclear whether technology industries in Washington state are in a boom or entering a bust, though it appears the unemployment rate for information industries is trending higher than the state unemployment rate (*Industry market research, reports, and Statistics* 2022).

Although it was challenging to find reliable information on the history of artistic industries in Washington state, the results of that history can be seen today. Washington has produced notable music groups over the years and is home to thriving arts and theater scenes that employ workers throughout the state, but in higher concentrations in urban areas. While artistic industries in Washington state have a long history, the compensation for many of the related job markets is not always consistent. Many artistic industries have on and off seasons, causing seasonal unemployment or underemployment for those participating in the labor economy. This could be related to local prevalence of the gig economy in the state. For example, data shows the average annual wage for writers & authors is $77,870 but no annual wage is listed for musicians & singers even though the average hourly wage is $42.06 (See Appendix E, Washington State Employment Security Department, *Occupational Employment & Wages - May 2021 (2022 Release)*). This is likely because musicians & singers generally participate in the labor market in such a way that their annual wages cannot be calculated by a simple formula for a projection and instead need to be reported based on previous years' data. It was challenging to find Washington state data on artistic industries as a whole because the state has moved towards grouping them under the umbrella of the creative economy. Other sources list that of the 3.5 million employed workers in the state, just over 100,000 work in Arts, Entertainment, and Recreation (see Appendix A, *Industry market research, reports, and Statistics* 2022).

The COVID-19 pandemic did not affect all job markets within the creative economy equally. Data shows that wages for workers in the information sector of the creative economy rose more than 10 percent from 2019 to 2020 (*2020 Labor Market and Economic Report* 2021, p. 30 Figure 2-4). Job growth in the information sector remained strong through much of the pandemic, with some firms nearly doubling their number of workers in the state (Bishop,

Microsoft adds 23k employees in one year, growing 14% despite pandemic and tight labor market 2021; Cook, *Google now employs more than 7,200 in Washington state — up from 4,500 workers just prior to the pandemic* 2022; Soper, *Most Seattle tech companies are actively hiring despite the pandemic, analysis shows* 2020). This increase in employment could have been due to increased demand for technology and related support needed to maintain productivity in other industries. The information sector of the creative economy was also not affected by stay-at-home orders in the same way as others were. Workers could transition fairly smoothly to remote work, resulting in an overall smaller and shorter spike of initial unemployment claims in 2020 than Washington state as a whole (see Appendices B and C). The easy transition to remote work along with strong wage growth likely resulted in an increased labor supply as more workers were induced to enter the labor market for information industries. There has been an overall increase of 24,000 jobs in the information industries market since the start of the pandemic that represents a large net gain, even taking into account recent layoffs (Roberts, *For laid-off tech workers, Seattle job market is no longer quite so friendly* 2023).

Meanwhile, many professionals focused on artistic and cultural production within the creative economy were some of the hardest hit by economic fallout from the COVID-19 pandemic as in-person events were indefinitely put on hold and consumer spending for luxury goods and services like concerts and performances fell. Unlike workers in information industries, there were limited ways for those working in arts and cultural industries to transition to remote work. Those that were available, such as live-streamed performances or classes, were not common and so many cultural firms or workers lacked needed infrastructure to make the shift. While this could be addressed in the long-run, in the short-run this resulted in a higher share of initial unemployment claims for the arts and related industries as a result of the pandemic and

related shutdowns (see Appendix C). The sudden shift in the labor demand curve for jobs in artistic industries resulted in an overall fall in employment levels and likely wage as well, unless government intervention dictated temporary higher wages for certain workers. Even in 2022, jobs in the arts, entertainment, and recreation sector were still nearly 25% below pre-pandemic levels in Seattle, one of the major hubs for such industries in Washington state (Vansynghel, *Seattle launches New Deal-inspired income program for artists* 2022). The overall decrease in demand for these professions may have resulted in a decreased labor supply as workers retrained or entered other job markets that were not affected as deeply by the pandemic.

Despite the fact that Washington state and many other institutions have decided to group information industries and artistic industries together under the umbrella of the creative economy, it is seems these industries have more differences than points in common. This is made most clear by how the COVID-19 pandemic affected these industries so differently. In many ways, the pandemic fueled a boom for information industries as demand for goods and services increased exponentially, thereby increasing demand for workers. Meanwhile, the demand for goods and services in arts and entertainment industries fell sharply as a result of the pandemic, resulting in decreased demand for workers and decreased wages. Overall, there are fewer workers in arts and entertainment industries in Washington state than workers in information industries, even taking into account recent layoffs in technology sectors.

