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MPAA Analysis Refutes “False and Misleading” Study on Film Production Incentives by USC Assistant Professor Michael Thom

WASHINGTON – The Motion Picture Association of America (MPAA) has conducted analysis of a recent study on film production incentive programs promoted by the University of Southern California and authored by one of its assistant professors for public policy, Michael Thom. An [analysis](#) by Julia Jenks, MPAA Vice President of Worldwide Research, found that the study contains a number of fundamental scientific flaws, including poor data selection and failure to account for different size programs across states, which render its conclusions invalid. The analysis suggests that if this paper had been reviewed by economists familiar with labor data and with production incentive programs, it would not have stood up to scrutiny and would not have been recommended for publication.

MPAA Senior Vice President for State Government Affairs Vans Stevenson said of the Thom study: "It is troubling and without excuse that such a false and misleading study, without statistical and intellectual foundation, would be recklessly promoted by an otherwise respected educational institution such as USC. It severely tarnishes the reputation of the university as well as the academic credentials of the author, USC assistant professor Michael Thom. This is academic malpractice, designed to make a provocative statement rather than offer sound policy analysis."

Out of the 1.9 million U.S. jobs supported by the film and television industry, direct industry jobs generated \$50 billion in wages and nearly 305,000 jobs in core businesses related to producing motion pictures and television shows. These are high quality jobs, with a traditionally unionized workforce and an average salary of \$92,000, 79% higher than the average salary nationwide. The amount of [TV shows](#) produced has been growing, and [films](#) produced remains high. States and countries with strong production incentives report [positive impacts](#) on [growth](#) and [employment](#), and studies have [measured this impact](#).

The Thom paper, which runs counter to this landscape, has several distinct inaccuracies and methodological problems, such as:

- The Thom paper looks at the wrong jobs data.
- The paper’s baseline assumptions misunderstand how transferable film credits actually

work.

- The analysis ignores how the size of a state's film production incentive program could impact the amount of production as well as correlations between program size and its potential impact on employment, wages, and other outcomes.
- The data also does not account for changes in size in programs over time or differences in the same type of incentives offered in multiple states. Treating all state film production incentive programs equivalently and ignoring the variability of spending by programs (from state to state and from year to year) falsely equates programs that are very different in terms of size and potential impact.

See [here](#) for a more thorough analysis of the fundamental scientific flaws with the Thom paper.

About the MPAA

The Motion Picture Association of America, Inc. (MPAA) serves as the voice and advocate of the American motion picture, home video and television industries from its offices in Los Angeles and Washington, D.C. Its members include: Walt Disney Studios Motion Pictures; Paramount Pictures Corporation; Sony Pictures Entertainment Inc.; Twentieth Century Fox Film Corporation; Universal City Studios LLC; and Warner Bros. Entertainment Inc.

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