

Economic and Fiscal Research Agenda for FY17: Major Activities

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Goal/Objective of the Economic Research

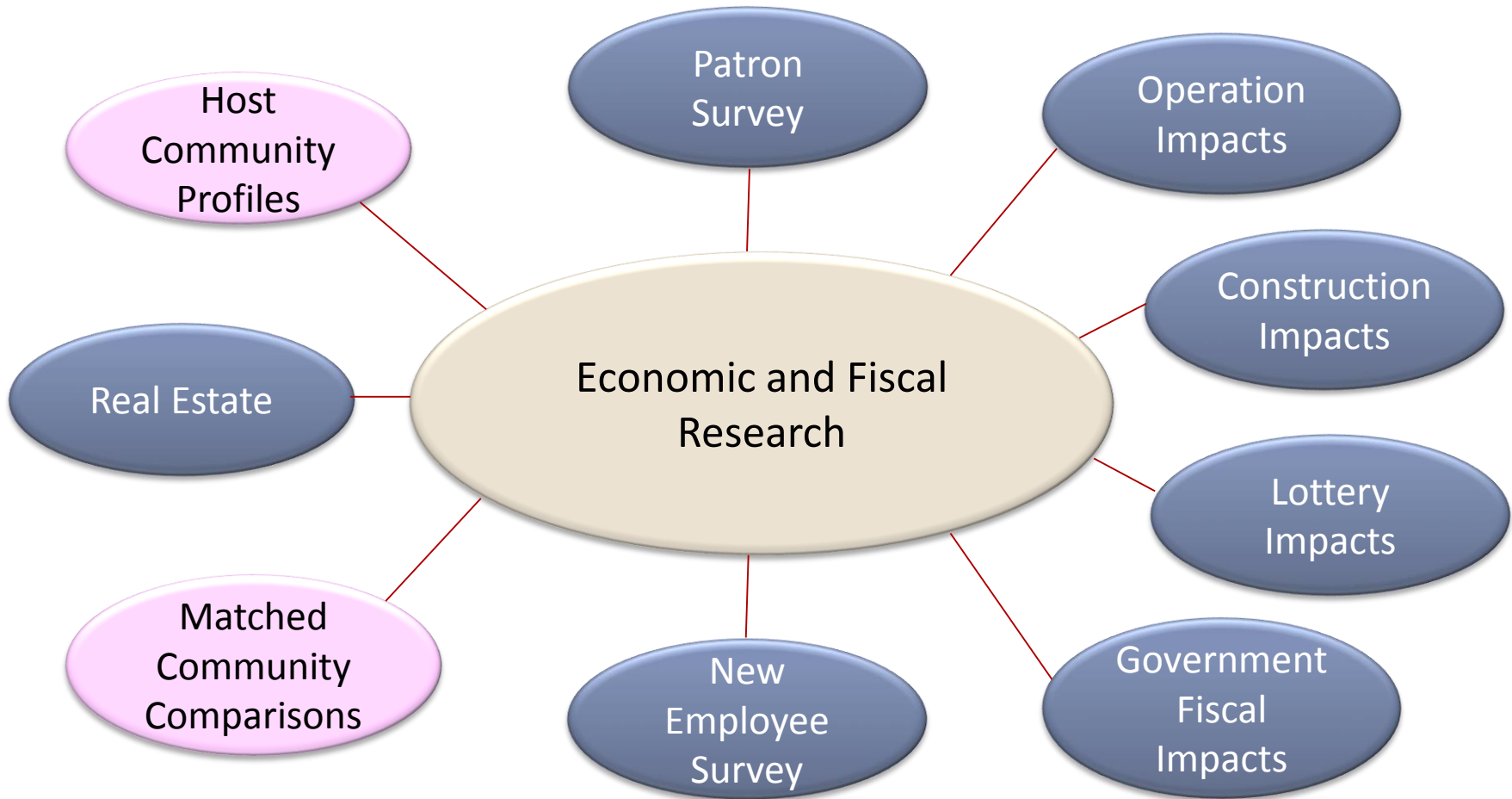
- Measure and determine economic and fiscal impacts of casino facilities at the local, regional and state level:
 - Business dynamics
 - Labor market conditions
 - Government finance
 - Real estate trends
 - Special topics



Phases of Economic Analysis

- Baseline analyses
 - Tracking economic and fiscal conditions before gaming facilities
- Development/Construction
 - Measuring impacts as construction occurs at each gaming facility
- Operations
 - Measuring and monitoring impacts from operations of gaming facilities

Economic and Fiscal Research: Scope of Work



FY17's Reports

- **Real estate analysis**—baseline conditions in host and surrounding communities
- **Lottery sales analysis**—first year of casino impacts
- **Plainridge Park Casino (PPC) construction** economic impacts
- **PPC new employees**—findings from survey data
- **PPC patron survey**—profile of spending behavior in the first year
- **PPC operating impacts** in its first year
 - Operating impacts
 - Government fiscal impacts
 - Patron spending impacts

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What is SEIGMA?

The University of Massachusetts Amherst School of Public Health & Health Sciences (SPHHS) has been engaged by the Massachusetts Gaming Commission (MGC) to carry out a comprehensive, multi-year research project, believed to be the first of its kind, on the economic and social impacts of introducing casino gambling in Massachusetts. The project fulfills Section 71 of the 2011 Expanded Gaming Act, which requires the MGC to establish “an annual research agenda” to assist in understanding the social

News and Events

 **SEIGMA team will present findings at community forum in Springfield**

Major Components of Work:

TRACKING CASINO IMPACTS: COLLECTING NEW DATA

Tracking Casino Impacts through New Data Collection Efforts

Four reports this year relied on primary data collection:

- PPC Construction Impacts
- New Employee Survey
- Patron Survey
- PPC Operating Impacts

