

Social & Economic Impacts of Gambling in Massachusetts: 2018

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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

2011

THE SOCIAL AND ECONOMIC IMPACTS OF GAMBLING

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FINAL REPORT PREPARED FOR THE CANADIAN
CONSORTIUM FOR GAMBLING RESEARCH

3/11/2011



284 page report

492 theoretical and empirical
studies reviewed

Documented findings of all the
empirical studies (only 7 deemed
to have used 'excellent'
methodology)

Proposed methodological
approach that made theoretical
sense, enshrined economic
principles and social impact
considerations, and was simple to
use

Methodological Principles

- Identify how much money is involved, where it is coming from, and where it is going
- Assess impacts for years before and for years after the introduction of new gambling venues
- Comprehensively assess all potential economic and social impacts and utilize multiple sources of info for triangulation
- Compare changes to those observed in Matched Control Communities

This presentation is
top-level summary of
a much more detailed
140+ page report that
is being officially
released today.

Social and Economic Impacts of Expanded Gambling in Massachusetts: 2018

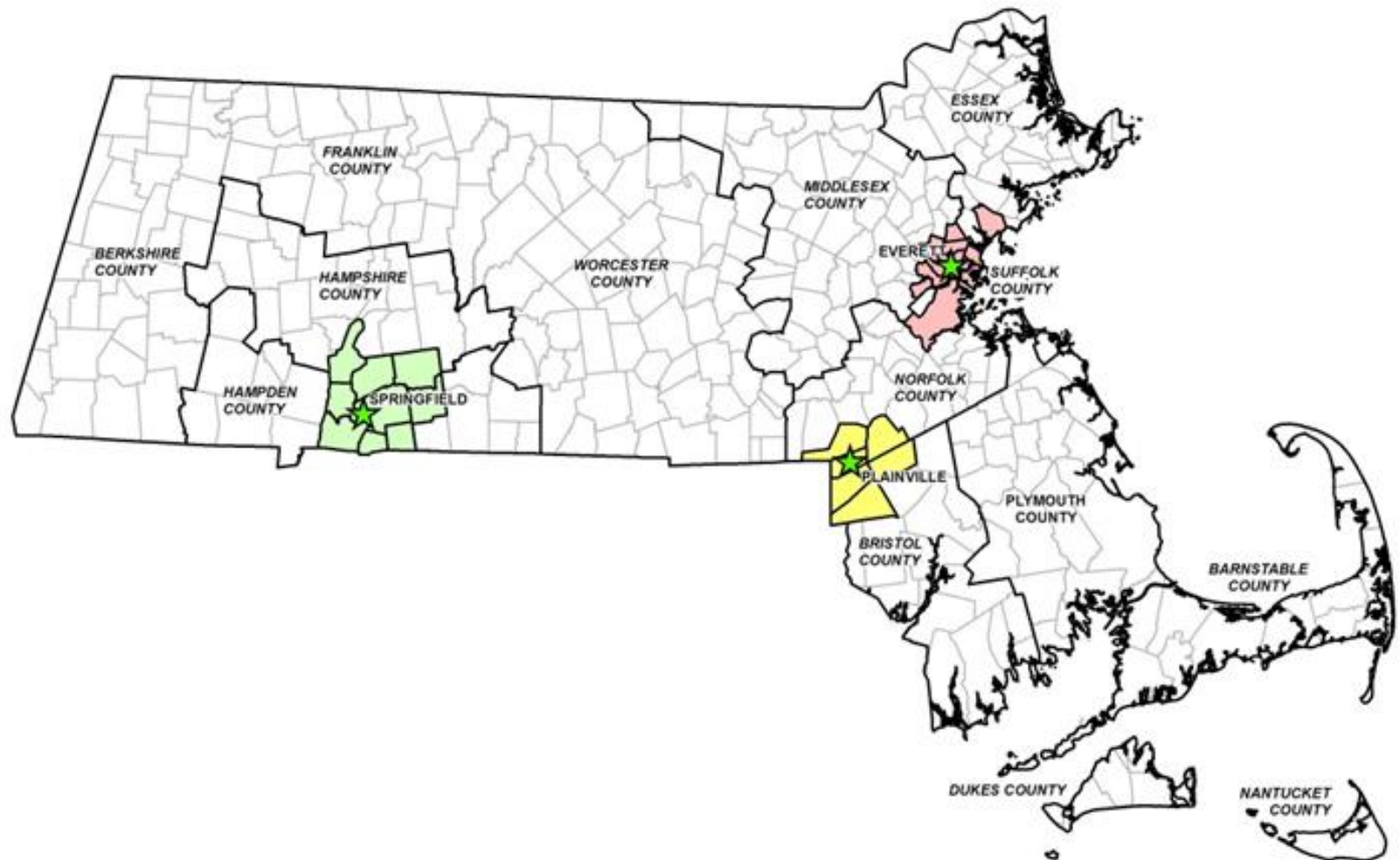
Report to the Massachusetts Gaming
Commission & the Massachusetts Department
of Public Health

