

The Social and Economic Impacts of Gaming in Massachusetts

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Economic and Public Policy Research

UMass Donahue Institute

2011 Expanded Gaming Act

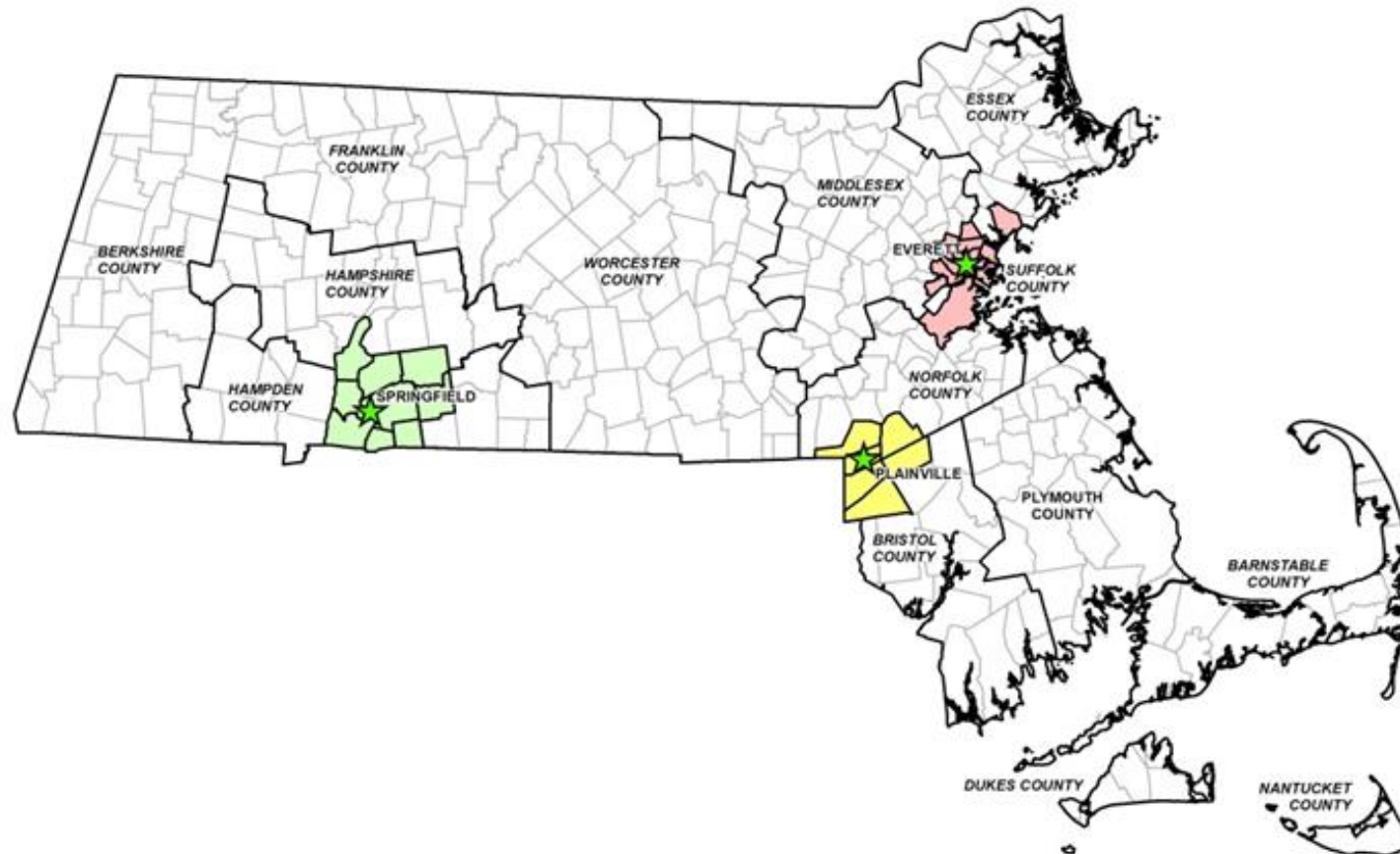
- Allows for resort style casinos in three geographically diverse regions
- No more than one casino in each region
- Allows for one slots parlor statewide (not geographically restricted)



Legislative Mandate

- **Section 71** of Expanded Gaming Act requires MGC to **establish an “annual research agenda”** to assist in understanding the social and economic effects of casino gambling in MA & in making annual scientifically-based recommendations to the Legislature
- Essential elements of the research agenda:
 - Understand the social & economic effects of expanded gambling
 - **Baseline study** of problem gambling and existing prevention & treatment programs
 - Facilitate **independent studies to obtain scientific information** relevant to enhancing responsible gambling and minimizing harmful effects

Host & Surrounding Communities (H&SC)