Because the arts and information industries of the creative economy are so different, especially in economic output and how they are valued by government institutions, it is unwise to group them together under one umbrella. This will most likely result in the needs of the information sector receiving more focus than those of other creative industries due to its oversized effect on GDP and economic outputs.

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Appendix A

Industry market research, reports, and Statistics. IBISWorld. (2022). Retrieved March 14, 2023, from https://www.ibisworld.com/united-states/economic-profiles/washington/

What is Washington's Employment by Sector?

The Healthcare and Social Assistance, Retail Trade and Information sectors contributed the most to employment in Washington in 2022, representing a combined 39.5% of state employment.

Employment trends by sector are an important indicator of which sectors are growing or contracting most rapidly relative to the state economy as a whole.

Sector	Employment	Growth 2022 (%)	Annualized Growth 2017-22
Healthcare and Social Assistance	521,532	3.3%	2.6%
Retail Trade	453,602	3.1%	2.4%
Information	392,017	2.5%	2.5%
Professional, Scientific and Technical Services	334,555	3.6%	3.7%
Construction	308,232	1.9%	4.5%
Accommodation and Food Services	292,923	8.3%	2.9%
Administration, Business Support and Waste Management Services	213,463	4.4%	2.8%
Other Services (except Public Administration)	174,045	3.0%	2.4%
Educational Services	161,297	-0.7%	0.4%
Transportation and Warehousing	156,829	7.8%	4.8%
Wholesale Trade	150,734	3.8%	1.7%
Real Estate and Rental and Leasing	138,311	2.2%	3.5%
Arts, Entertainment and Recreation	100,539	6.9%	3.5%
Agriculture, Forestry, Fishing and Hunting	44,990	1.5%	-0.2%
Utilities	14,292	5.5%	4.7%
Mining	3,517	1.6%	0.5%

Figure A1. Washington Employment by Sector

Appendix B

ESD LMEA. (2023, March 8). Initial Claims applications for Unemployment Insurance-WA. ESD LMEA.

