

# The Social and Economic Impacts of a Resort-style Casino in Western MA

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AGRI 2022 Conference

*June 25, 2022*

# Disclosures

- The SEIGMA study is funded by the Massachusetts Gaming Commission (MGC).
- I have no current or past affiliation with the gambling industry.
- In the past 10 years, I have received research funding from government agencies in Australia, Britain, Canada, and Sweden and from non-profit agencies in Canada, New Jersey, Oregon and Washington State.
- I have received reimbursement for travel costs to present at this and other conferences.

# Expanded Gaming Act of 2011

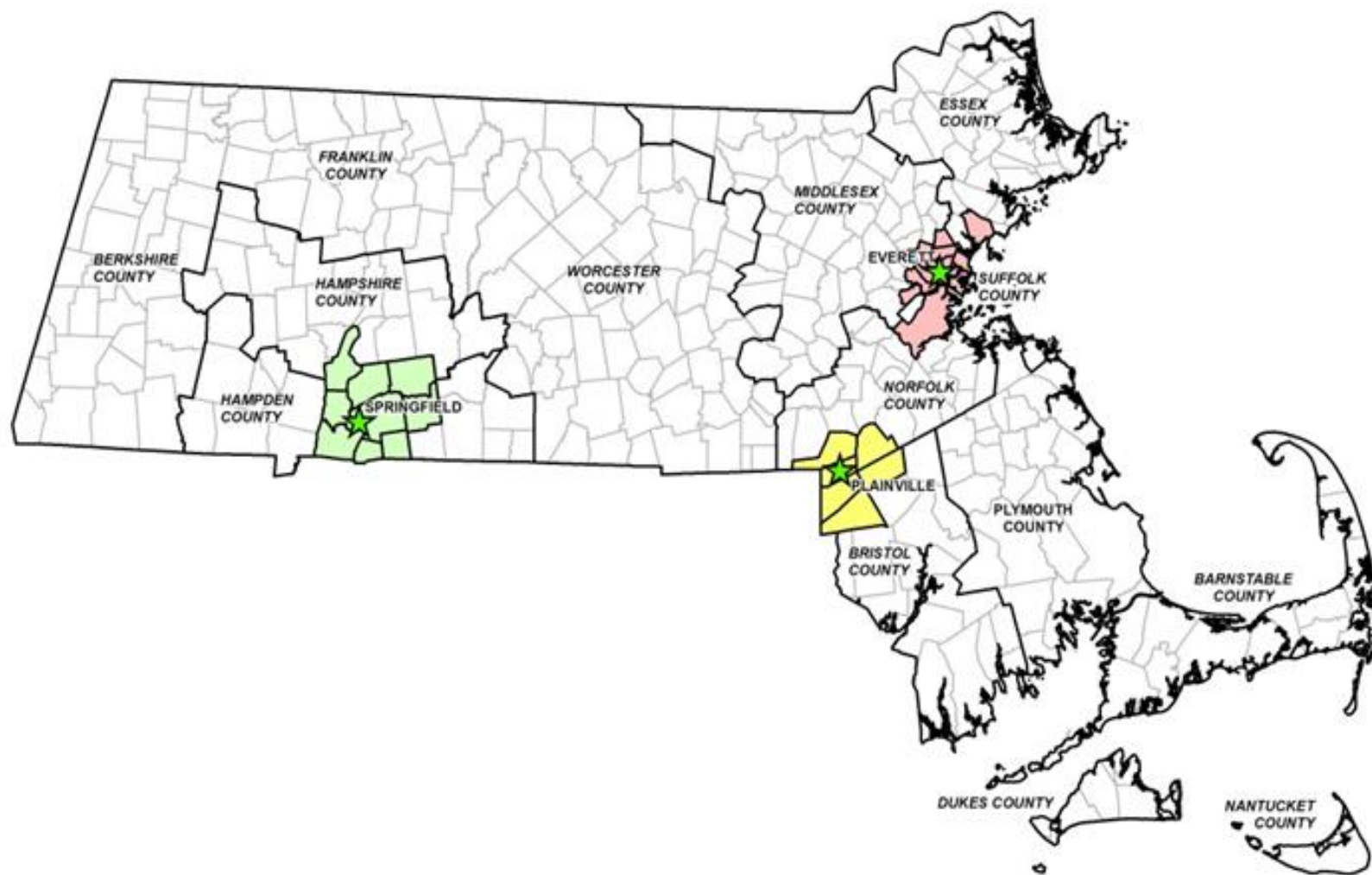
- Allows for resort style casinos in three geographically diverse regions
- No more than one casino in each region
- Allows for one slot parlor statewide (not geographically restricted)