Primary Data for REMI Model from Operators, Patrons and Government

- Construction spending and supply chain
- Employment and home location
- Wages
- Gross gaming revenues
- Non-gaming revenues
 - Hotel
 - Food and Beverage
 - Retail
- Patron spending both in-and out-of-state (to calculate recapture and reallocation)
- Casino supply chain and vendor spending
- New revenues for state and local governments

SEIGMA Project

PPC CASINO OPERATION: ECONOMIC IMPACTS

Presentation Topics:

- Introduction to the Study
- Model Inputs – Primary Data
 - Employment and Wages
 - Vendor Spending
 - Public Sector Impacts
 - Changes in Consumer Spending
- Model Output – Findings
- Conclusion

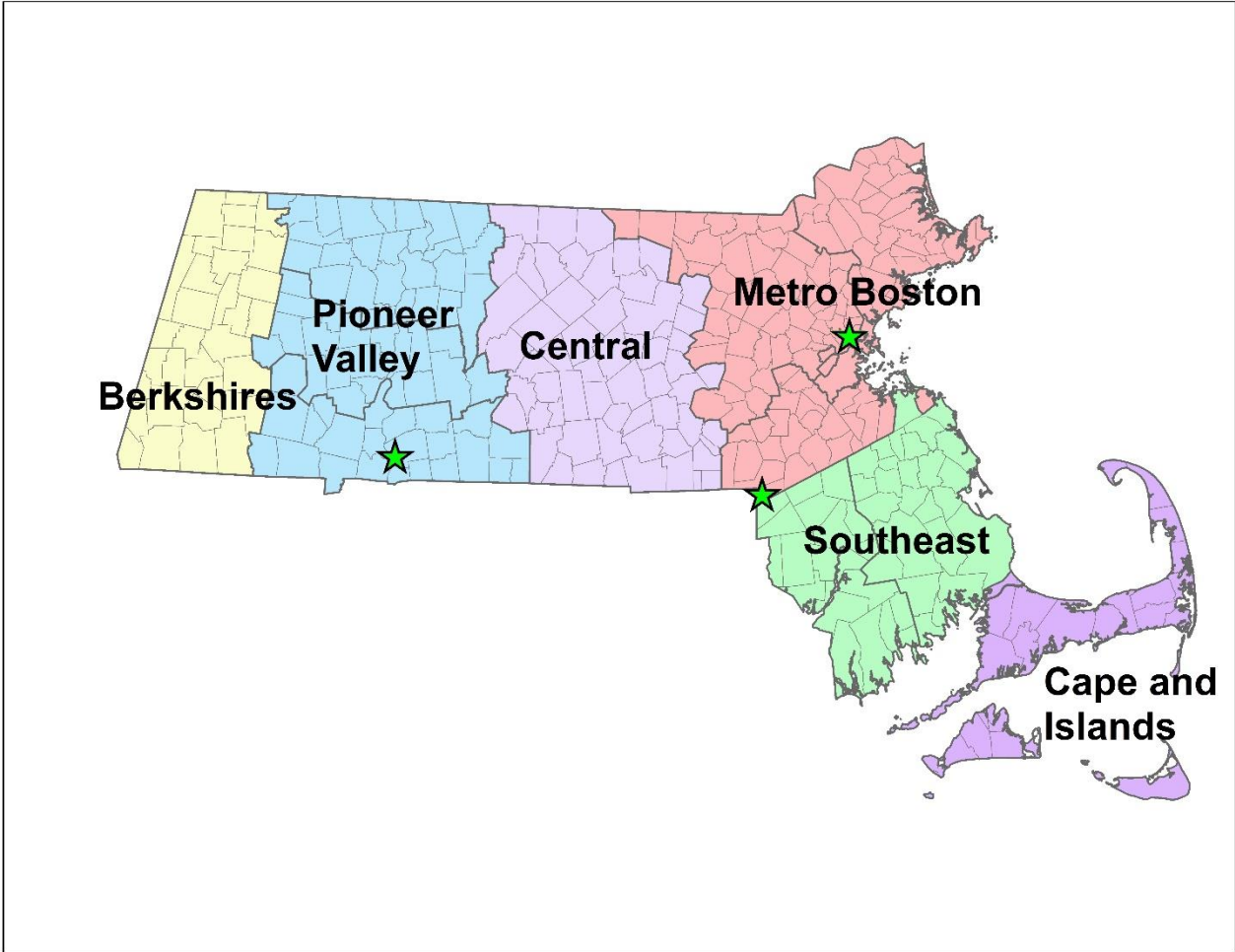
Plainridge Park Casino (PPC)



Summary of Findings

- About 556 year-round employees and \$17.8 million in wages
- Vendors, governments, and other entities received \$30.2 million in payments, \$19.2 million in MA
- Approximately \$3.9 million spent off-site by patrons
- At least 2,416 jobs supported statewide
- Over half of the statewide employment impact is from government spending
- Most on-site spending is new or recaptured

Economic Modeling Exercise



Model Inputs

- Data collected for the model include:
 - Employment data from PPC (employees, wages, hours worked, places of residence)
 - PPC 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

Employment at PPC, Year One

Region	Hires	Hours Worked	Wages Paid
Metro Boston	229	254,019	\$5,089,465
Southeast	364	401,127	\$6,229,344
Central	40	42,003	\$740,097
Rest of Massachusetts	4	5,372	\$109,246
Rest of Nation / World	256	292,428	\$5,640,544
Total	893	994,949	\$17,808,697