June 2018

SEIGMA Report/Presentation

- Purpose of 2018 report is not just to report impacts to date, but also to:
 - Provide comprehensive documentation of baseline social and economic indices
 - Crystallize our template for reporting future impacts
 - Identify gaps in our analyses to be addressed in future work
 - Integrate findings from the many standalone reports & surveys completed in the last 4 years

Host & Surrounding Communities (H&SC)

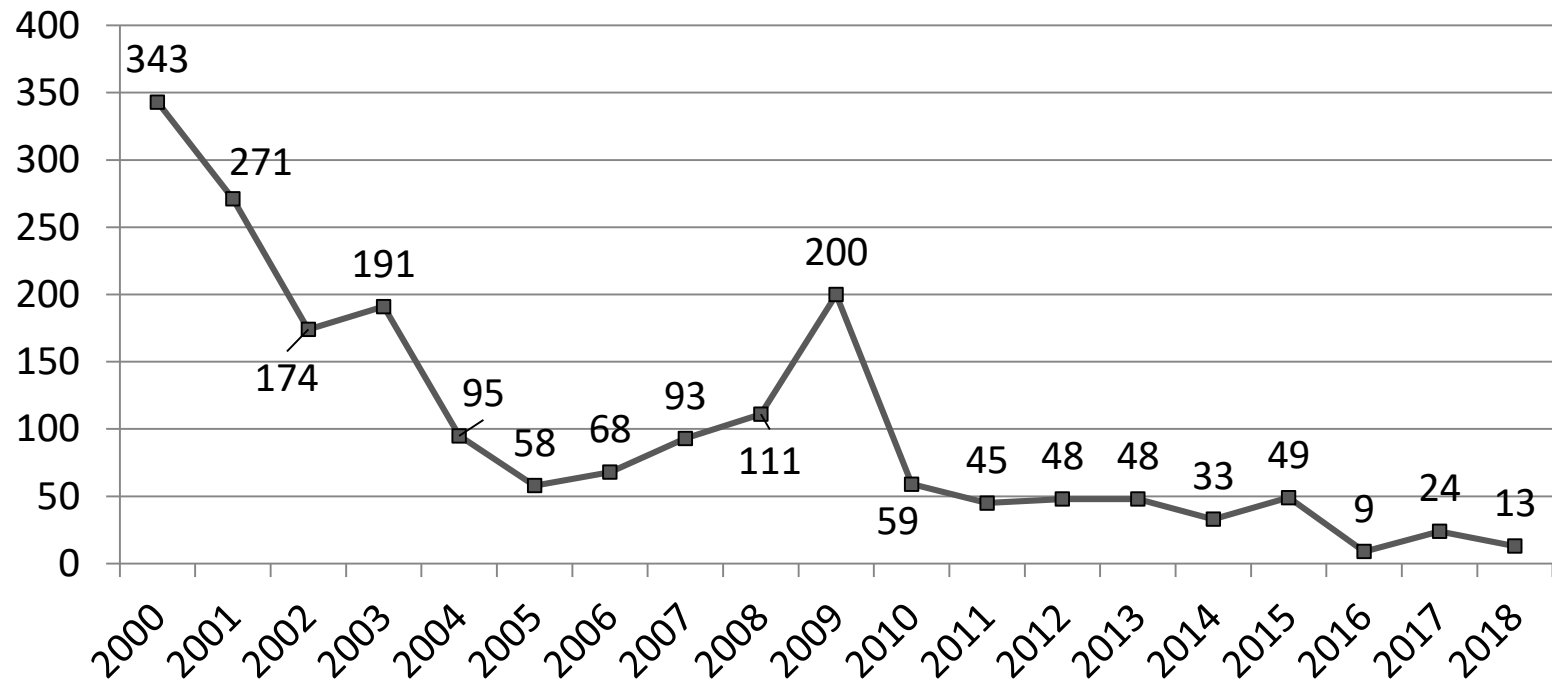


SOCIAL & HEALTH IMPACTS

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

Problem Gambling & Related Indices

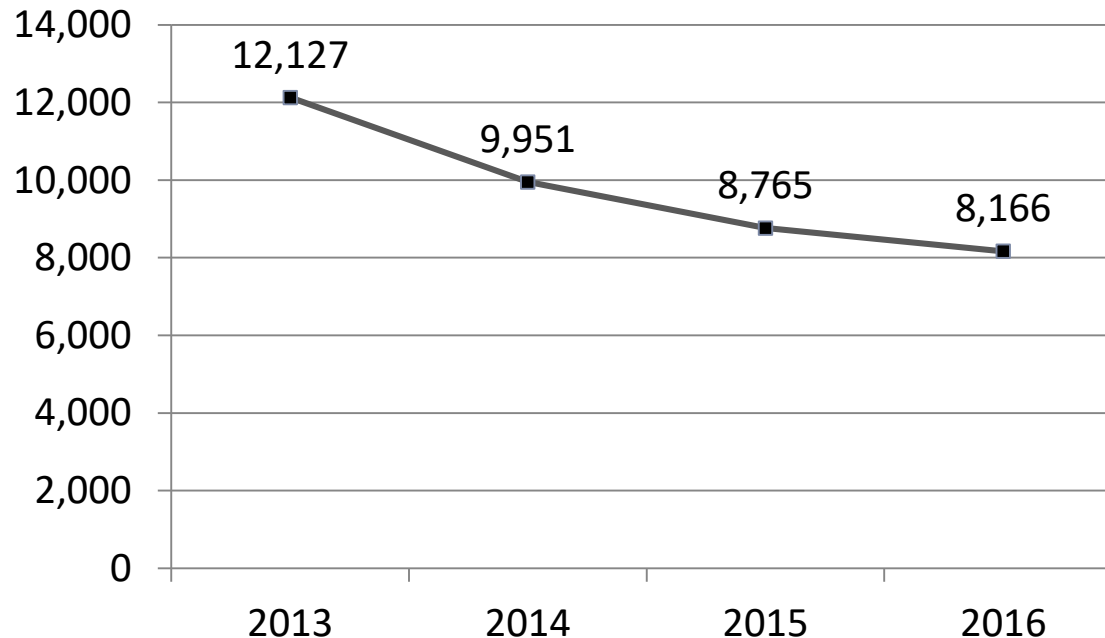
- Problem gambling treatment admissions reported to Department of Public Health have continued to decline.