SOCIAL & HEALTH IMPACTS

PROBLEM GAMBLING (PG) AND RELATED INDICES	Prevalence and Incidence
	Treatment Seeking
	Personal Bankruptcy
	Divorce, Separation, Domestic Violence, Child Abuse/Neglect
	Suicide
CRIME	Overall Crime Rates
	Illegal Gambling
ATTITUDES	Attitudes toward Gambling
POPULATION HEALTH	Physical and Psychological Health
	Substance Use and Addictions
	Leisure Activity
DEMOGRAPHICS	Demographic Changes
ENVIRONMENT	Traffic (Volume, Accidents)
	Noise

ECONOMIC & FISCAL IMPACTS

Analytical Framework-Economic and Fiscal Research



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Economic & Community Impacts

- Local Business Indicators
- Resident Indicators
- Labor Force Indicators
- Real Estate & Housing
- Community Comparisons



Analytical Framework-Economic and Fiscal Research



Casino Industry Impacts

- Casino Workforce
- Casino Operating & Construction Spending
- Patrons
- Government & Fiscal Impacts (GGR; HSC Payments)
- Lottery



Analytical Framework-Economic and Fiscal Research



Special Topics

- Horse-racing
- Legalized sports gambling
- Impact on tourism
- Others?

DIRECT CASINO EXPENDITURE AND REVENUE	Plainridge Park Casino
	MGM Springfield
	Encore Boston Harbor
BUSINESS ESTABLISHMENTS	Number of Business Establishments
	Changes in Industry Mix
	Casino Impacts on Other Types of Gambling
EMPLOYMENT	Levels, Labor Force Participation, Unemployment
PERSONAL INCOME	Wages
	Poverty Rate
	Gambling Participation as a Function of Income
REAL ESTATE AND HOUSING	Property Values
	Residential Building Permits
	Rental Costs
GOVERNMENT AND FISCAL	Expenditure
	Revenue