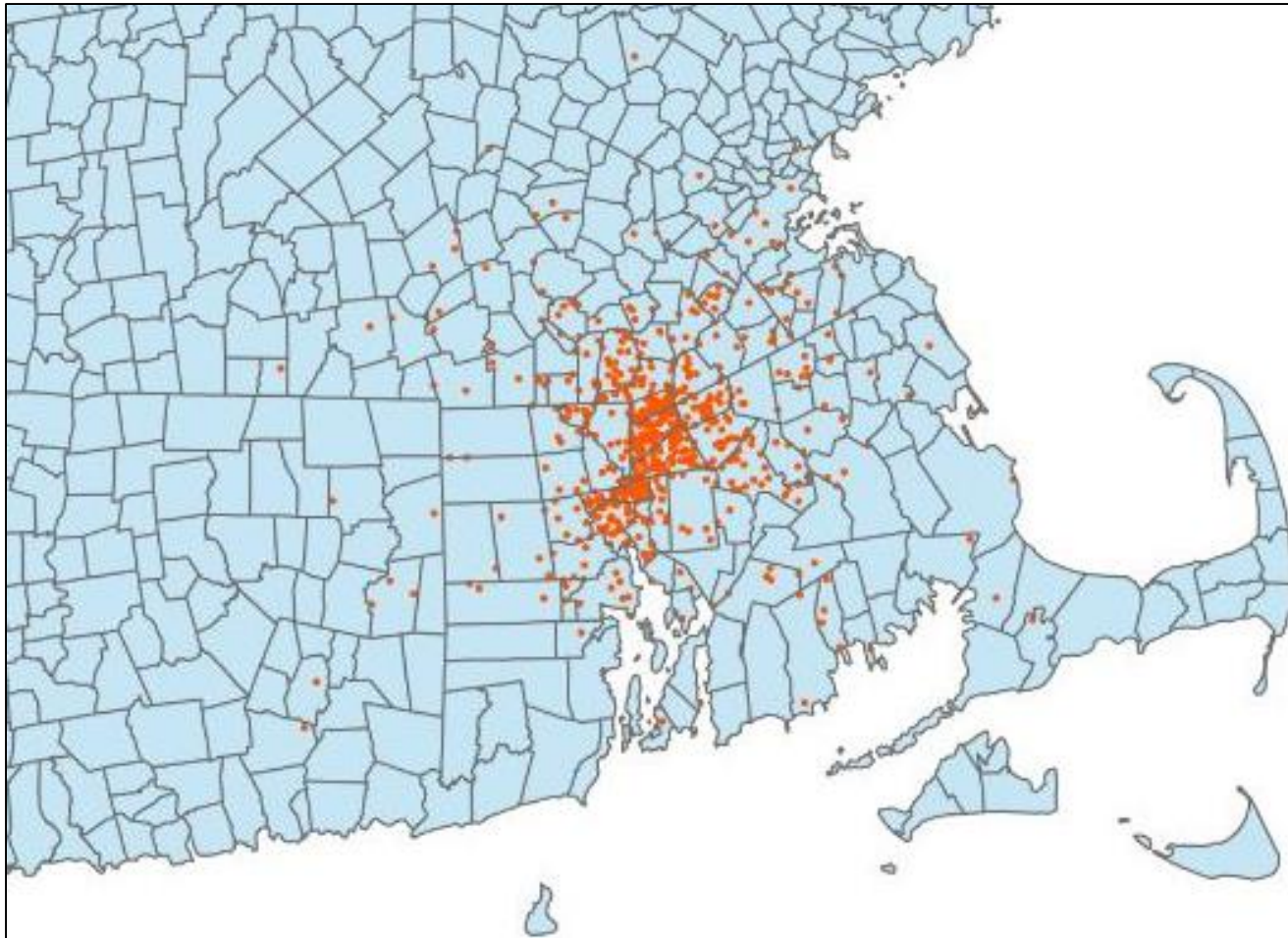
Full Time vs Part Time Employment at PPC

Full Time/Part Time Status	Hires	Hours Worked	Wages Paid
Part Time	320	181,928	\$2.4 M
Full Time	573	813,020	\$15.3 M
Total	893	994,949	\$17.8 M

Place of Residence for PPC Employees

City/Town	REMI Region	Hires	Share of Hires
Attleboro, MA	Southeast	88	9.9%
North Attleboro, MA	Southeast	86	9.6%
Plainville, MA	Metro Boston	53	5.9%
Pawtucket, RI	Rest of Nation / World	53	5.9%
Providence, RI	Rest of Nation / World	39	4.4%
Mansfield, MA	Southeast	35	3.9%
Norton, MA	Southeast	30	3.4%
Taunton, MA	Southeast	29	3.2%
Franklin, MA	Metro Boston	28	3.1%
Wrentham, MA	Metro Boston	28	3.1%
All Other Places		424	47.5%
Total		893	100.0%