Source: MDPH, 2017a; personal communication from Victor Ortiz

Problem Gambling & Related Indices

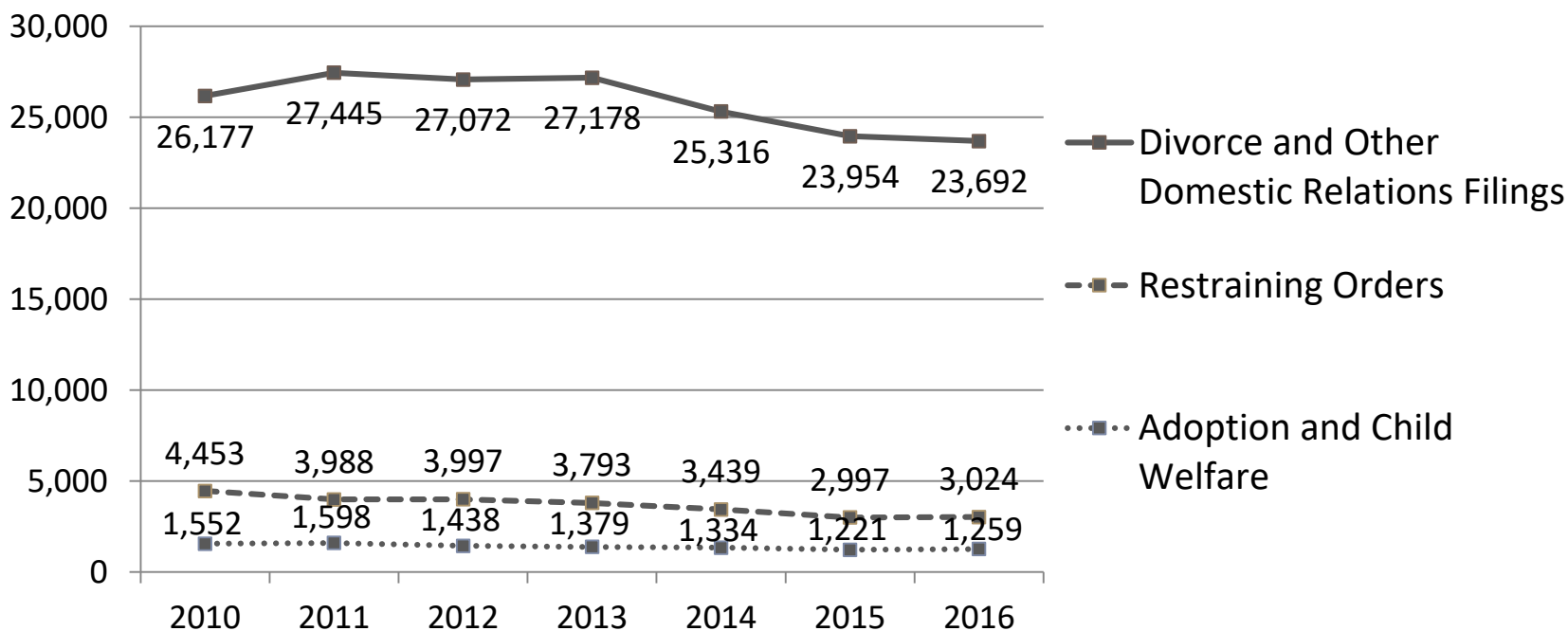
- No increase in statewide personal bankruptcy filings.



Source: U.S. Bankruptcy Courts

Problem Gambling & Related Indices

- No increase in statewide divorces, restraining orders, and cases of child welfare involvement.



Source: MA Courts (2018)

Problem Gambling & Related Indices

- No significant change in PG or At Risk Gambling in Baseline Targeted Population Survey (BTPS) of Plainville in 2014 to Follow-Up (FTPS) in 2016.

	BTPS-Plainville 2014			FTPS-Plainville 2016			
Gambling Category	<i>N</i>	%	95% CI	<i>N</i>	%	95% CI	<i>p</i>
Non-Gambler	58,236	19.8	(16.7 - 23.4)	57,015	19.3	(16.0 - 23.1)	.838
Recreational Gambler	208,689	70.9	(66.8 - 74.7)	209,077	70.8	(66.4 - 74.7)	.948
At-Risk Gambler	19,631	6.7	(4.6 - 9.7)	24,116	8.2	(5.8 - 11.4)	.432
Problem Gambler	7,586	2.6	(1.4 - 4.6)	5,276	1.8	(0.8 - 3.8)	.439

N is the total number of respondents ($n = 1,093$ for BTPS and $n=1,012$ for FTPS) weighted to the population. Italics indicate a relative standard error of greater than 30%. Chi-Square statistical test.