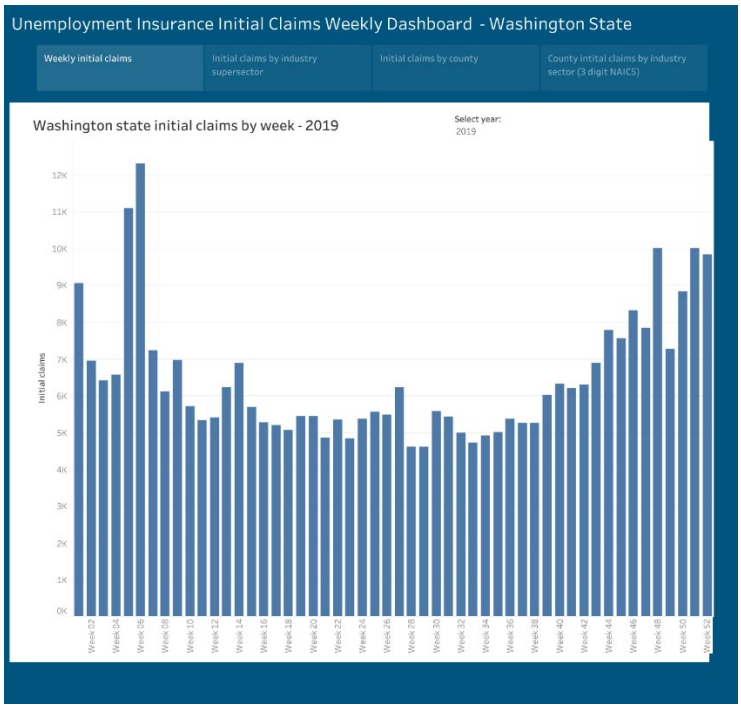


Figure B1. Washington state initial unemployment claims by week - 2019

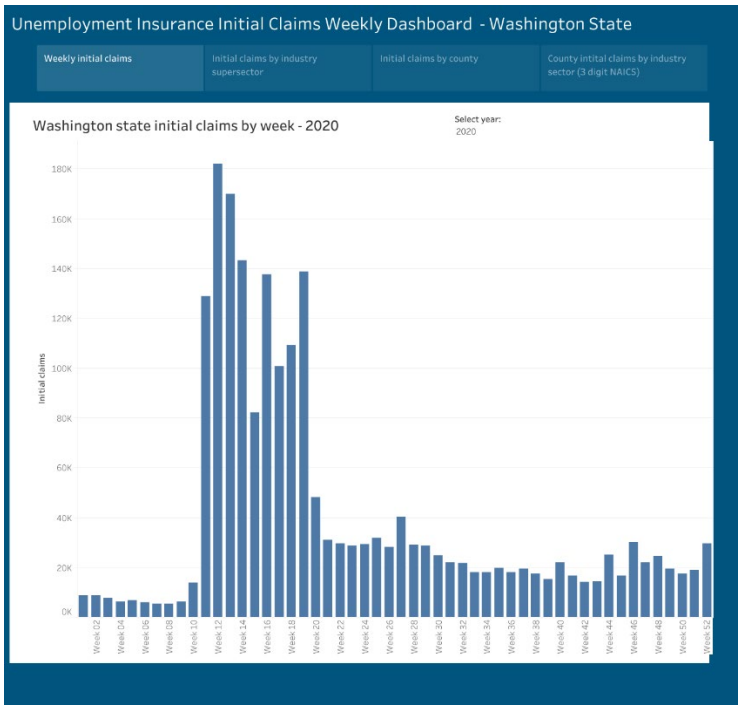


Figure B2. Washington state initial unemployment claims by week - 2020

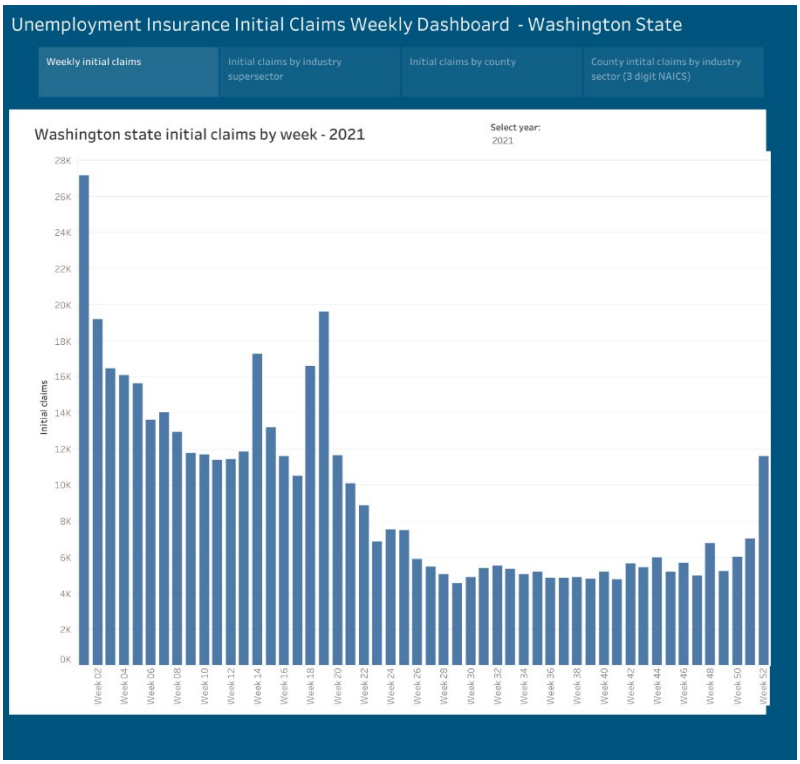


Figure B3. Washington state initial unemployment claims by week - 2021