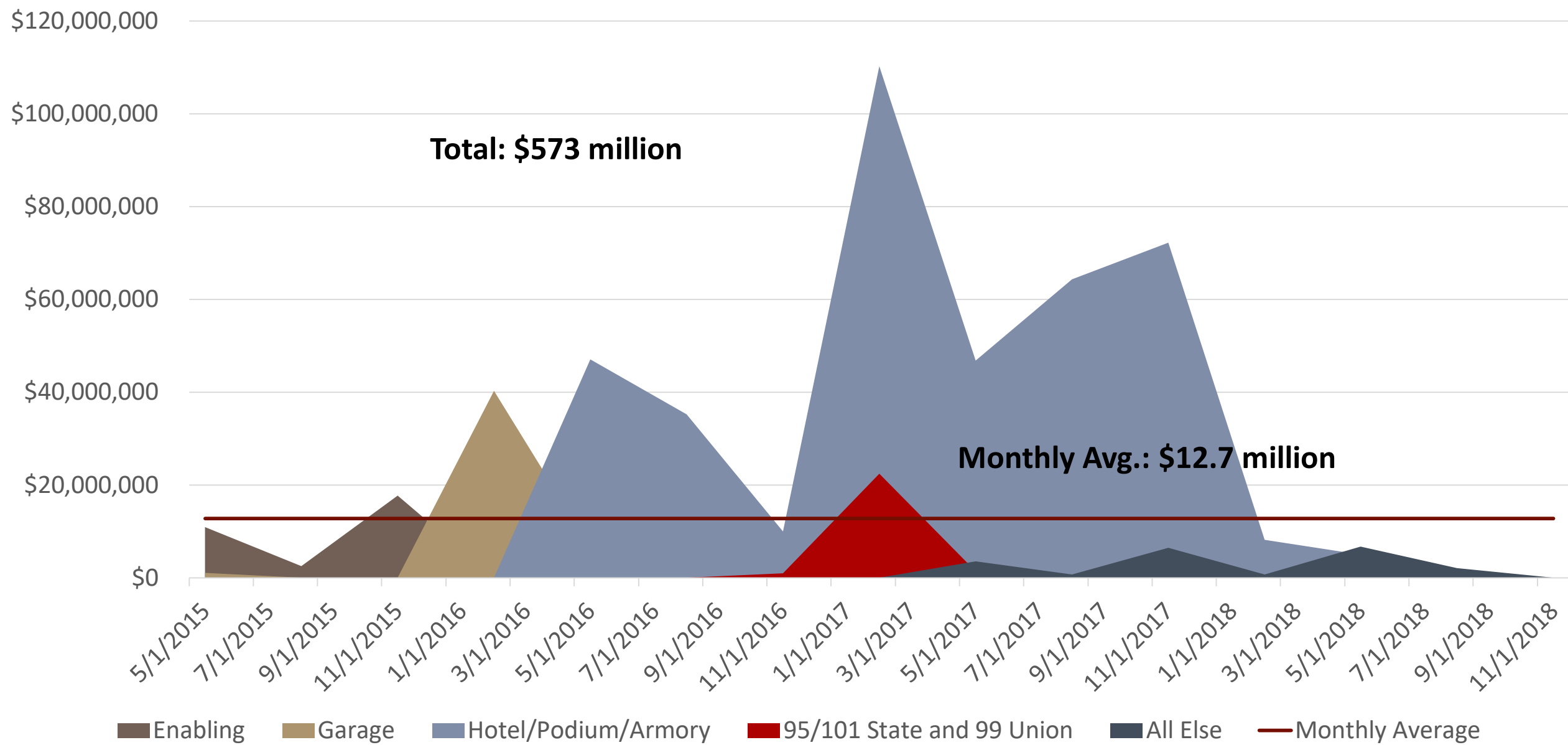
MGM Springfield Property Background

- Construction period was March 2015 through August 2018
- First integrated resort casino in the Commonwealth
- Urban casino in the middle of downtown

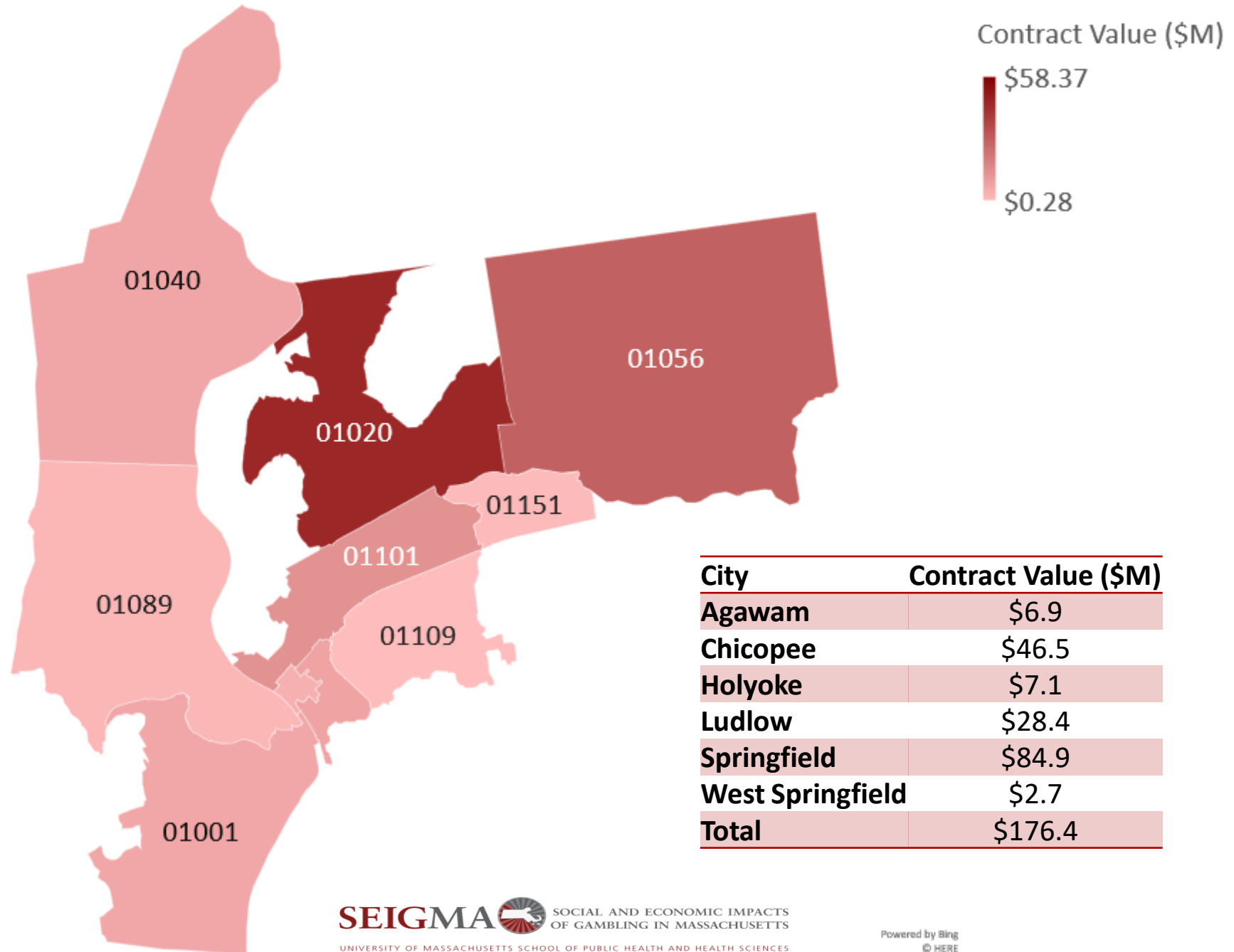
The Data

- MGM provided us the data at the conclusion of each contract. In some cases, the data was in draft form.
- Contract summaries included
 - Worker hours, wages, ZIP, and limited demographics
 - Company ZIP, total contract value, subcontractors, and payment schedule