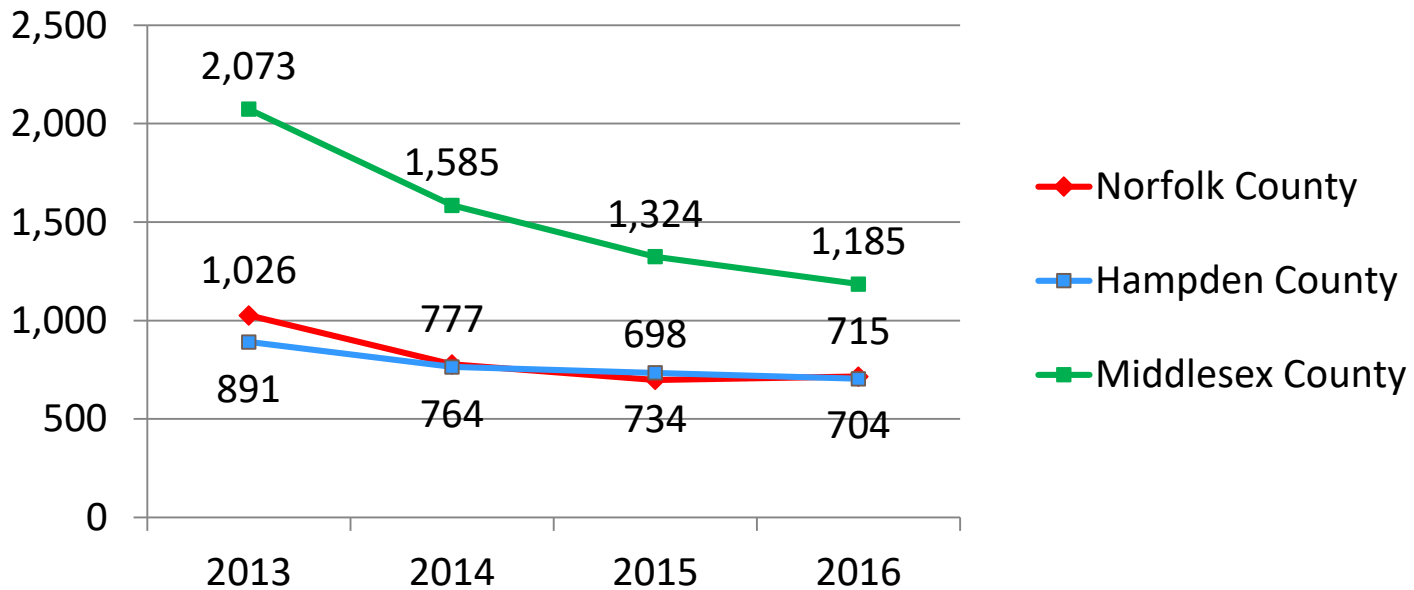
Problem Gambling & Related Indices

- No reported change in number of Gamblers Anonymous meetings in Plainville area or number of people attending meetings.

*“We have had GA meetings here [Plainville United Methodist Church] for approximately 20 years. At present about 15 people attend these meetings each week. We have not seen any increase in attendance since Plainridge [Casino] opened.”
(Secretary for NE Gamblers Anonymous, Mar 7, 2018).*