# Key Components of the Act

- Regulators required to give equal importance to
  - establishing a viable industry
  - minimizing and mitigating negative impacts
- Host communities given a strong voice
- Problem gambling framed explicitly through a public health lens
- Central role of research to enhance responsible gambling and minimize/mitigate problem gambling
- Funds to conduct research and provide services to problem gamblers and their families ensured

# Host & Surrounding Communities (H&SC)



# Legislative Mandate for Research

- 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
- Section 58 provides for the funding of the research agenda through establishment of the Public Health Trust Fund



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



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

# Concerns about Casinos

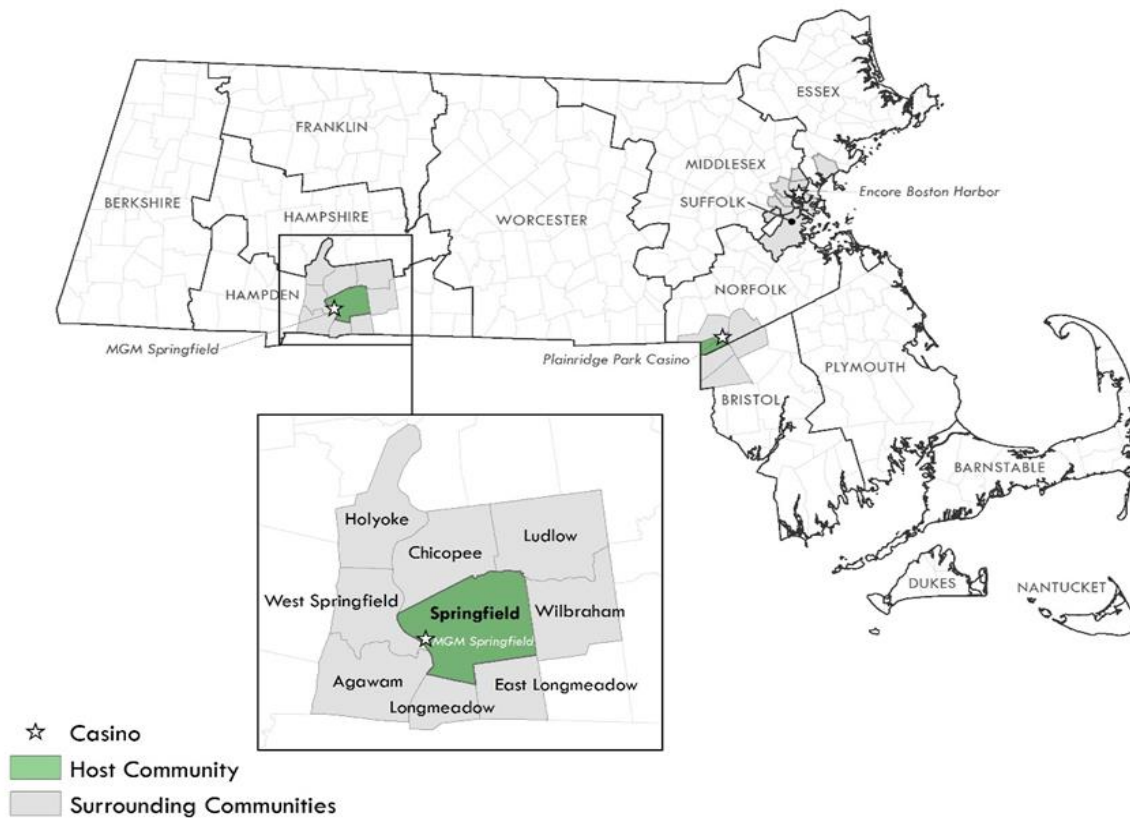
- Recapture of dollars going to out-of-state casinos
- Need for jobs in wake of Great Recession
- Possible increase in problem gambling due to ease of access to casino
- Possible increase in crime, changes in public safety
- More traffic

Western MA Casino Health Impact  
Assessment, 2014

# Focus on Western MA

- Four separate investigations carried out in Western MA
  - Patron survey at MGM Springfield
  - New Employee survey
    - Administrative data obtained from MGC
  - MGM Springfield 1<sup>st</sup> year operations
    - Primary data obtained from licensee
  - Springfield baseline & follow-up targeted surveys
- Reports, factsheets, presentations all available on SEIGMA website