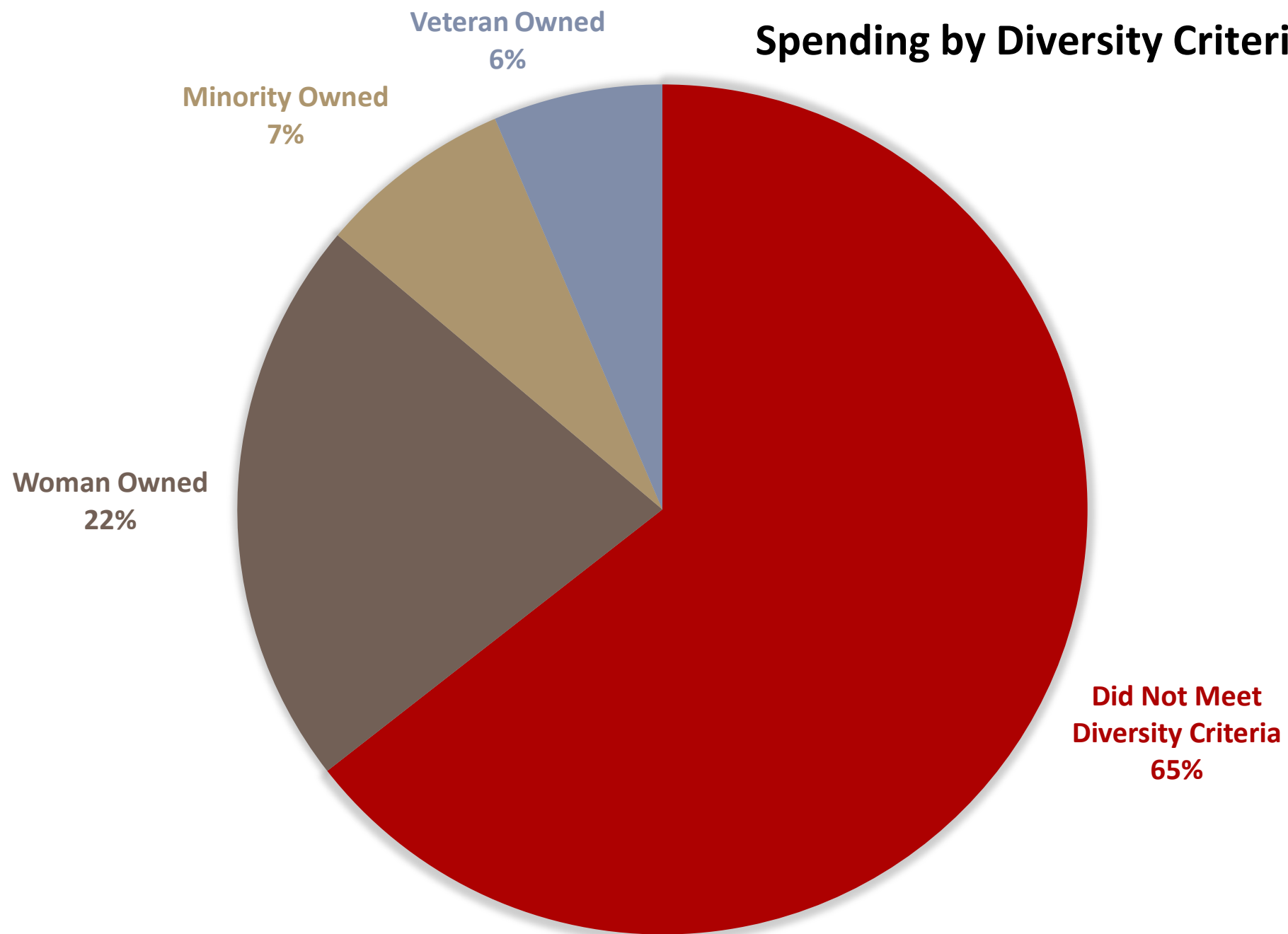
Construction Spending by Quarter



Spending by H&SC ZIP Code



Spending by Diversity Criteria



Workers and Wages

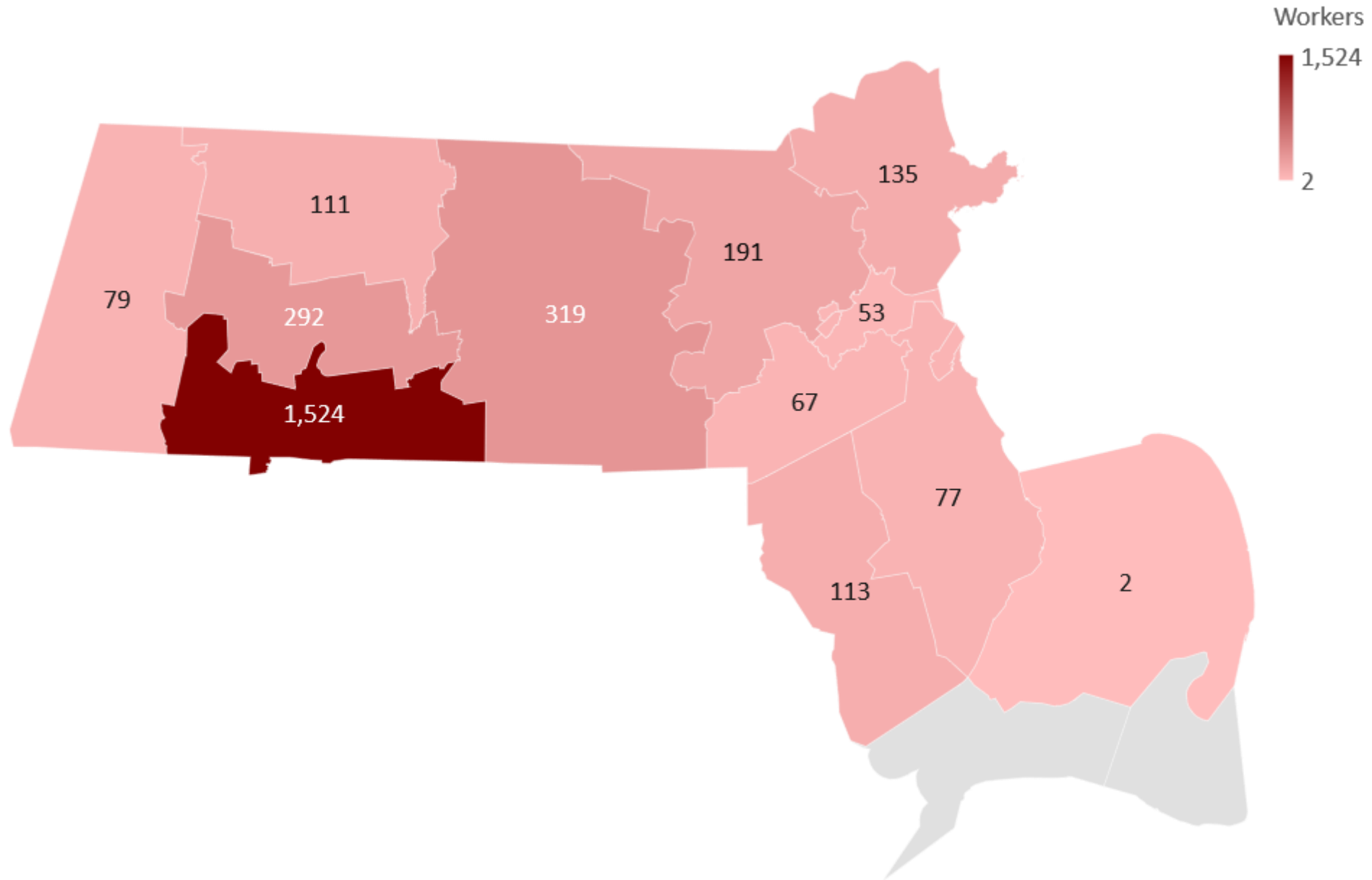
We estimate there were about **4,250 workers** who worked **2.6 million hours** over **16 quarters** and were compensated **\$173 million**.

FTEs: 1,251

Avg. Hours/Worker: 612 (approx. 15 weeks @ 40 hrs./week)