Problem Gambling & Related Indices

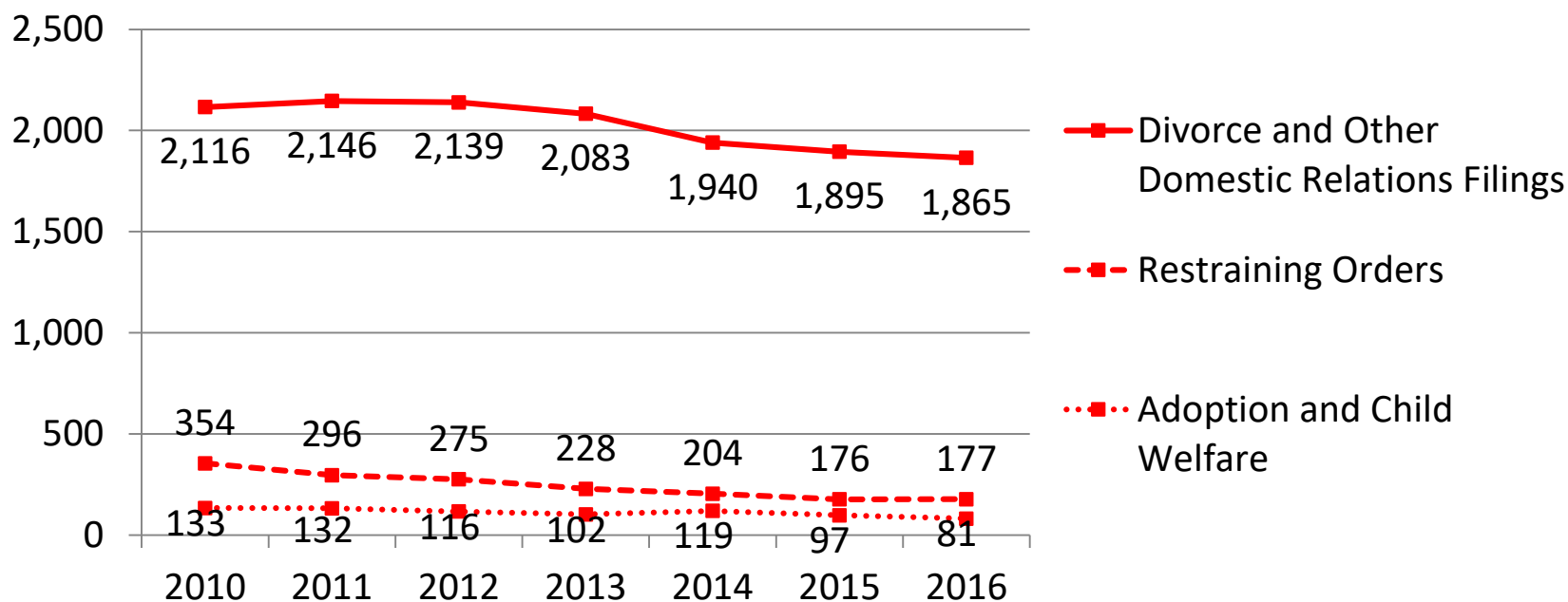
- No change in personal bankruptcy filings in Norfolk County, where Plainville is situated.



Source: U.S. Bankruptcy Courts