# Springfield and Surrounding Communities



# MGM Springfield

Venue	Host Community	Surrounding Communities	Opening Date	Projected Gambling Availability	Notes
Region B Casino	Springfield	Agawam Chicopee E. Longmeadow Holyoke Longmeadow Ludlow Wilbraham West Springfield	August 24, 2018	<ul style="list-style-type: none"> <li>3,000 slot machines</li> <li>100 table games</li> <li>poker room</li> </ul>	<ul style="list-style-type: none"> <li>Estimated to cost \$960M</li> <li>850,000 sq ft</li> <li>Hotel with 250 rooms, convention space, etc.</li> <li>Owned by MGM Resorts International</li> </ul>

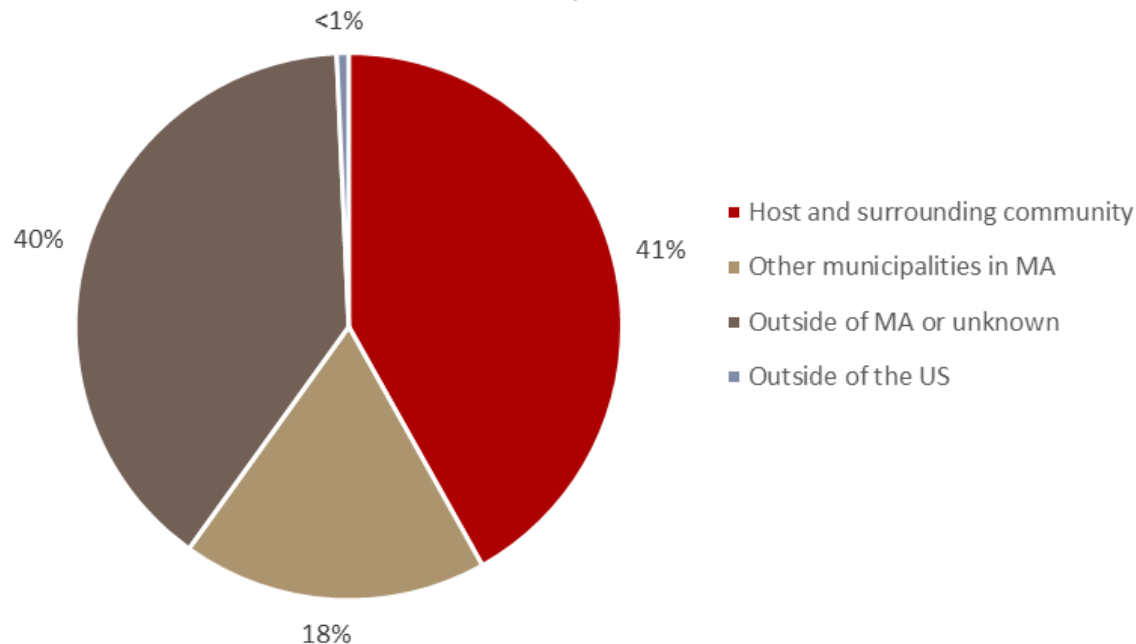


# Patron Survey Logistics

- Surveys take place at each venue
- Rigorous methods used to capture representative sample
  - Survey 6-12 months after opening
  - 2 waves (winter/summer) for potential seasonal differences, spread over 2 weeks each
  - 8 survey days with 6-hour collection periods each
  - Peak/non-peak periods, days (weekday/weekend) and hours (day/evening)
  - Survey teams at multiple exits
  - Approached every 6<sup>th</sup> patron exiting, record demographics of refusals (for collective weighting)
- Completed 878 surveys with a 21.2% response rate

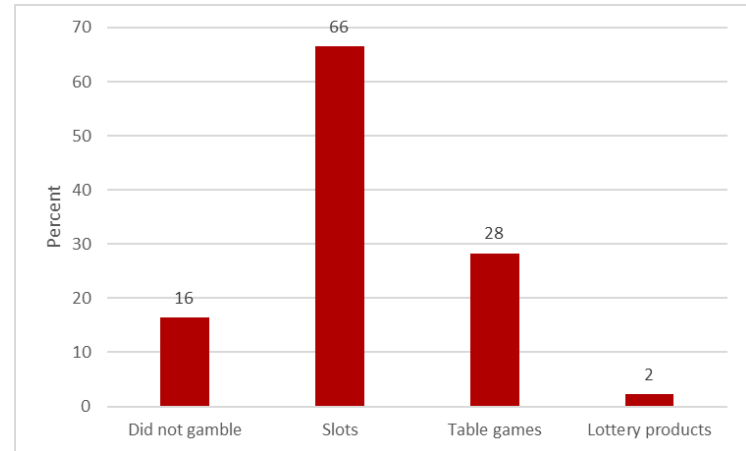
# Geographic Origins

- The majority of patrons (60%) are from MA
  - 41% from the host and surrounding communities (18% Springfield, 23% surrounding communities)
  - 18% from other MA locations
- 39% were from outside of MA (29% from CT, 10% from other)