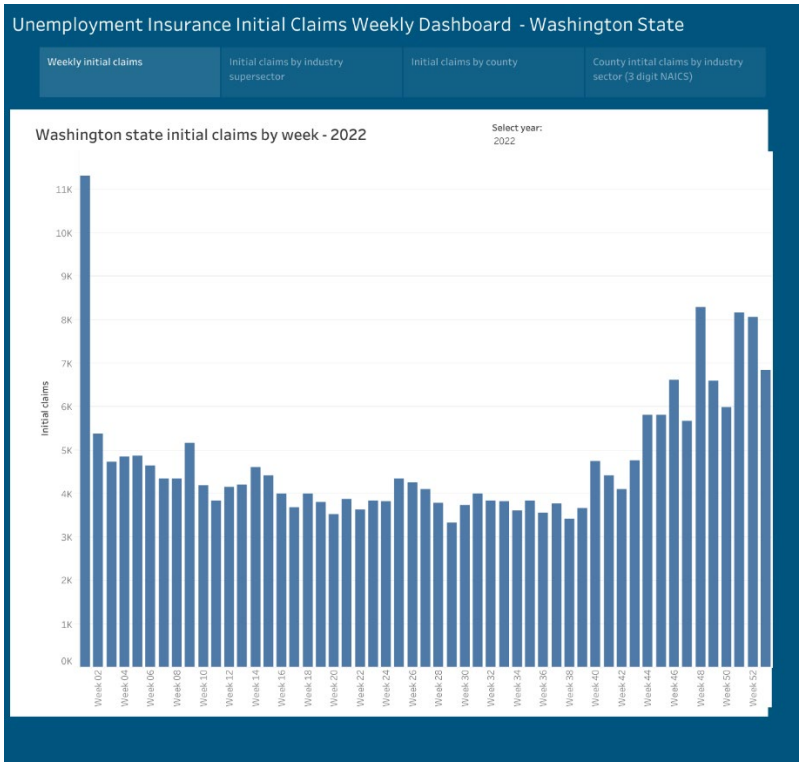


Figure B4. Washington state initial unemployment claims by week - 2022

Appendix C

ESD LMEA. (2023, March 8). Initial Claims applications for Unemployment Insurance-WA. ESD LMEA.

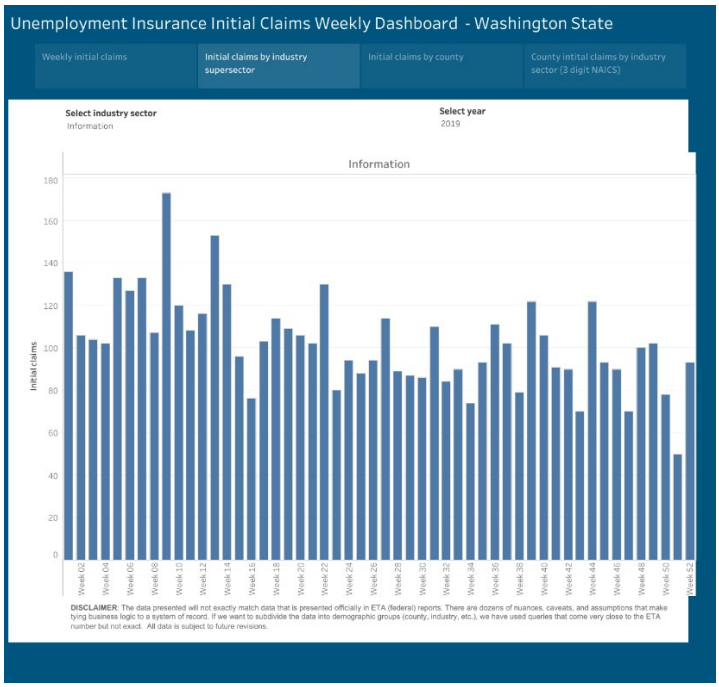


Figure C1. Washington state initial unemployment claims by week (Information Industry) - 2019