Problem Gambling & Related Indices

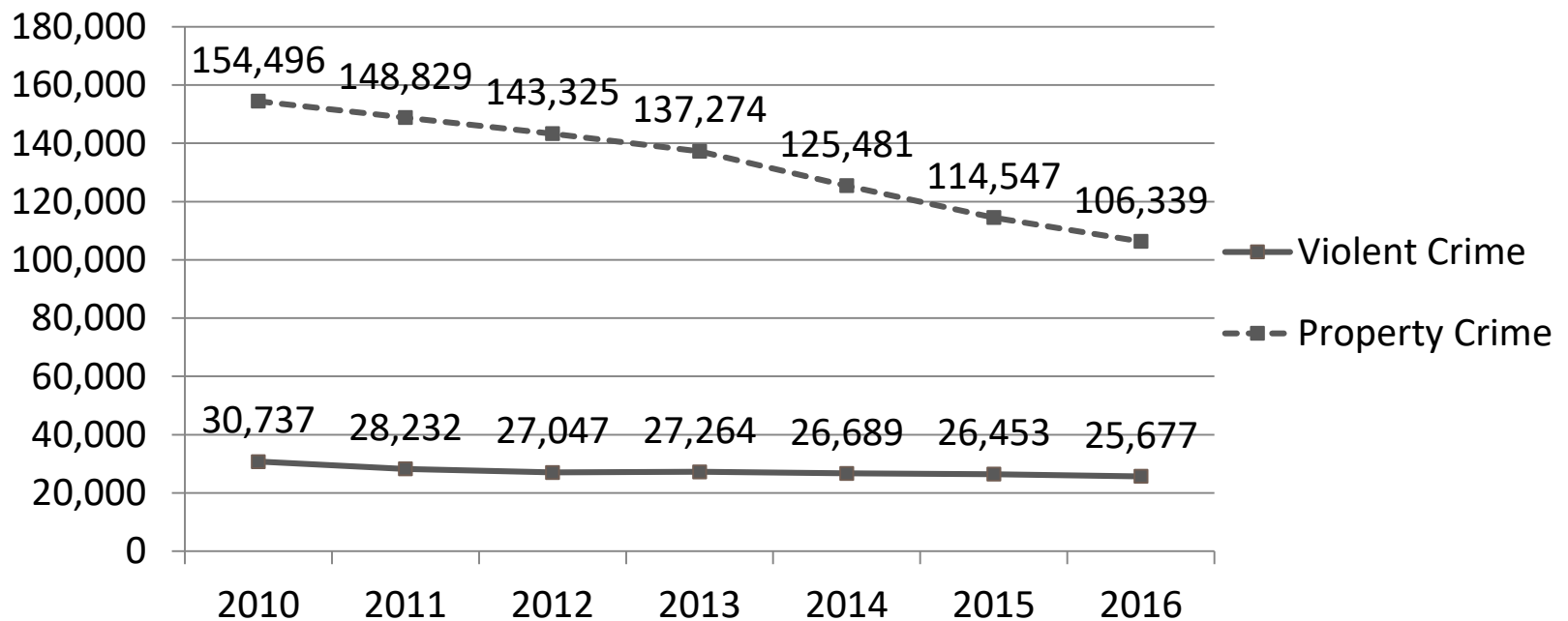
- No changes in divorce filings, restraining orders, and cases of child welfare involvement in Norfolk County.