Place of Residence for PPC Employees

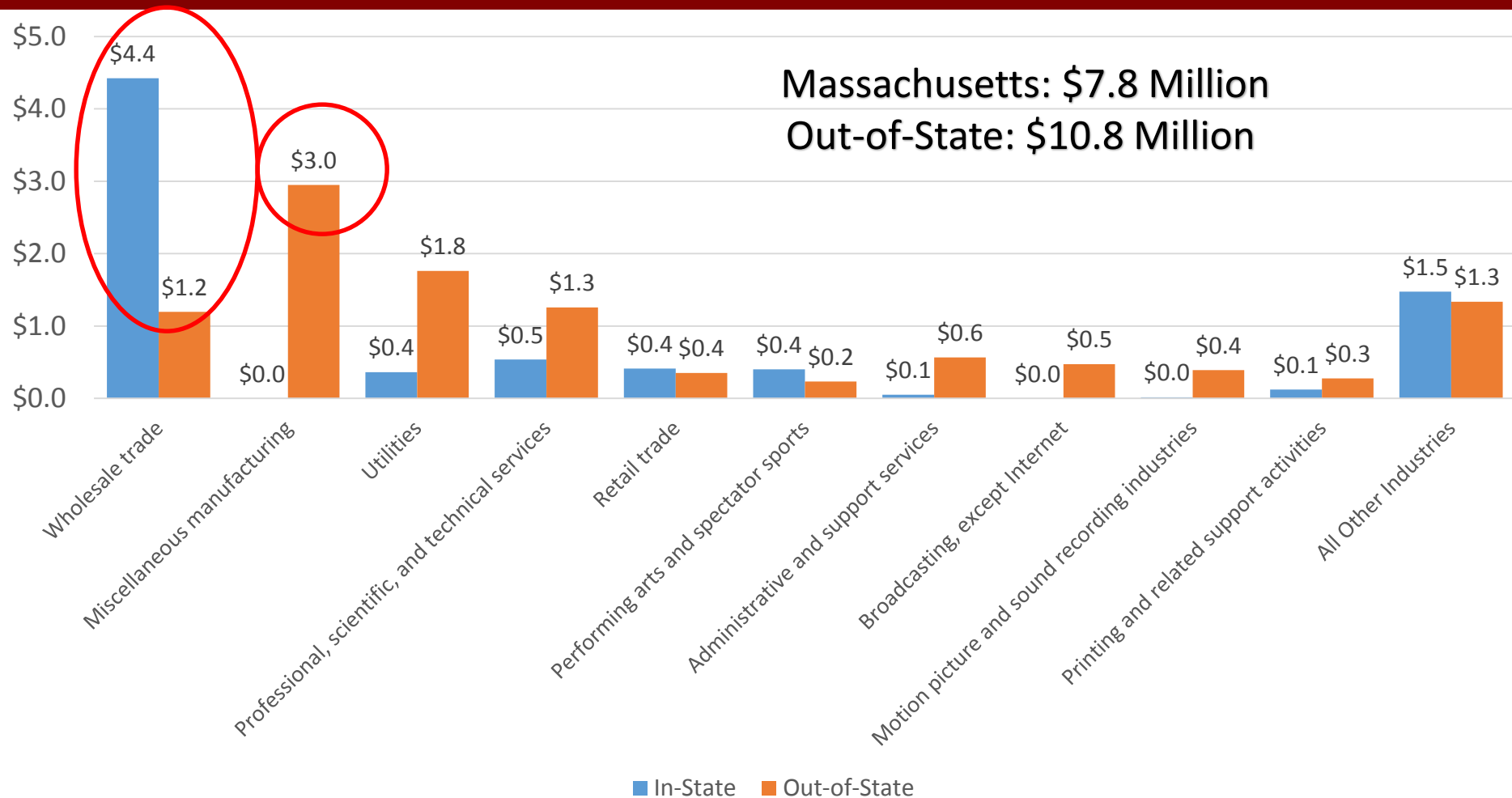


Vendor Spending and Payments to Government

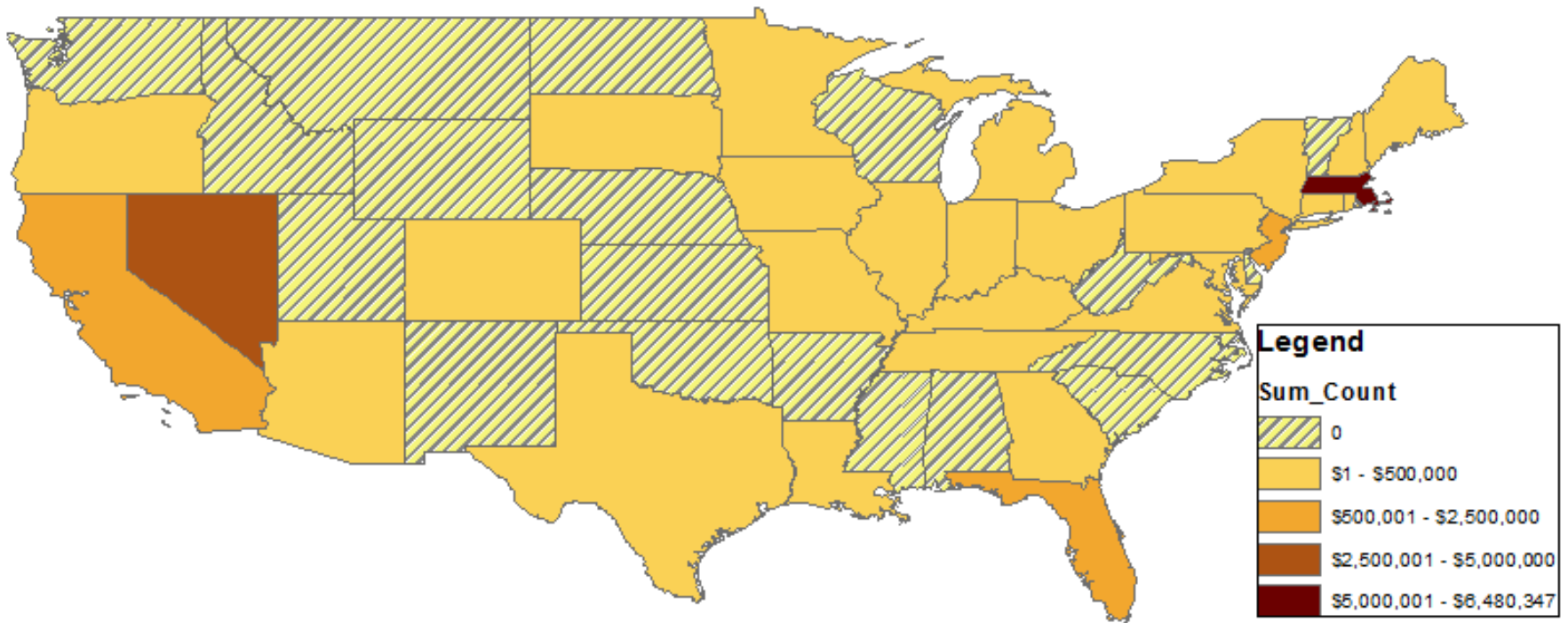
PPC Payments to Third Parties

Type of Payment	Amount	Share
Payments to Private Sector Vendors	\$18.6 M	61.3%
Payments to Government Entities	\$11.2 M	36.9%
<i>Federal Government Entities</i>	<i>\$921 K</i>	<i>3.0%</i>
<i>Massachusetts State Government Entities</i>	<i>\$5.9 M</i>	<i>19.4%</i>
<i>Other State Government Entities</i>	<i>\$23 K</i>	<i>0.1%</i>
<i>Local Government Entities</i>	<i>\$4.4 M</i>	<i>14.4%</i>
Payments to Unions and Other Membership Organizations	\$400 K	1.3%
Payments to Charitable Organizations	\$75 K	0.2%
Payments to Individuals	\$59 K	0.2%
Total	\$30.3 M	100.0%