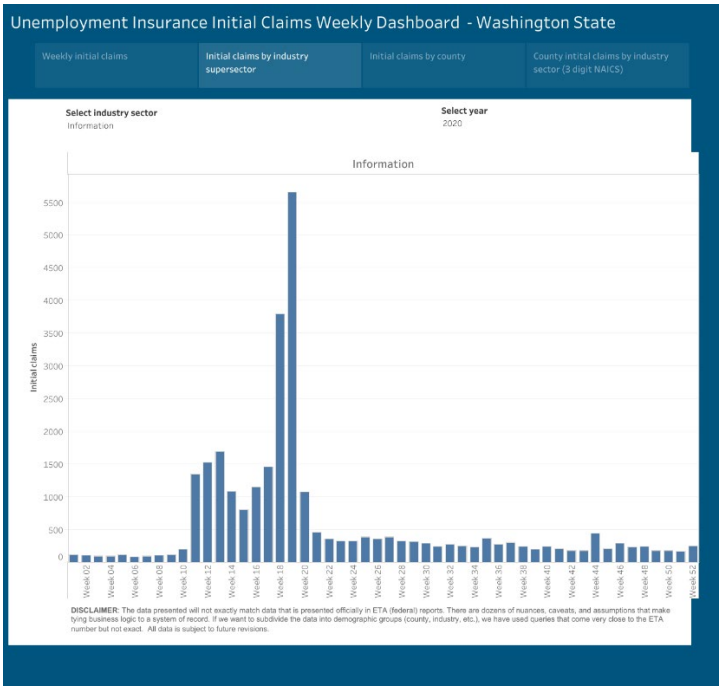
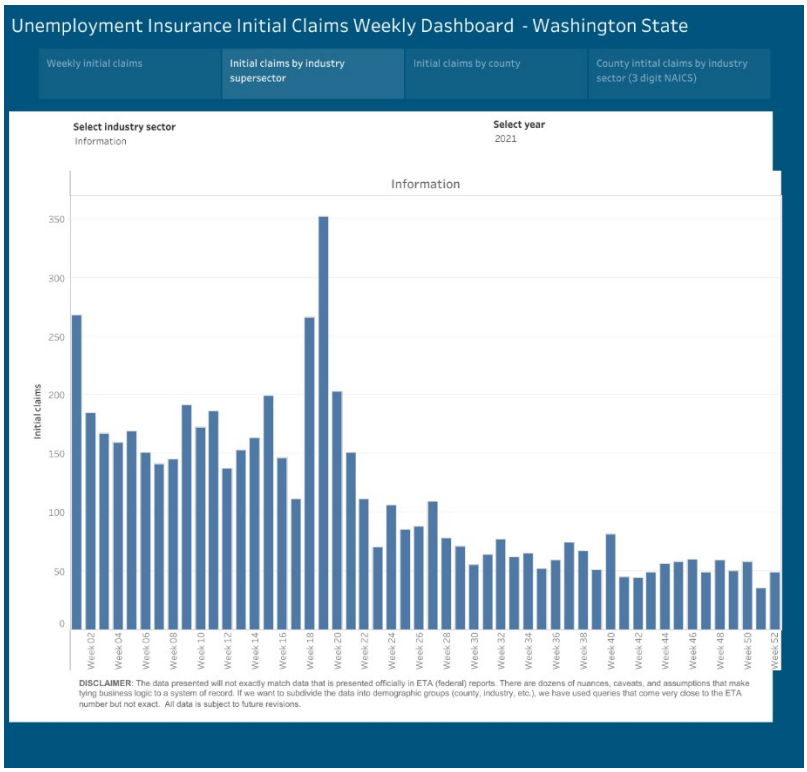


Figure C2. Washington state initial unemployment claims by week (Information Industry) - 2020



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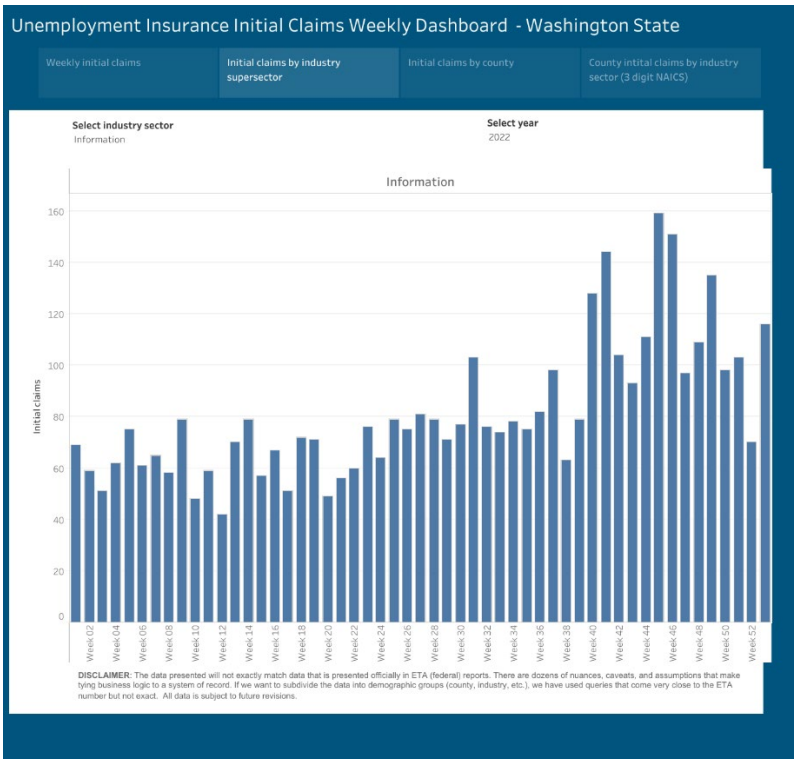

