

MGC Research Snapshot

SEIGMA COVID-19 Impacts Report April 2022

What you need to know

Casinos were among the hardest-hit business types in the early phases of the pandemic. The casinos largely ceased operation during the first months of the pandemic and recovering to their current levels of business has taken time. The impact of the shutdown did not affect all casino employees evenly, nor did it affect those businesses who supply goods and services to the casino evenly.

What is this research about?

This report assesses the impacts of the COVID-19 crisis on the casino industry in Massachusetts, with a particular focus on equity issues.

Social distancing efforts associated with the COVID-19 pandemic led to widespread shutdowns and staff reductions in the economy, particularly in the leisure and hospitality sector.

Following a three-month period of total shutdown, the three Massachusetts casinos reopened in July 2020. Since then, they have continued to operate amid a shifting landscape of regulations and limitations.

What did the researchers do?

This report describes the pandemic impacts on casino business operations, casino workforce impacts, business-to-business spending impacts, and government and fiscal impacts.

For this, authors analyzed visitation, revenue, and employment data from all three Massachusetts casinos between January 2020 and June 2021.

What did the researchers find?

Impacts on Casino Business Operations

- From mid-March to mid-July 2020, all three casinos were closed due to the state mandates and, as a result, did not earn any revenue.
- Casino visitation recovered somewhat after reopening, but by the end of June 2021 had not yet reached pre-pandemic levels.
- Gross gaming revenues recovered faster than visitation, with July 2021 levels approximating those of January 2020. A possible explanation is that average spending per casino patron has risen.

Casino Workforce Impacts

- The Commonwealth's casino workforce was hit by layoffs and furloughs as the casinos closed in March 2020, and staffing levels at all three casinos remain below pre-pandemic levels as of June 2021.
- Workforce strategies varied between casinos. Plainridge Park Casino and MGM Springfield both laid off substantial shares of their workforces as the casinos closed, and hired many of those employees back upon reopening. Encore Boston Harbor managed to keep



many of its employees on the payroll over the pandemic, but made further layoffs after reopening.

- The portion of the casino workforce that was retained during the shutdown was more white and more male than the pre-pandemic workforce. The post-reopening workforce largely mirrors the pre-pandemic workforce in terms of racial diversity.
- The majority of individuals hired since the casinos reopened had been employed at the casinos prior to the shutdown.

Business-to-Business Spending Impacts

- Casino spending on goods and services from private-sector vendors fell during the shutdown and had not recovered to pre-pandemic levels by the second quarter of 2021.
- With many casino activities restricted, the mix of goods and services purchased by the casinos shifted, with the share of total spending on wholesale goods falling and the share of spending on professional services rising.
- The casinos have struggled to achieve their spending goals on minority, women, and veteran-owned businesses.

Government and Fiscal Impacts

- As gross gaming revenue has recovered, so have state taxes collected on those revenues.
- While some payments were delayed as a result of the pandemic, the casinos have continued to make their payments to their host and surrounding communities.

Citation

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Key Words

COVID-19 Impacts; Casinos; Economic Research.

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About this Snapshot

MGC Snapshots are intended to translate lengthy and sometimes technical reports into an easily understandable overview of the research. The findings and recommendations in the Snapshot are those of the researchers and do not necessarily reflect the position of the MGC.