Source: MA Courts (2018)

Crime

- No statewide increase in violent, property, or overall crime since 2015.



Source: Uniform Crime Reporting Statistics (FBI, 2018)

Crime

- Plainville police statistics show increase in property crime, total crime, and calls for service at PPC in 2 years after it became a casino compared to prior 2 years.

	2-Years Prior to June 2015 at Plainridge Racecourse	June 2015 – July 2017 at Plainridge Park Casino
Total Crime Offenses	10	90
Property Crime Offenses	6	47
Violent Crime Offenses	0	0
Calls for Service	1,130	1,566

Source: Bruce (2018)

Attitudes

- At regional level, there is evidence of significant change in attitudes toward gambling
 - Decrease in % of people who think gambling is not available enough, increase in % who believe current availability is fine
 - Decrease in % of people who think casinos are beneficial to MA, increase in % who believe they are neither beneficial nor harmful

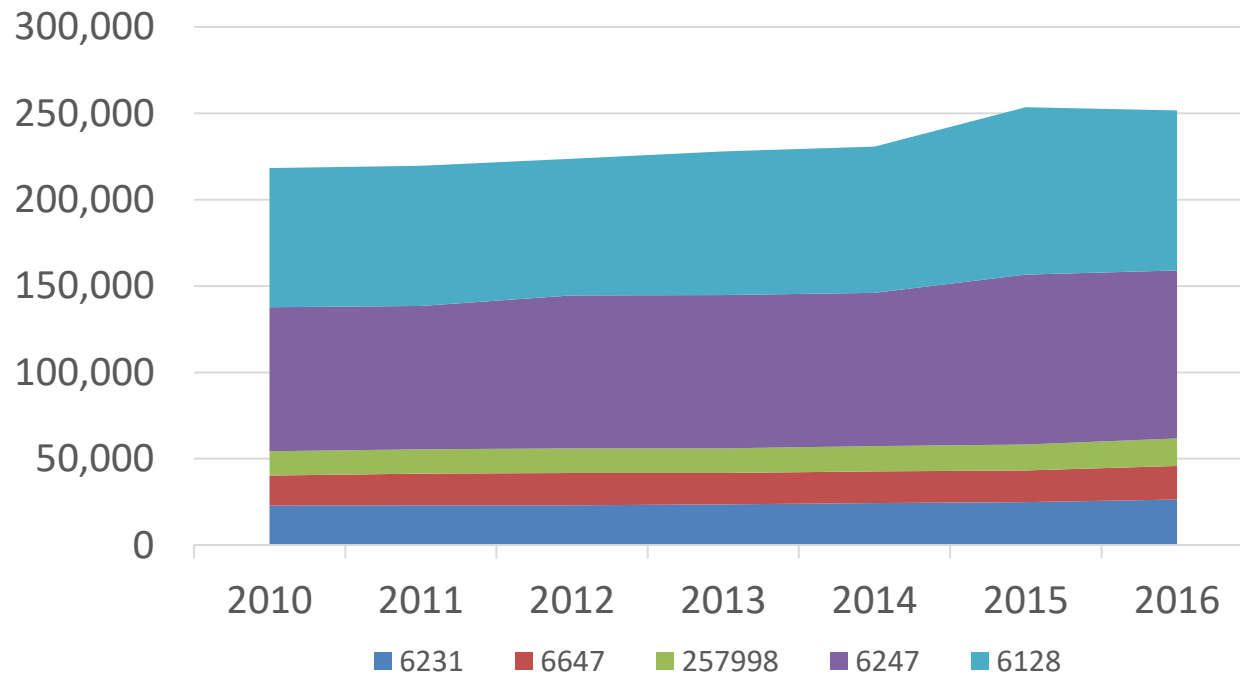
Environment

- Plainville Key Informants report some impact during construction:

“During construction the Board of Health received some complaints about the construction activity. There were dust complaints and there were noise complaints. We went out there with noise meters and took ambient noise levels and everything was found to be within tolerance and specs for a construction site. There were no violations issued.....We have received no noise complaints since construction has been completed.” **Lou LeBlanc, Chairman of the Board of Health, Plainville, MA, Mar 1, 2018.**