Figure C4. Washington state initial unemployment claims by week (Information Industry) - 2022

Appendix D

ESD LMEA. (2023, March 8). Initial Claims applications for Unemployment Insurance-WA. ESD LMEA.

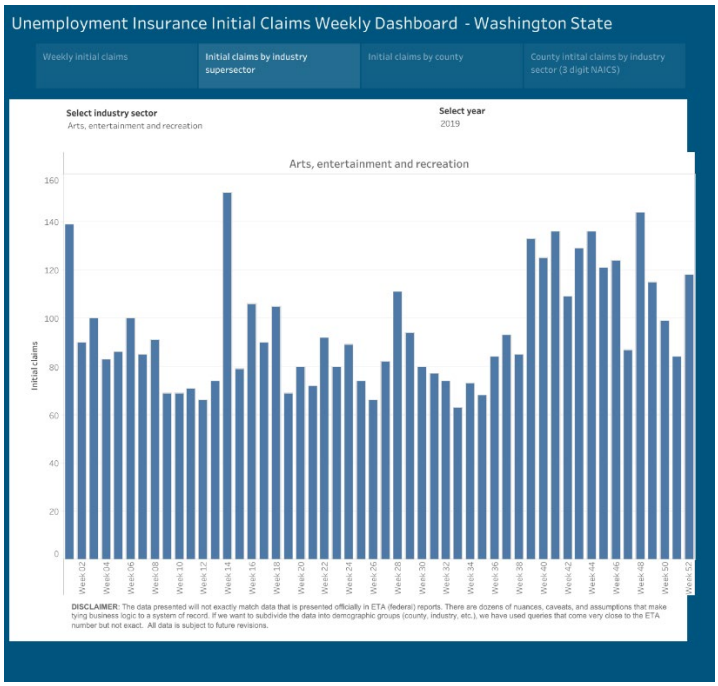

Figure D1. Washington state initial unemployment claims by week (Arts, Entertainment and Recreation Industry) - 2019

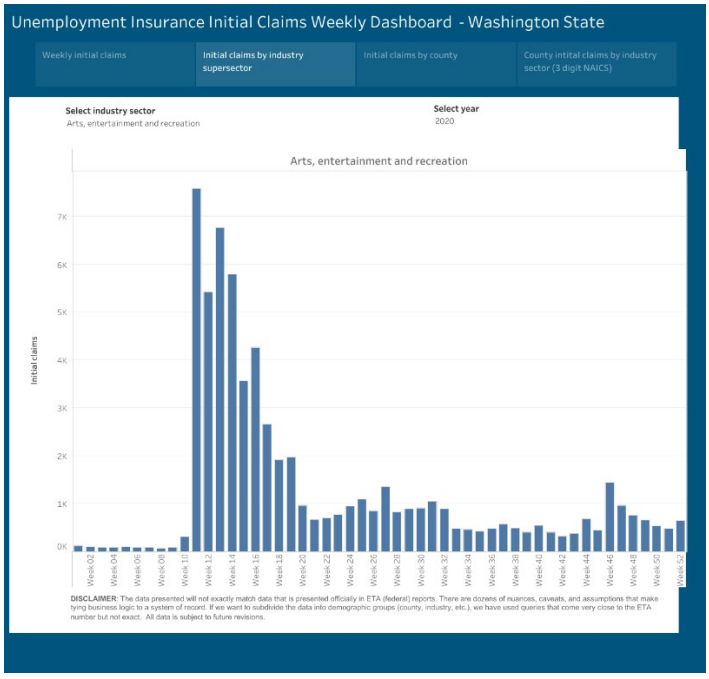

Figure D2. Washington state initial unemployment claims by week (Arts, Entertainment and Recreation Industry) - 2020