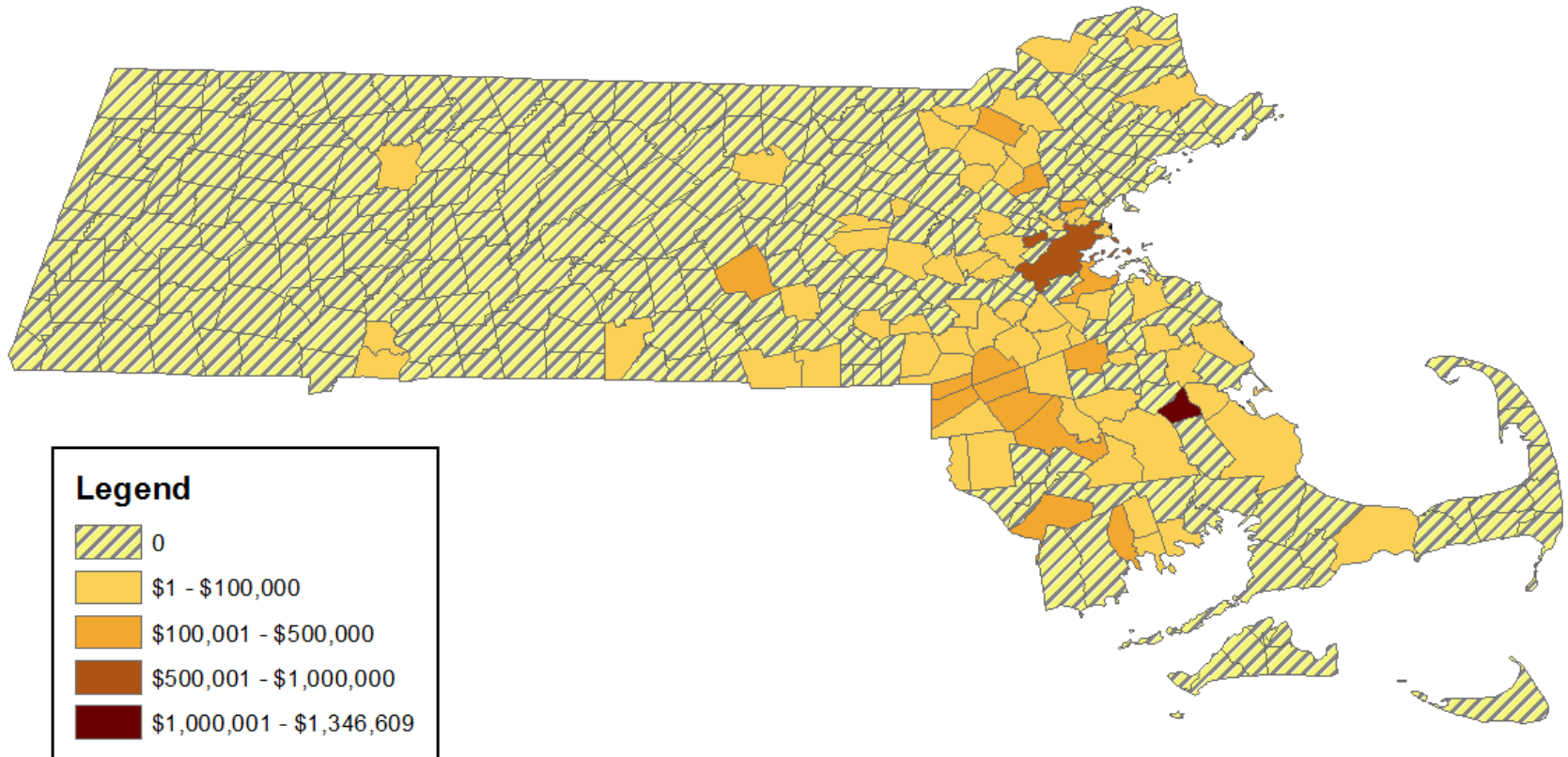
Top 10 Industries by PPC Vendor Spending