# Activities

- Gambling activities
  - 84% gambled during this visit
  - 66% played slots
  - 28% played table games
- Non-gambling activities
  - 72% spent on non-gambling activities in MGM
    - Most of that was F&B (61%), followed by entertainment areas such as the cinema, arcade, bowling, etc. (14%)
  - 49% spent money on off-site activities
    - Again, F&B was most frequent (23%)
- GameSense
  - 17% took materials from GameSense kiosk and 8% spoke to advisor



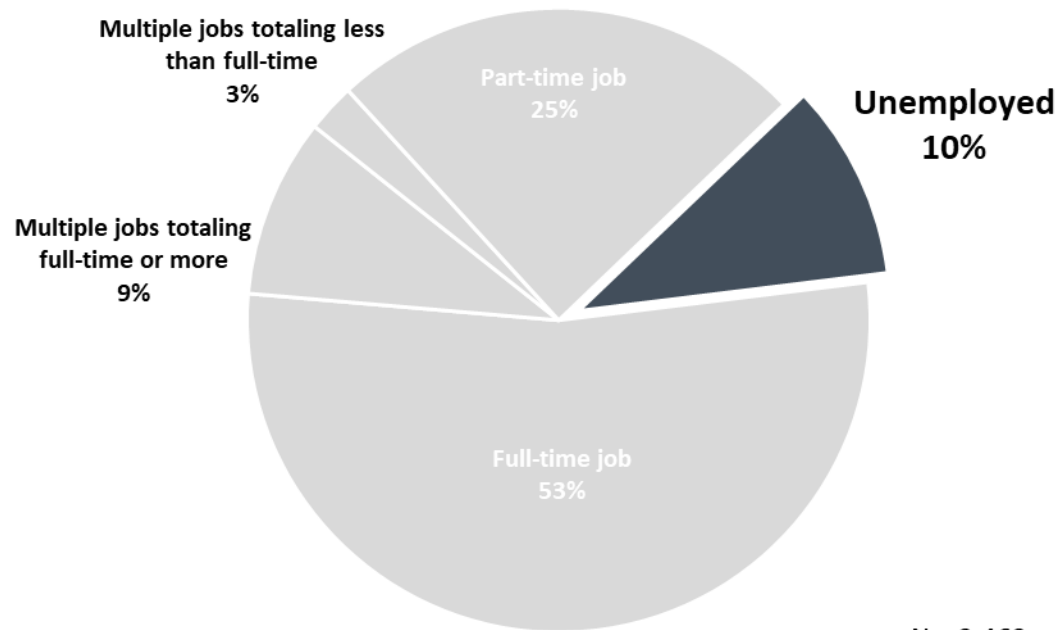


# New Employee Survey

- Research goal: analysis of the casino workforce
- Survey goal: to be a census of all new casino employees
  - Respondents take the survey as they are hired
- Survey questions relate to how casino employment changed their economic situation
- 2,468 survey responses / 4,017 people hired = response rate of 61%
- Comparison with operator data showed the survey data were representative