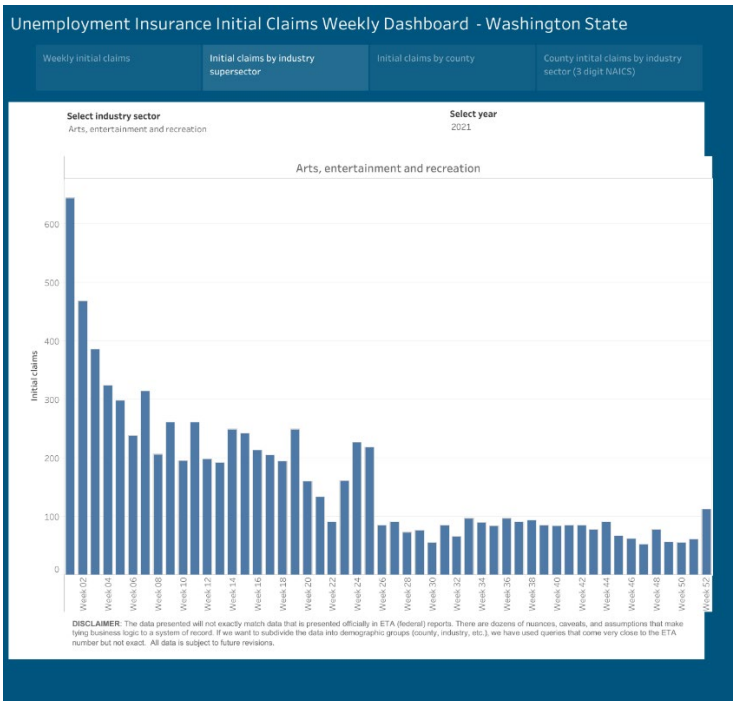

Figure D3. Washington state initial unemployment claims by week (Arts, Entertainment and Recreation Industry) - 2021

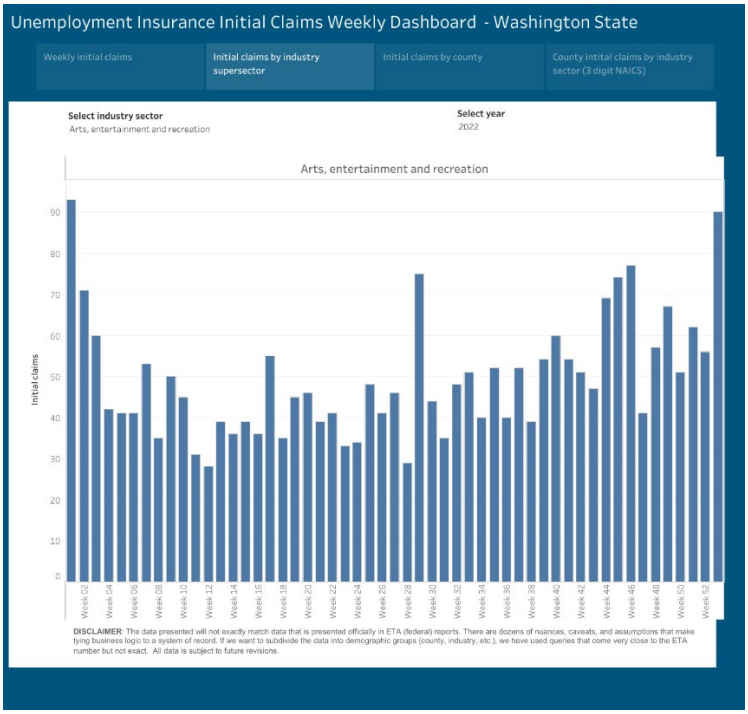

Figure D4. Washington state initial unemployment claims by week (Arts, Entertainment and Recreation Industry) - 2022

Appendix E

Area	Occupation title	SOC code	Estimated employment	Average wage	25th percentile	Median	75th percentile	Annual wage
Washington	Musicians and Singers	27-2042	440	$42.09	$27.90	$38.96	$47.35	
	Software Developers	15-1252	81,521	$69.78	$60.93	$73.06	$77.81	$145,150
	Web Developers	15-1254	2,806	$49.00	$33.71	$47.61	$61.69	$101,920
	Writers and Authors	27-3043	1,041	$37.44	$29.28	$38.05	$44.33	$77,870

Figure E1. Occupational employment and wage estimates - 2022