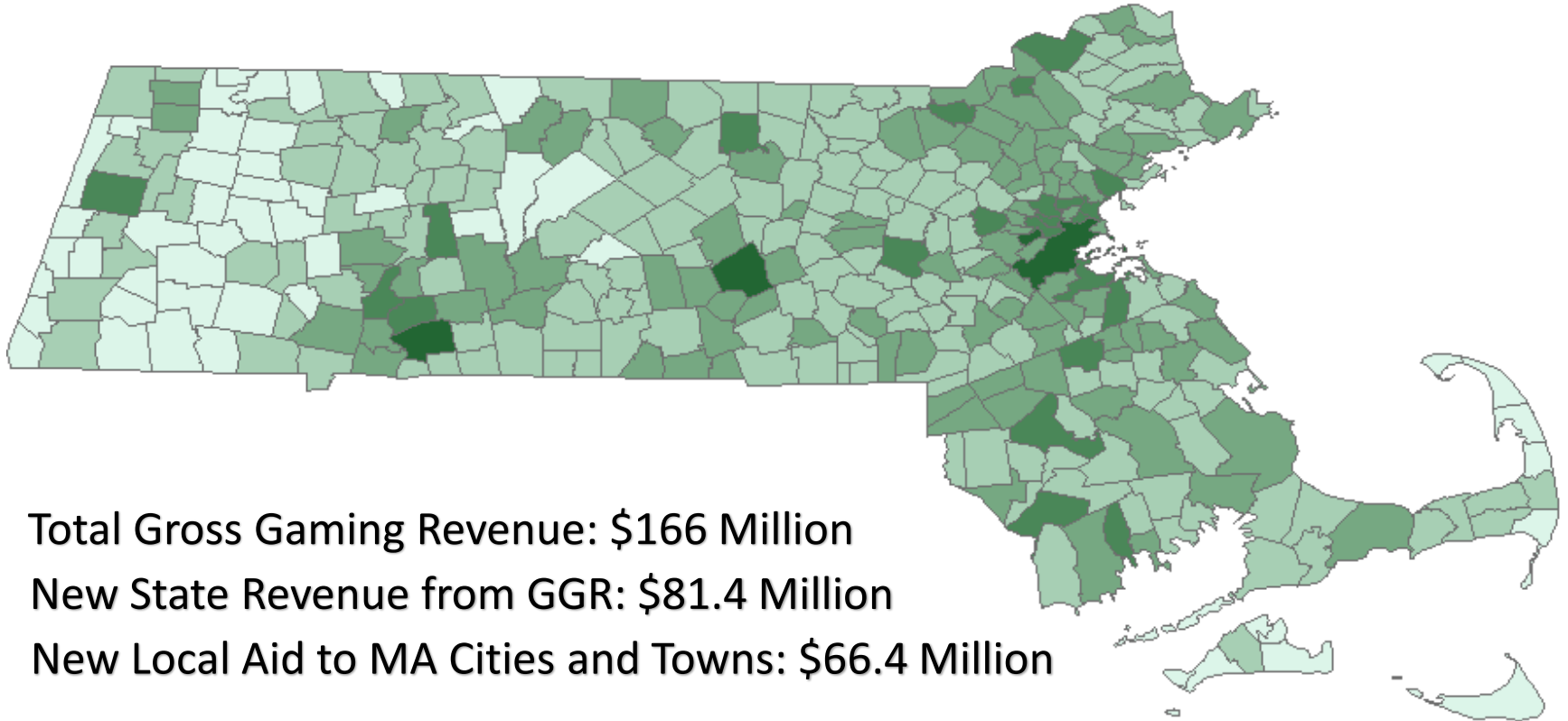
PPC Vendors by State



PPC Vendors in MA by Town



Distribution of Gross Gaming Revenue

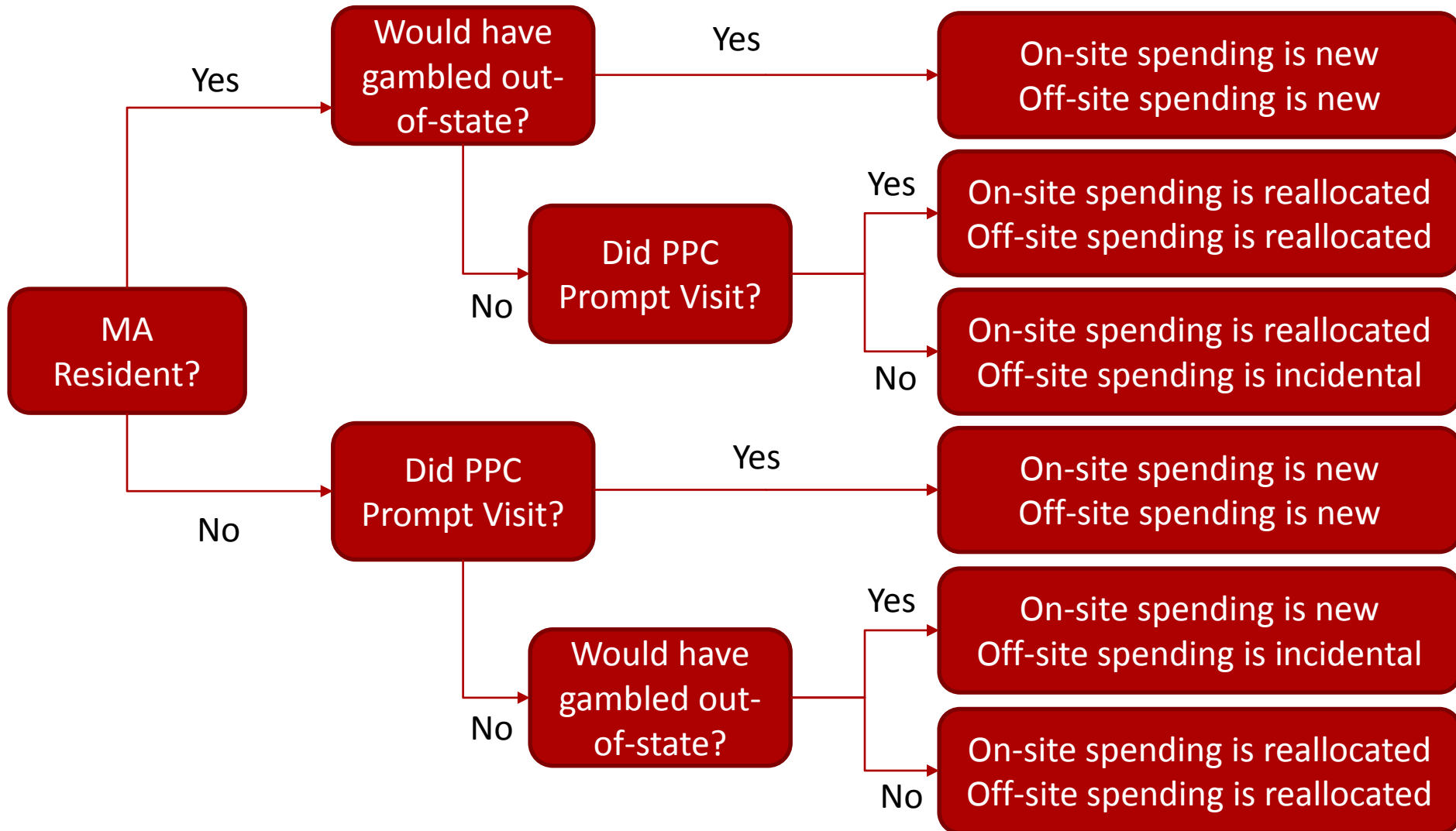


Patron Spending Including Tourism

Types of Patron Spending

- New: Would not have occurred in Massachusetts if PPC had never opened
 - Includes “recaptured” patrons and new tourists
- Reallocated: Would have occurred in Massachusetts, but on other goods and services.
- Incidental: Would have occurred whether or not PPC opened
 - Only off-site spending can be incidental