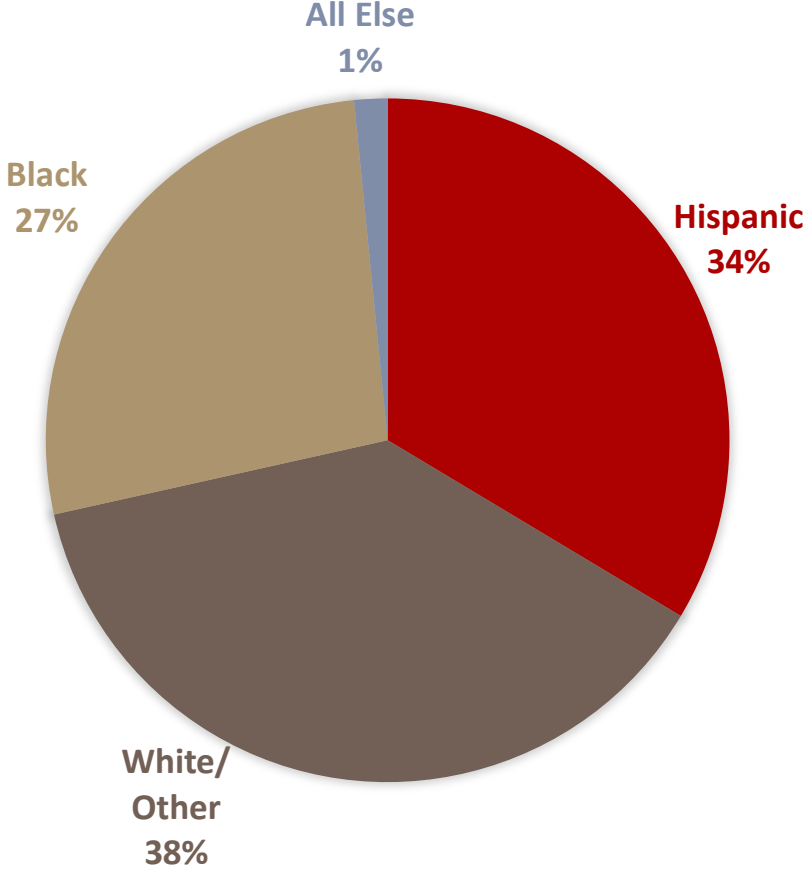
Avg. Hourly Comp/Worker: \$66

Workers by County

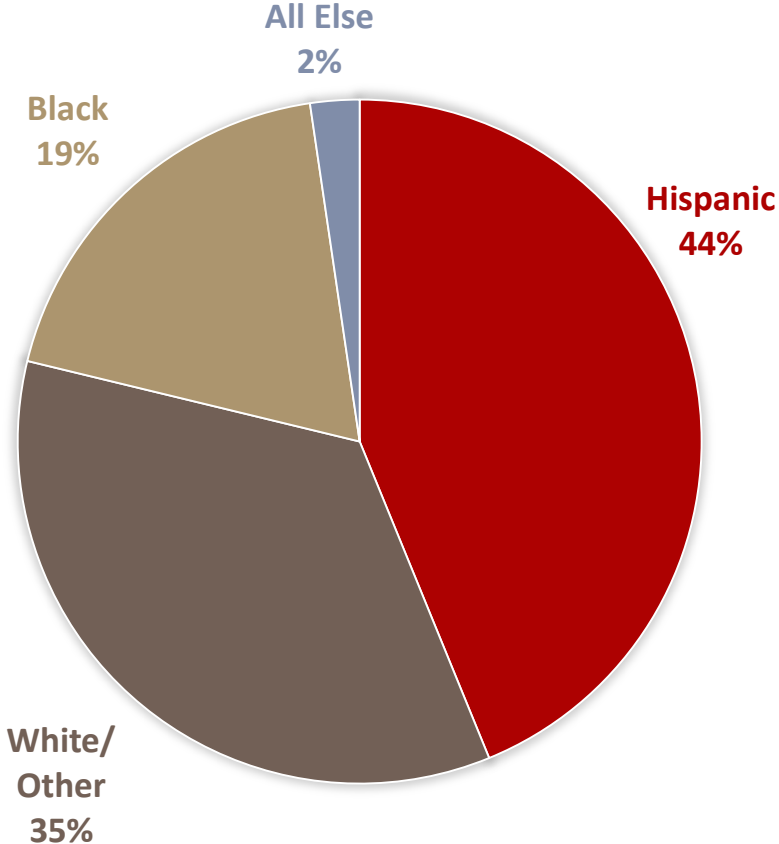


Race/Ethnicity of Workers

SPRINGFIELD WORKERS



SPRINGFIELD POPULATION



Summary of Employment Impacts

Total Employment	2015	2016	2017	2018	2019	Avg.
Direct	189	697	1,629	447	1	593
Business to Business (Indirect)	40	85	145	10	5	57
Total Induced	133	446	1,000	338	83	400
<i>Consumption-Based Induced</i>	77	255	560	134	32	212
<i>Other Induced</i>	56	191	440	204	51	188
Total	362	1,229	2,774	795	89	1,050