# Stable Work Opportunities

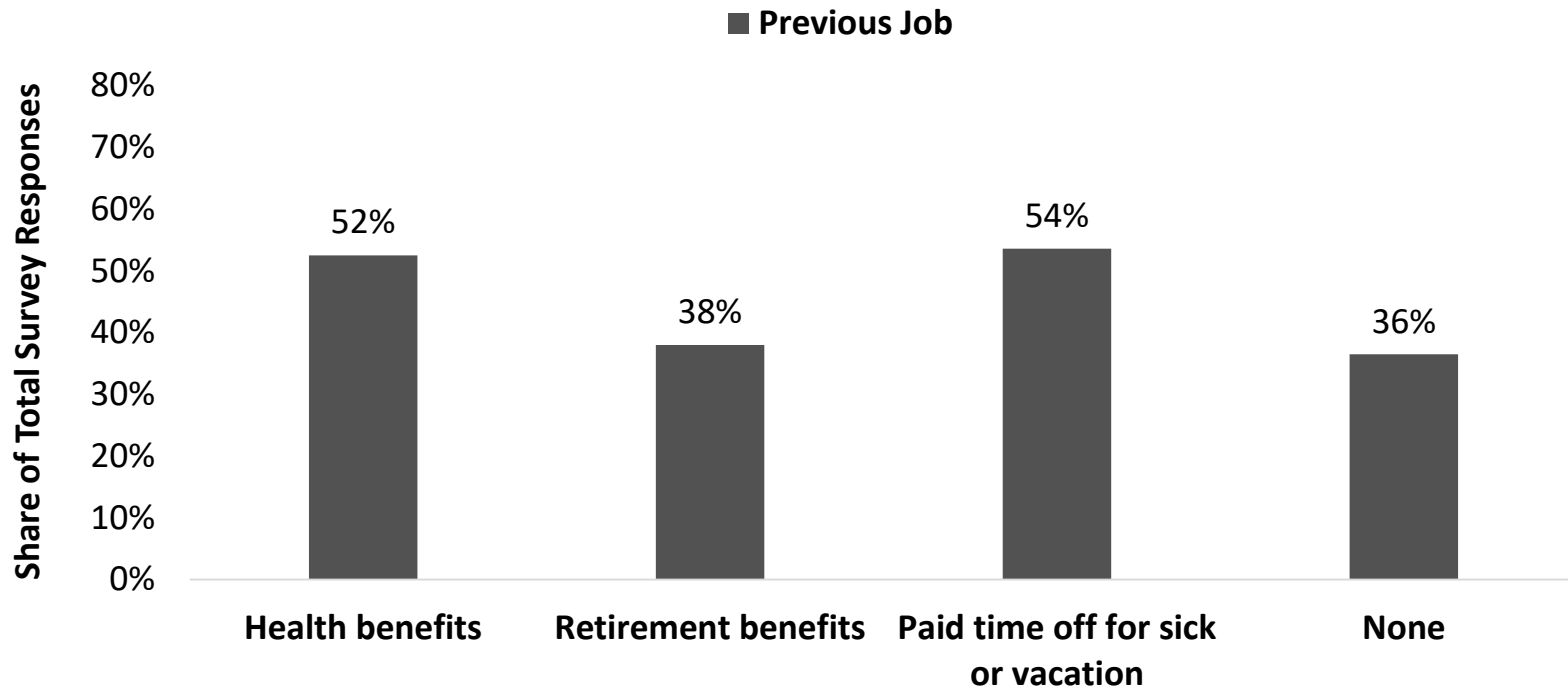
Engaging people who did not previously participate in the labor force: **the unemployed**



N = 2,463

# Income Opportunities and Benefits

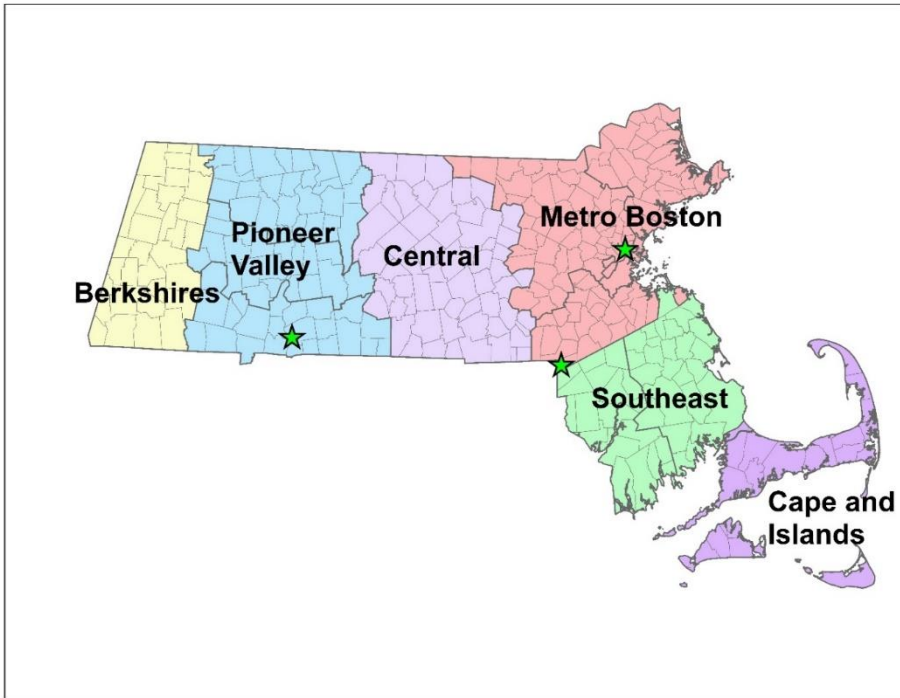
Increasing access to insurance and benefits



