



2014 TV Study:  
The Decline of Dramatic Television Series  
Production in California

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## **About this Report**

This report is the product of independent research conducted by FilmL.A, Inc. FilmL.A. is Los Angeles' regional film office, serving the City and County of Los Angeles and an ever-increasing roster of local municipalities. Providing streamlined permit processing, comprehensive community relations, marketing services, film policy analysis and more to these jurisdictions, FilmL.A. works to attract and retain film production in Greater Los Angeles.

Integral to FilmL.A.'s work is ongoing research into the benefits that local filming brings to the Los Angeles region. To that end, the company maintains an internal research division devoted to the production, collection and dissemination of information regarding the U.S. film production economy. On behalf of everyone at FilmL.A. and those who depend on local entertainment production for their livelihoods, we thank you for your interest in this report. If you have any questions about the content herein, the authors welcome your inquiries.

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In the second quarter of 2014, California’s film industry delivered some surprisingly good news. As FilmL.A. recently reported, the production of television dramas shooting on-location in Greater Los Angeles increased 58 percent over the same period last year.

For television dramas--perhaps the most coveted form of film production after large-budget feature films--to post such a large increase in local production was unusual, not least because other states and nations continue to court television producers away from California with generous tax incentives.

Was last quarter the beginning of a new trend? FilmL.A. Research took a closer look at the television drama production landscape to shed additional light on local drama production, and how things might play out in the near future for one of California’s top industries.

As FilmL.A.’s second quarter report noted, much of the growth in television dramas in that quarter was driven by two major factors: 1.) demand for new scripted content in the summer and; 2.) cable television series able to shoot in California because of the state’s Film & Television Tax Credit Program.

**Demand for New Content in the Summer**

The demand for new original scripted content in the summer season became clearly evident in late June 2013, when CBS began airing the first of 13 episodes for *Under the Dome*, a television series based on a novel by Stephen King. The show was an instant hit, becoming the highest rated summer premiere for CBS since the reality series *Big Brother* aired in summer 2000. More impressive, *Under the Dome* had the highest rated summer premiere among all shows airing on traditional broadcast networks since 1992. By the end of its first season, *Under the Dome* was the most-watched summer series in the United States and was also a hit in many of the 200+ foreign territories where it was licensed.

Due to the success of *Under the Dome* and the clear demand for new original programming, cable and broadcast networks seized the opportunity to fill summer 2014 with a flood of new scripted series. Displacing reruns, no fewer than 23 new one-hour dramas were ordered for the 2014 summer season, seven of them made in California:

<b>New Drama Series</b>	<b>Network</b>	<b>Filming Location</b>
<i>Rush</i>	USA	British Columbia, Canada
<i>Chasing Life</i>	ABC Family	California
<i>Legends</i>	TNT	California
<i>Matador</i>	El Rey Network	California
<i>Extant</i>	CBS	California
<i>Murder in the First</i>	TNT	California
<i>Last Ship</i>	TNT	California
<i>Gang Related</i>	Fox	California
<i>Halt and Catch Fire</i>	AMC	Georgia
<i>Satisfaction</i>	USA	Georgia
<i>Finding Carter</i>	MTV	Georgia
<i>Penny Dreadful</i>	Showtime	Ireland
<i>Tyrant</i>	FX	Israel
<i>Manhattan</i>	WGN America	New Mexico
<i>The Night Shift</i>	NBC	New Mexico

<i>The Knick</i>	Cinemax	New York
<i>The Leftovers</i>	HBO	New York
<i>Power</i>	Starz	New York
<i>Taxi Brooklyn</i>	NBC	New York
<i>The Strain</i>	FX	Ontario, Canada
<i>The Divide</i>	WEtv	Ontario, Canada
<i>Crossbones</i>	NBC	Puerto Rico
<i>Outlander</i>	Starz	United Kingdom

Behind California were New York (with four series), Canada (three series), Georgia (three series) and New Mexico (two series). With the exception of *Tyrant* and *Crossbones*, which film in Israel and Puerto Rico respectively, all of the new summer dramas filmed in locations with moderate to heavily established film industry infrastructure. Without exception, every non-California location that hosted one of the new summer series offers generous film incentives.