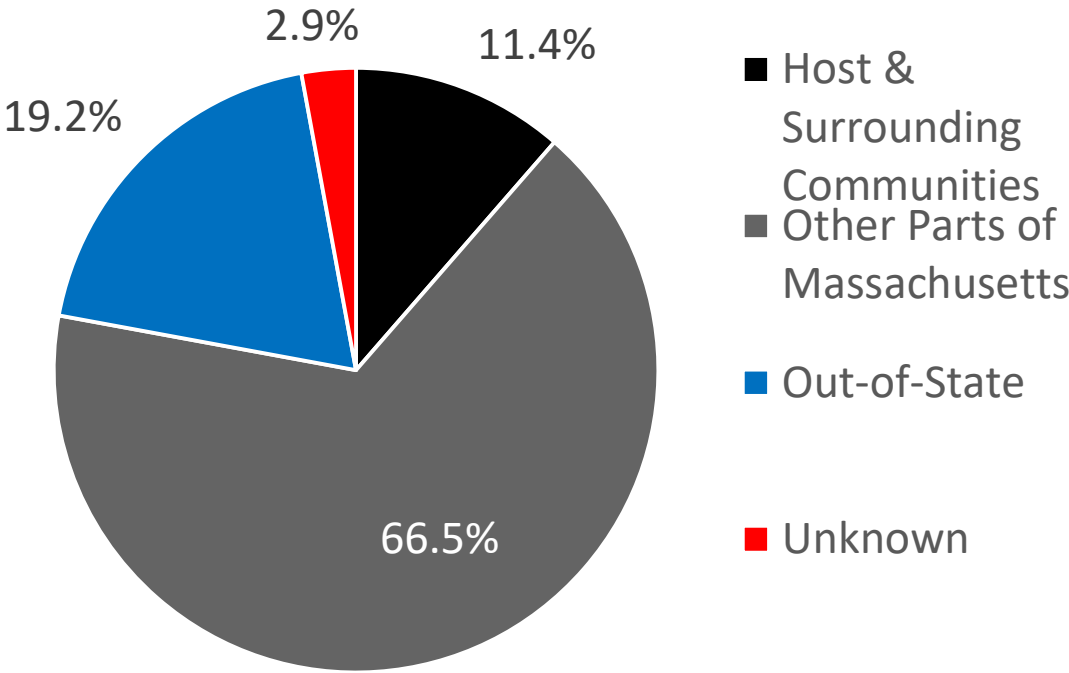
New Economic Activity (\$M)

Economic Activity	Total (Output)		Net New (Value Added)	
	Annual Avg.	Cum.	Annual Avg.	Cum.
Metro Boston	\$52	\$259	\$32	\$158
Southeast	\$9	\$47	\$6	\$28
Pioneer Valley	\$82	\$409	\$49	\$246
Central	\$23	\$115	\$14	\$69
Berkshires	\$2	\$12	\$2	\$8
Cape and Islands	\$1	\$6	\$1	\$4
MA	\$170	\$849	\$102	\$512

Sources of PPC Operating Revenue

- 2016 PPC Patron Survey established 11.4% of PPC patrons from H&SC, 66.5% from other parts of MA, 19.2% from out-of-state, and 2.9% are unknown.

Revenues by Place of Residence of Patron



Sources of PPC Operating Revenue

PPC Patron Survey indicates largest source of revenue is 'recaptured revenue' from MA residents who would have gambled out-of-state if not for PPC.

Source of Revenue	Estimated Revenue	Share of Revenue
Recaptured Spending by In-State Patrons	\$100.0M	58.0%
Reallocated Spending by In-State Patrons	\$36.6M	21.2%
Spending by Out-of-State Patrons	\$36.0M	20.8%
Total	\$172.6M	100.0%

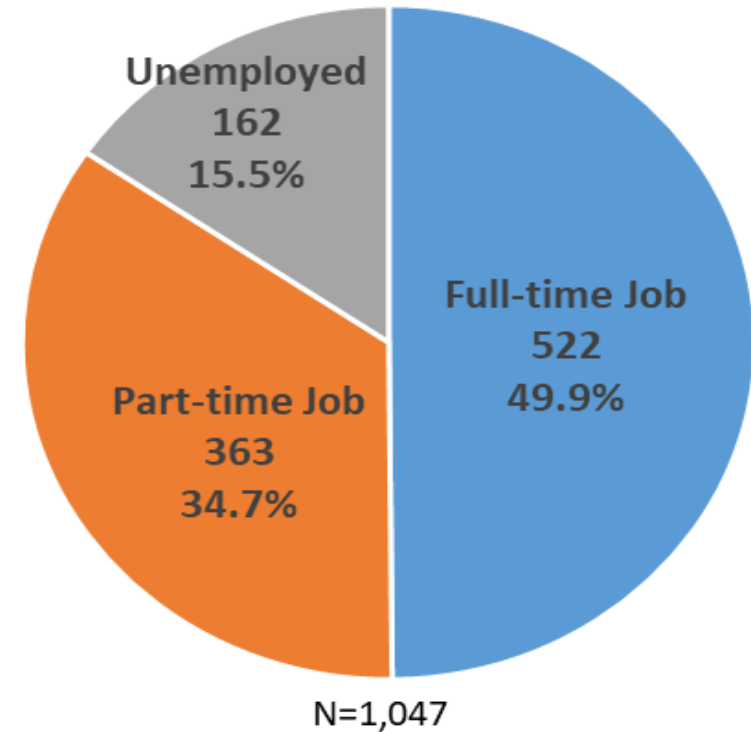
Operational Expenses

- \$129.5M incurred in operational expenses in PPC's first year, with 87.0% spent in MA.
 - \$81.4M paid in gross gaming tax to state of MA.
 - \$30.3M spent on private sector vendors and local, state, and federal governments; 63.2% spent in MA.
 - \$17.8M spent on employee wages in first year, with 35.0% going to employees from SE MA, 28.6% going to Metro Boston region, and 31.7% going to out-of-state employees.