How Patron Spending is Assigned



Spending at PPC

\$166.0 million



On-Site Gaming
Spending

\$6.5 million



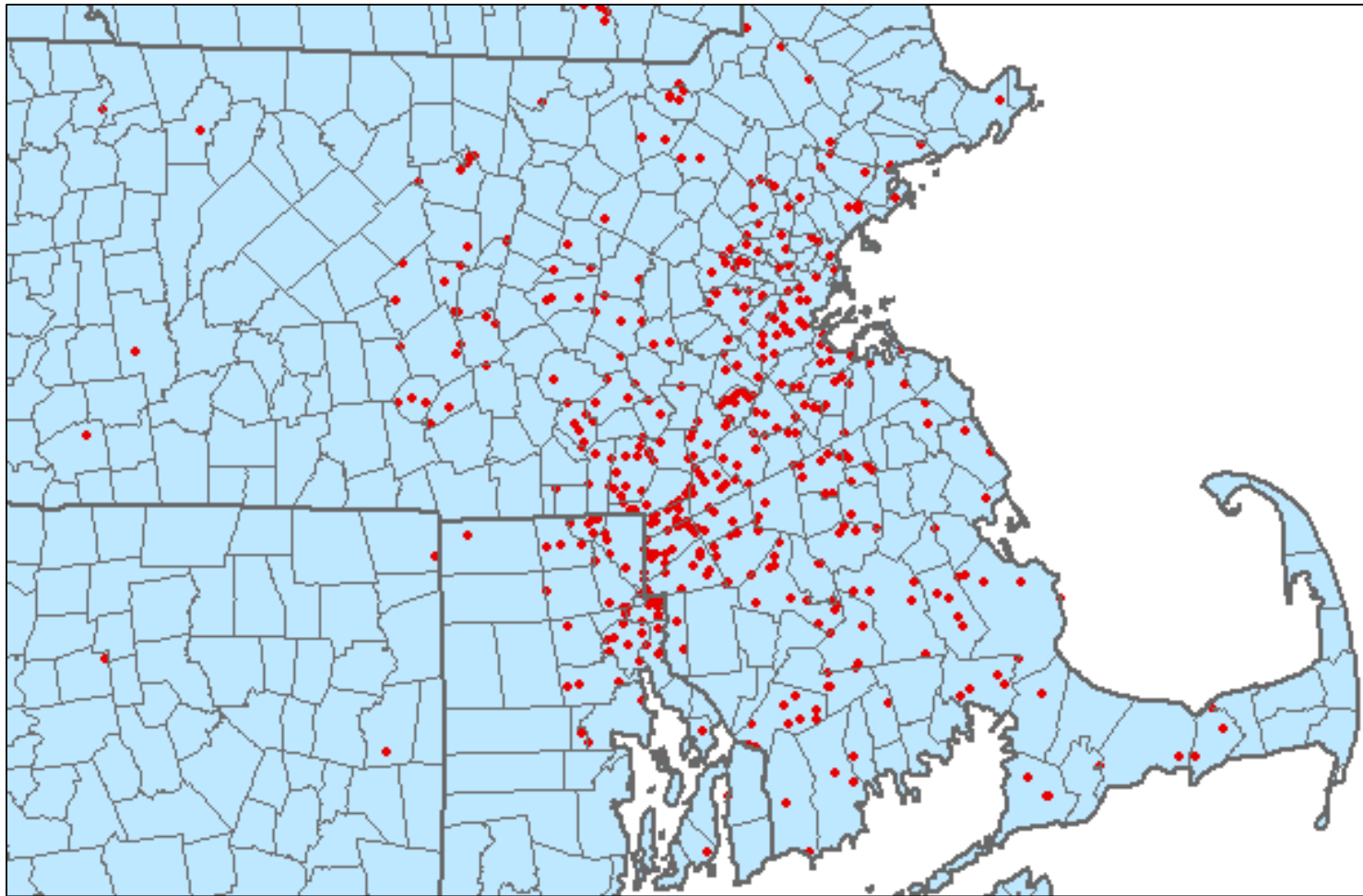
On-Site Non-
Gaming Spending

\$4.0 million



Estimated Off-Site
Spending

Patrons by Place of Residence



Patron Spending at PPC

Source of Spending	Spending (Millions of Dollars)	Share of Spending
Recaptured Spending by In-State Patrons	\$100.0	58.0%
Reallocated Spending by In-State Patrons	\$36.6	21.2%
Spending by Out-of-State Patrons	\$36.0	20.8%
Total	\$172.5	100.0%

Patron Spending at PPC (Gambling)

Source of Spending	Spending (Millions of Dollars)	Share of Spending
Recaptured Spending by In-State Patrons	\$96.7	58.3%
Reallocated Spending by In-State Patrons	\$33.9	20.4%
Spending by Out-of-State Patrons	\$35.5	21.4%
Total	\$166.0	100.0%

Patron Spending at PPC (On-Site Non-Gambling)