With over 350 percent growth in the number of one-hour dramas being produced for cable television<sup>1</sup>, an explosion of content for digital platforms like Netflix & Amazon and record-high levels of original content production for premium cable channels like Showtime and HBO, the amount of premium content being produced has never been greater. In 2005, less than 130 one-hour dramas were being produced. By 2014, over 200 such shows were on the schedule.

With similar spikes in half-hour scripted shows (typically comedies) and even larger increases in the amount of reality programming, the amount of content being produced is putting a strain on global studio capacity. This ultimately benefits infrastructure-rich film destinations like Los Angeles.

### **California Film & Television Tax Credit Driving Production**

Just over 43 percent of all Permitted Production Days (PPDs) in the second quarter can be attributed to television dramas that receive the California Film & Television Tax Credit. These incentivized productions therefore accounted for the vast majority of the 58.6 percent increase in the TV drama category. Unfortunately, much of the non-incentivized drama filming for the period was driven by long-running series nearing the end of their creative runs.

<b>Series</b>	<b>Total Seasons</b>
<i>Newsroom</i>	3
<i>Justified</i>	5
<i>Glee</i>	6
<i>Parenthood</i>	6
<i>Mad Men</i>	7
<i>True Blood</i>	7
<i>Sons of Anarchy</i>	7

Based on the number of jobs they create and the number of small business vendors they support, each one of these seven series delivers a massive economic impact. For example, the final season of AMC's *Mad Men* employed almost 2,900 people and utilized almost 900 vendors:

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<sup>1</sup> California Film Commission, July 2014 Progress Report on the California Film & TV Tax Credit Program (pg. 19).

<i>Mad Men Season 7</i>	
Crew Hired	975
Background Actors Hired	1706
Cast Hired	196
Vendor Relationships	874

When these shows end their creative runs, as they will in the near future, California's television industry will find itself increasingly more dependent on the state's constrained Film & Television Tax Credit Program.

### **The Economic Impact of Lost Television Dramas**

From 2012 through the end of 2014, California will have seen 29 one-hour dramas complete their series runs. The economic impact of these 29 dramas is/was enormous, and when not replaced by other locally-made shows, the sting of their disappearance is keenly felt.

Since the average cost per-episode for a typical one-hour drama can range from \$2.2-\$5.5 million (or more) for a season that consists of 10-22 episodes, FilmL.A. estimates that the loss of these series is worth as much as \$1.2 billion annually in direct production spending.

<b>Completed Television Dramas: 2012-2014</b>		
<i>"90210"</i>	<i>Intelligence</i>	<i>Monday Mornings</i>
<i>Body of Proof</i>	<i>Ironside</i>	<i>Southland</i>
<i>CSI: New York</i>	<i>Rake</i>	<i>The Secret Life of the American Teenager</i>
<i>Private Practice</i>	<i>Bunheads</i>	<i>The Wedding Band</i>
<i>Touch</i>	<i>NewsRoom</i>	<i>Torchwood</i>
<i>Vegas</i>	<i>The Client List</i>	<i>Twisted</i>
<i>Jane by Design</i>	<i>The Lying Game</i>	<i>Parenthood</i>
<i>Make it or Break It</i>	<i>Glee</i>	<i>Justified</i>
<i>Mad Men</i>	<i>Sons of Anarchy</i>	<i>True Blood</i>
<i>Dexter</i>	<i>King &amp; Maxwell</i>	

Some of these series were produced with the aid of the California Film & Television Tax Credit. Once again, the economic impact of these drama series is considerable:

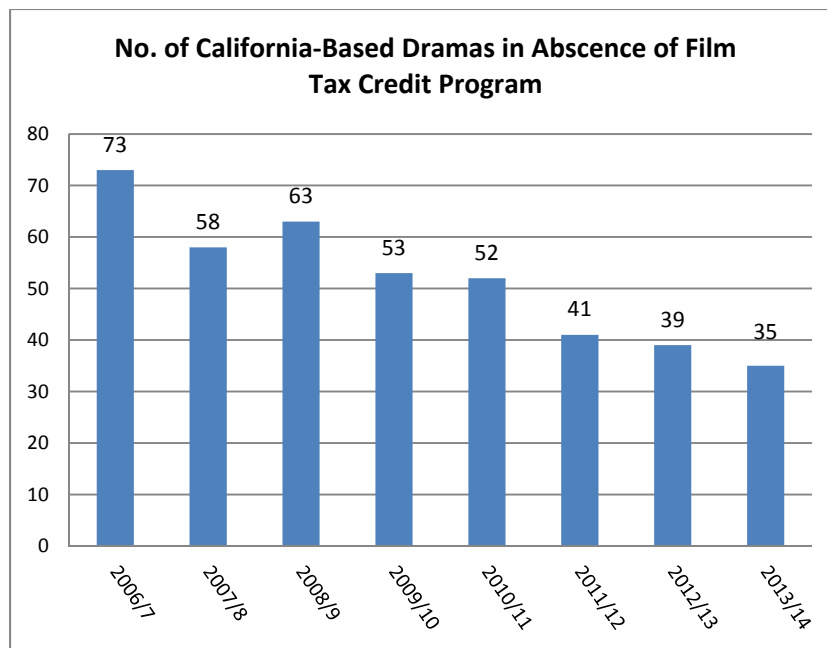
<b>Show</b>	<b>Total Series Spend</b>	<b># of Cast</b>	<b># of Crew</b>	<b># Extras</b>
<i>Bunheads</i>	\$30,100,000	182	188	3458
<i>Torchwood</i>	\$34,800,000	208	156	1767
<i>Jane by Design</i>	\$28,200,000	103	177	4828
<i>The Wedding Band</i>	\$18,100,000	104	130	2788
<i>Body of Proof</i> (2 seasons)	\$95,800,000	270	267	7873
<i>Justified</i> (5 seasons)	\$191,000,000	331	140	3705

<b>Show</b>	<b>Total Series Spend</b>	<b># of Cast</b>	<b># of Crew</b>	<b># Extras</b>
<b>Total</b>	<b>\$398,000,000</b>	<b>1198</b>	<b>1058</b>	<b>24,419</b>

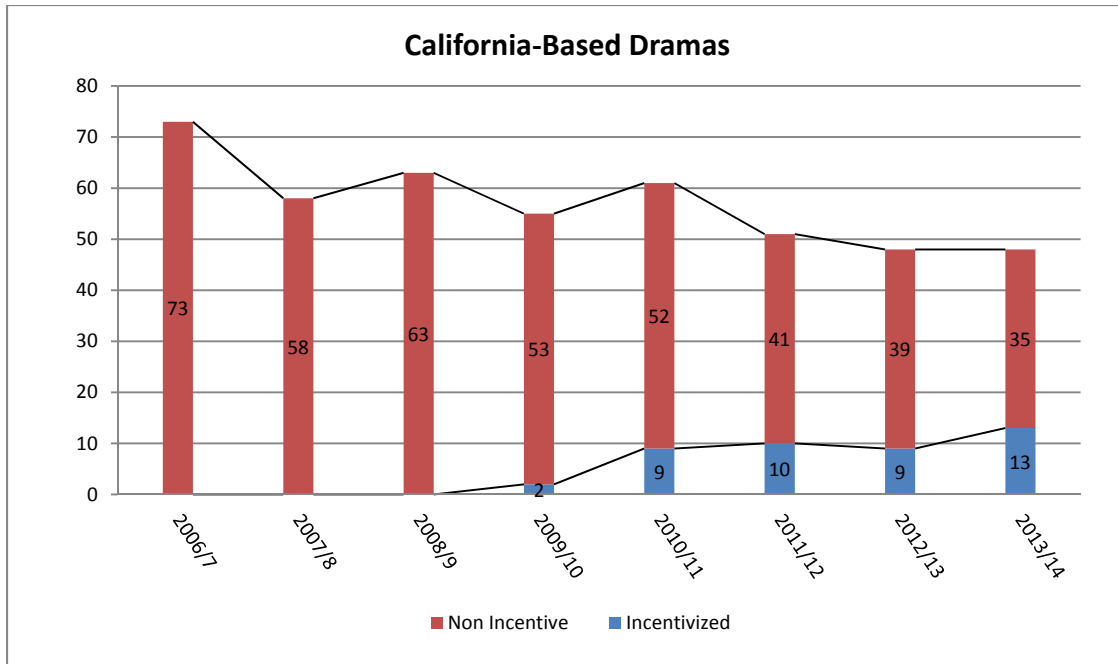
Unfortunately, California has been unable to replace these completed dramas with new series fast enough to fill the void. In 2006/07, a total of 73 one-hour dramas (including network, basic and premium cable series) were made in California. By 2013/14, however, just 48 dramas were made in the state.