New Employment Survey

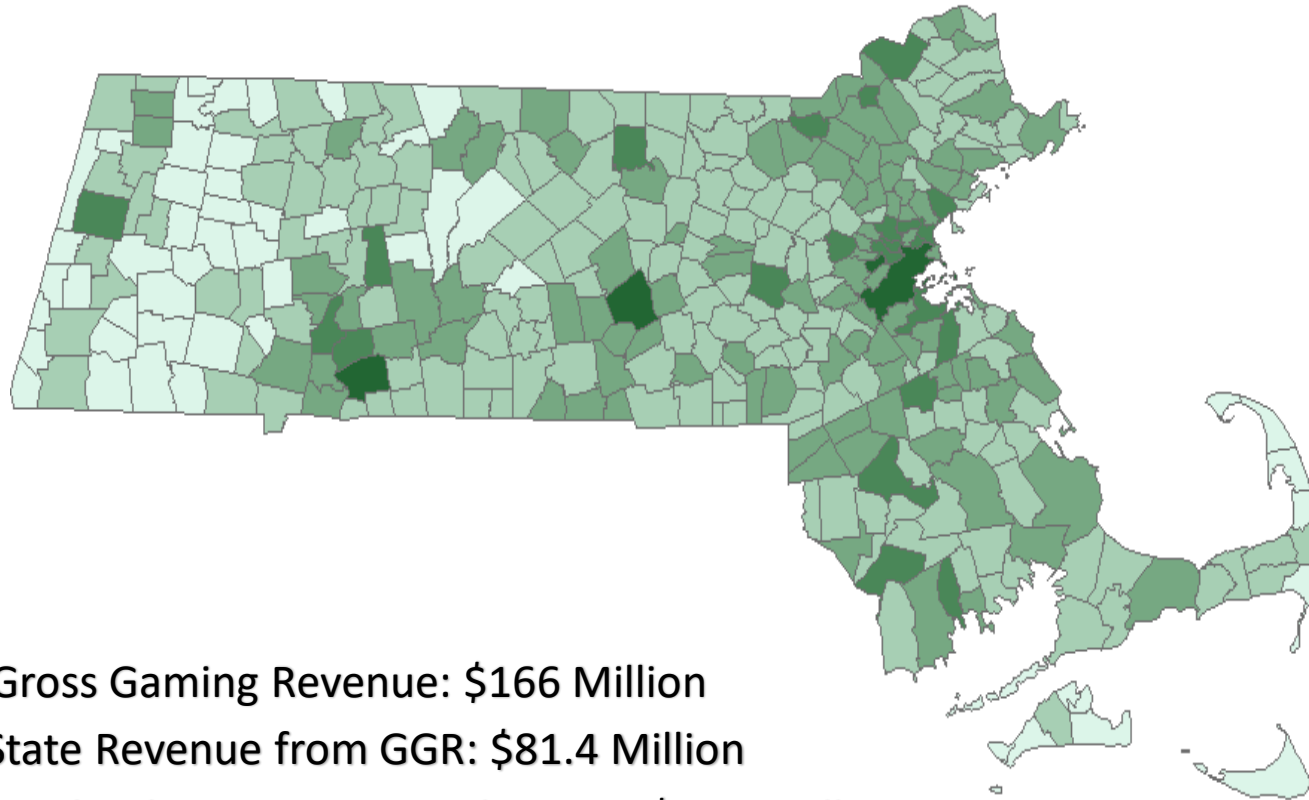
- Significant portion of jobs “new” jobs, as 15.5% of people were unemployed and 34.7% were employed part-time prior to being hired.

Pre-PPC Employment Status



Government and Fiscal

Distribution of Local Aid



Total Gross Gaming Revenue: \$166 Million
New State Revenue from GGR: \$81.4 Million
New Local Aid to MA Cities and Towns: \$66.4 Million

Employment Impacts of PPC Operation

Source of Employment Demand	Employment Impact	Share of Total Impact
Impacts from PPC and Reallocation of Spending	778	32%
Impacts from Local Gov't Spending	1,639	68%
Total Employment Impacts	2,417	100%

How Does This Research Apply to Other Projects?

- We have a legislative mandate to study an industry receiving legally-guaranteed benefits from the state and will have mixed impacts.
- The research ensures that the industry is meeting its obligations.
- The research allows lawmakers and policymakers to read and react to changing conditions.
- These conditions and benefits apply to all manner for economic development initiatives: film tax incentives, tax incentives for businesses, and projects that will have a mix of social/economic costs and benefits.

Thank you

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