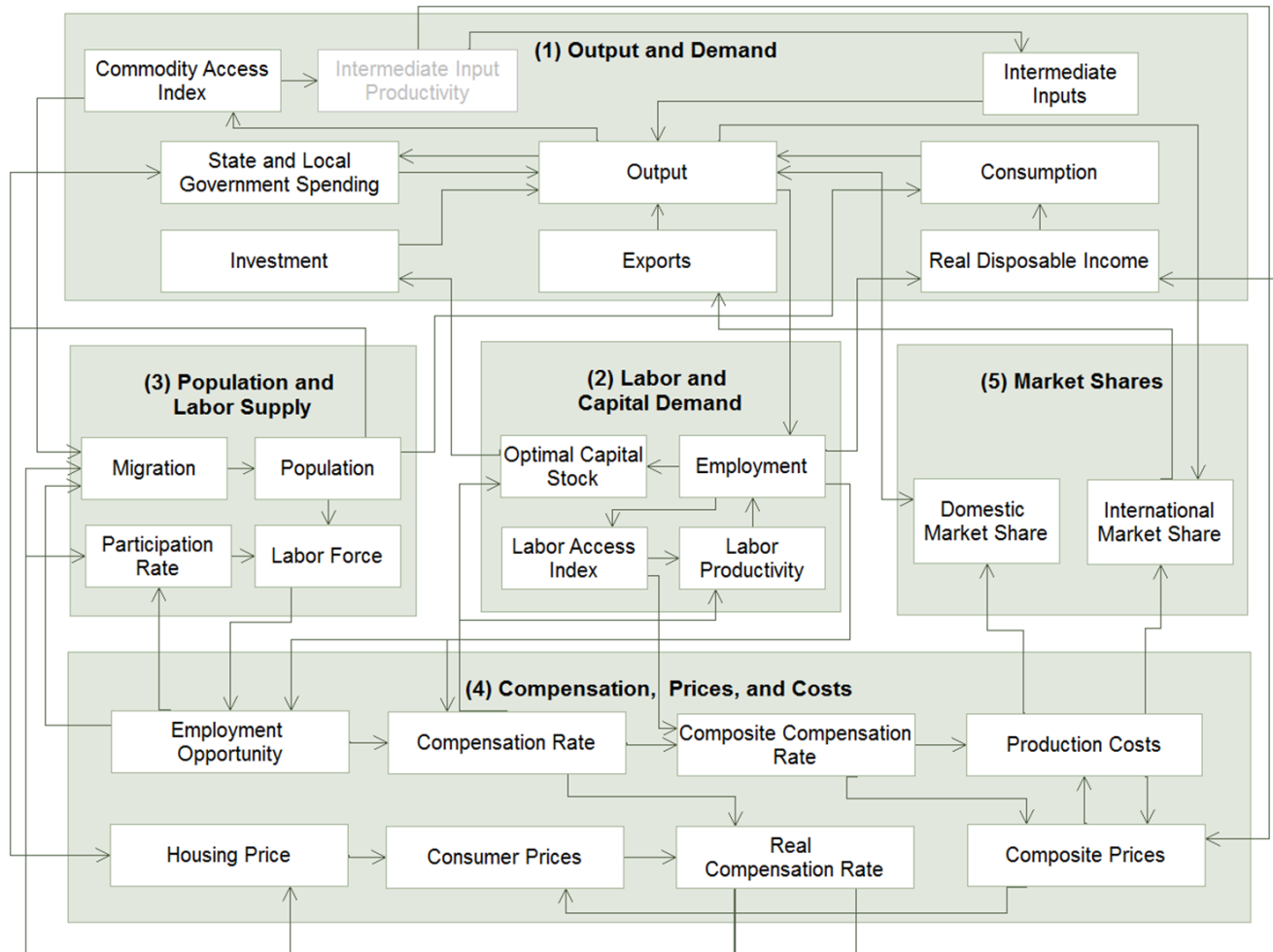
Source of Spending	Spending (Millions of Dollars)	Share of Spending
Recaptured Spending by In-State Patrons	\$3.3	50.4%
Reallocated Spending by In-State Patrons	\$2.7	41.7%
Spending by Out-of-State Patrons	\$0.5	7.9%
Total	\$6.5	100.0%

Patron Spending at PPC (Off-Site Non-Gambling)

Source of Spending	Spending (Millions of Dollars)	Share of Spending
Recaptured Spending by In-State Patrons	\$2.0	49.2%
Reallocated Spending by In-State Patrons	\$1.2	29.7%
Spending by Out-of-State Patrons	\$0.9	21.1%
Total	\$4.0	100.0%

Summary of Economic Impacts

The REMI PI+ Model



REMI Outputs for First Year of Operation

Economic Impacts	Total Employment	Private Non-Farm Employment	Output	Value Added	Personal Income
<i>Regional Operating Impacts:</i>					
Metro Boston	1,896	1,466	\$447.0	\$326.3	\$98.7
Southeast	376	247	\$48.3	\$29.9	\$31.7
Pioneer Valley	189	80	\$23.1	\$14.5	\$10.3
Central	231	131	\$30.2	\$18.7	\$17.4
Berkshires	27	11	\$3.2	\$2.0	\$1.4
Cape and Islands	38	29	\$4.6	\$2.9	\$2.8
Total	2,758	1,964	\$556.4	\$394.4	\$162.2
<i>Statewide Impacts from Changes In Consumer Spending</i>					
Total	-340	-331	-\$50.9	-\$31.9	-\$18.5
<i>Statewide Net Impacts</i>					
Total	2,417	1,633	\$505.5	\$362.4	\$143.7

Employment Impacts: Private and Public Sector Jobs

Source of Employment Demand	Employment Impact
Employment Impacts from Private Sector Activity	778
Employment Impacts from Government Spending	1,639
Total Employment Impacts	2,417

Next Steps in Econometric Modeling

- Primary data collection
- Construction data collection
- Operating analysis (fact sheets)

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Thank you!

Questions and Comments