# MGM First Year of Operations

Data collected for the model include:

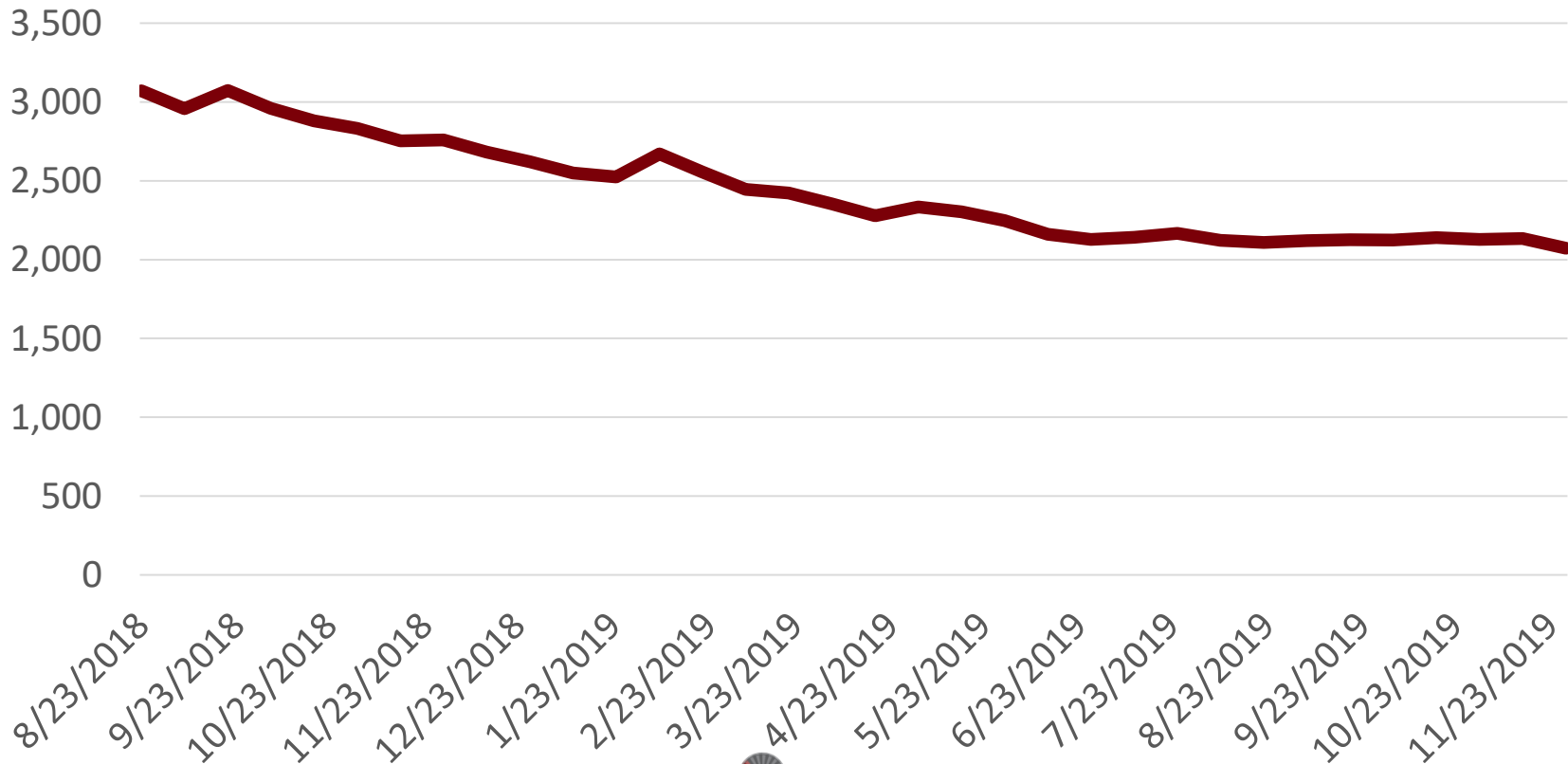
- Employment data from MGM (employees, wages, hours worked, places of residence)
- MGM expenditure data (vendor spending, payments to government entities, etc.)
- Gross gaming revenue (GGR) from the MGC
- Estimated change in consumer spending from SEIGMA Patron Survey



# Employment at MGM, Year One

*Employment declined over MGM's first year of operation, leveling off toward the end of 2019*

## Payroll Employment



# MGM Payments to Third Parties

*Most payments to outside entities went to private sector vendors, but payments to government entities (especially state and local governments) were also prominent*