The influence of out-of-state film incentives on California’s once unrivaled dominance in TV dramas is undeniable. In 2006/07, none of the 73 dramas made in California were incentivized (the California Film & TV Tax Credit wasn’t enacted until 2009). But as of 2014, a total of 13 dramas were made in California due to the state’s tax credit program.

In fact, were it not for the California Film & Television Tax Credit Program, 2013/14 would have been the worst year on record since 2006 for total television dramas produced in the state. Since 2006/07, production has fallen more than 52 percent to just 35 drama series this year:



As of 2014, incentivized dramas shooting in California due to the state’s tax credit now represent 27 percent of all dramas shooting in the state. Four years ago, just four percent of dramas were incentivized. Without a doubt, the state’s ability to maintain its diminishing share of TV drama production is becoming increasingly dependent on the California Film & Television Tax Credit.



### Looking Ahead

For many years, California has benefitted from the local presence of popular long-running procedural dramas that draw returning viewers in season after season.

In addition to the six series mentioned earlier that are at the end of their creative runs, at least six other acclaimed series should be watched carefully, having been on the air for an extended period of time:

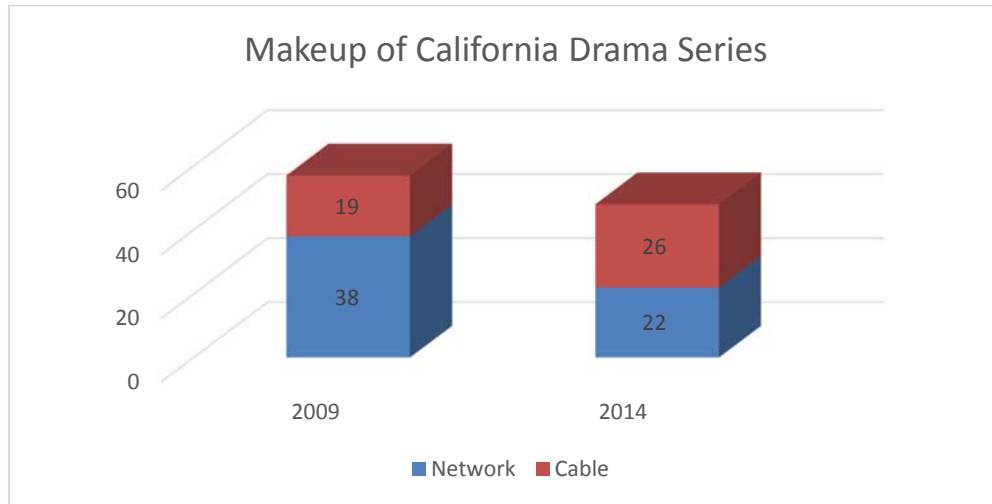
Series	Seasons
<i>CSI</i>	15
<i>NCIS</i>	12
<i>Grey's Anatomy</i>	11
<i>Criminal Minds</i>	10
<i>Bones</i>	9
<i>The Mentalist</i>	7

As of now, none of these long-running shows would have been eligible for the California Film & Television Tax Credit because they are network series, which are ineligible to apply for the existing program. As the California Film Commission's (CFC) July 2014 Progress Report noted, California's market share dominance in one-hour network drama series has been hammered in recent years, falling 61 percent from 2005 to 2013. According to the CFC, just 29 percent of network dramas were made in California in 2013 compared to 74 percent in 2005.

Because a typical network drama films roughly 20 episodes each season, the loss of a network series has larger negative impact on the economy than losing a typical drama with a 12-episode season. Network dramas tend to spend significantly more money each year than cable dramas and employ

people for longer periods of time due to longer seasons. The only reason California hasn't seen even steeper declines in the number of dramas shooting in the state is because of the growth of dramas produced for cable networks.

Just five years ago, network dramas shooting in California outnumbered cable dramas by a 2-to-1 margin. By 2014, cable dramas outnumbered network dramas, which account for just 46 percent of the drama series shooting in California.



Finally, it's important to note that of the 26 cable drama series shooting in California in 2014, 50 percent (13 shows) receive the California Film & Television Tax Credit. Due to the present cap on California's film incentive, the program is not able to accommodate more than 15-16 drama series.

If California wants to recover the \$1.2 billion in lost annual spending from the 29 dramas series completed since 2012, the current Film & Television Tax Credit Program needs to be substantially expanded.