Type of Payment	Amount	Share
Payments to Private Sector Vendors	\$109,747,804	75.4%
Payments to Government Entities	\$35,422,476	24.3%
<i>Federal Government Entities</i>	\$900,745	0.6%
<i>Massachusetts State Government Entities</i>	\$20,297,326	13.9%
<i>Government Entities in Other States</i>	\$1,200	0.0%
<i>Local Government Entities</i>	\$14,223,205	9.8%
Payments to Unions and Other Membership Organizations	\$322,007	0.2%
Payments to Charitable Organizations	\$34,200	0.0%
Payments to Individuals	\$0	0.0%
<b>Total</b>	<b>\$145,526,487</b>	<b>100.0%</b>

# Patron Spending at MGM Springfield (Gambling)

*Most gambling spending at MGM is new spending to MA (either recaptured or spending by new out-of-state visitors)*

Spending Type	Share of Respondents	Share of Spending
New	68.7%	79.2%
Reallocated	31.3%	20.8%
Total	100.0%	100.0%

# Targeted Surveys

- Research plan called for population surveys to understand and monitor:
  - Gambling attitudes
  - Gambling behavior
  - Prevalence (% of population experiencing gambling problems)
- Focus on Springfield & surrounding communities
  - Baseline survey conducted in 2015
  - Follow-up survey conducted in 2019, one year after opening of MGM Springfield
- Findings intended to inform development of strategies to minimize gambling harm and ensure greatest possible benefit of expanded gaming to Commonwealth

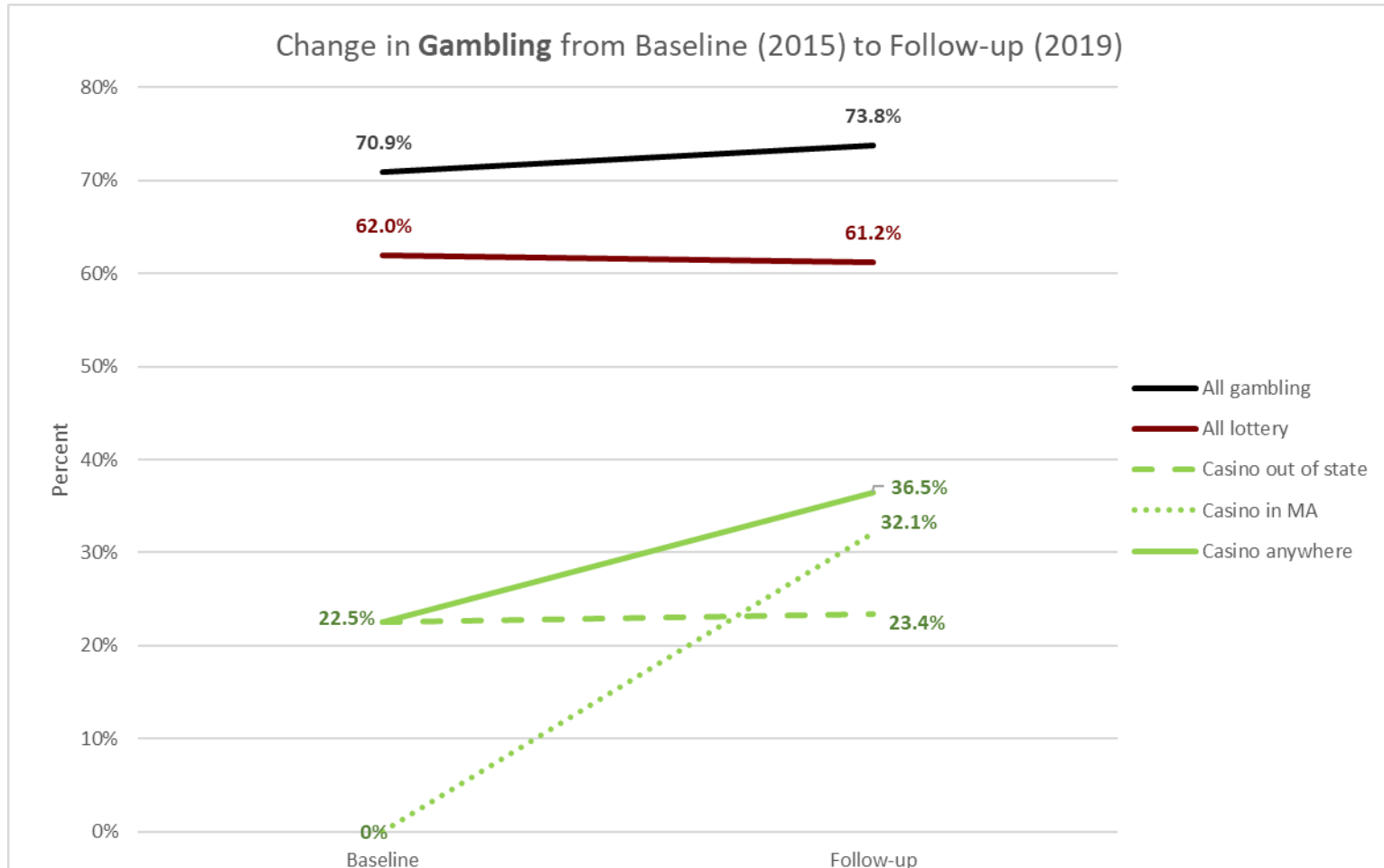


# Comparing the Surveys

- Two surveys of adult residents (18+) of Springfield & surrounding communities
- Respondents able to complete online, paper (SAQ), or telephone
- 2019 survey used lists to increase the proportion of Black, Hispanic & Asian respondents
- Final samples weighted to align with population

	2015	2019
Dates	Feb 2015 – June 2015	Oct 2019 – Jan 2020
Response rate	31.7%	16.7%
Final sample size	1,131	1,134
% self-administered (Web, SAQ)	90%	89%
Completed in Spanish	2.5%	14.7%

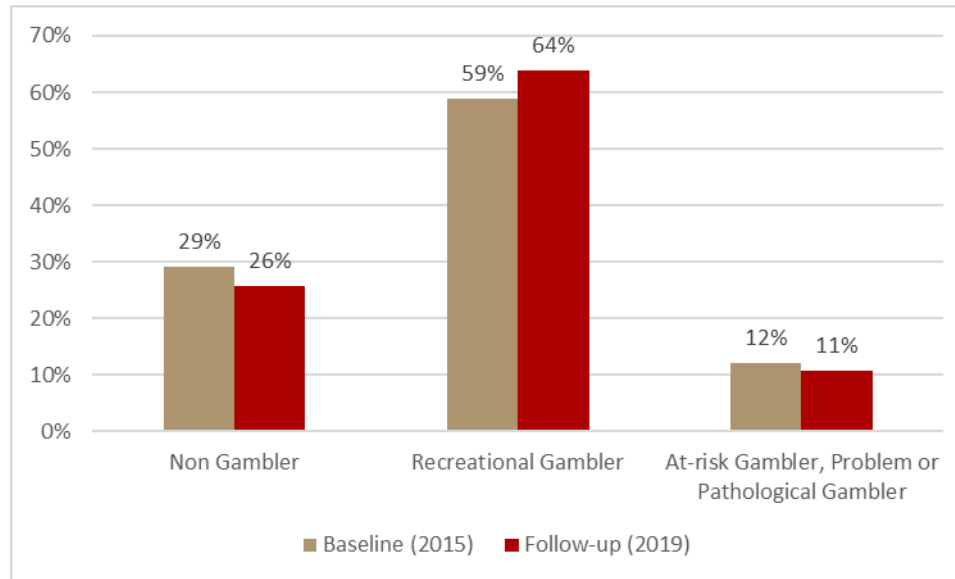
# Gambling Participation



# Gambling Participation by Demographics

- No significant changes by gender, except any casino gambling for males and females
- No significant changes by race/ethnicity, except any casino gambling for Blacks/Hispanics and Whites/Others
- No significant changes by age, except any casino gambling for those aged 50-64 and 65+

# Problem Gambling



# Interpreting the Results

- Surveys in same jurisdiction at different times provide direct test of question of exposure versus adaptation
- Findings suggest that the Springfield population is far from naïve when it comes to casino gambling
- Surrounding states have had casinos for decades prior to introduction of casinos in MA
  - Lengthy exposure means harmful effects may have abated over time, even in a population that has experienced recent local expansion
- Population adaptation may have already occurred

# What have we learned about the impacts of casino gambling in Western MA?

- Recapture seems to be working
- Patrons are primarily local/regional
- Number of jobs at casino is lower than projected but quality of jobs is good
- Casino is providing a high level of government revenue
- Casino participation has increased but primarily due to people adding local amenity to existing repertoire
- Problem gambling has not increased
- MGC Public Safety Impact report found that the casino's overall effect on region's crime numbers was "mild"
- Increase in traffic collisions, traffic-related calls for service in the year following MGM opening

# Thank you!

For more information, visit:

[www.umass.edu/seigma](http://www.umass.edu/seigma)