Environment

- Traffic volume in Plainville increased 9% from 2014 to 2016. [PPC construction began Apr 2014 and casino opened Jun 2015].



Source: MA Department of Transportation (MassDOT)

ECONOMIC & FISCAL IMPACTS

Analytical Framework-Economic and Fiscal Research



Analytical Framework-Economic and Fiscal Research

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

Direct Casino Expenditure & Revenue

- All three casinos are producing significant economic benefits at a statewide level.
- All three casinos are producing significant economic benefits at a regional level.

Direct Casino Expenditure & Revenue

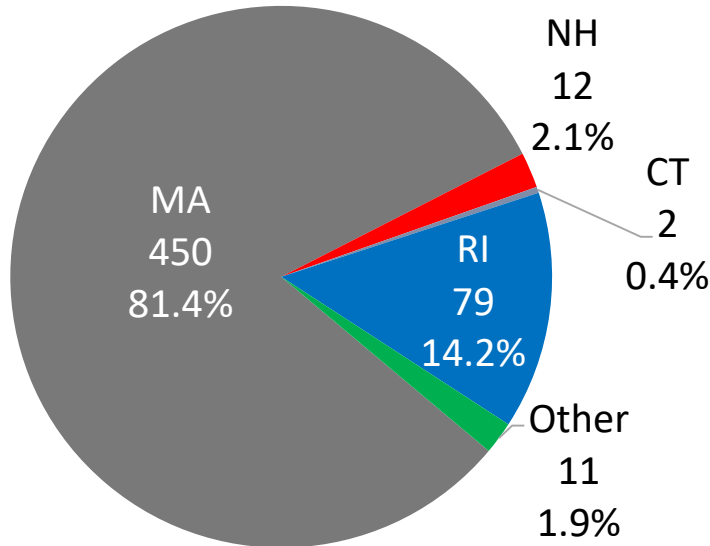
PPC Construction Expenditure

- \$150.2M spent by Penn National to build PPC, with 86.7% of this money spent within Massachusetts.
 - \$13.3M spent on architecture and engineering (99% in MA); \$6.7M to Metro Boston region and \$6.0M to Bristol and Norfolk counties.
 - \$115.4M spent on building and renovating the structure (85.6% in MA); largest subcategories being construction (\$91.9M) and insurance and bonds (\$15.1M).
 - \$21.5M spent on construction wages (84.6% to MA residents).

Direct Casino Expenditure & Revenue

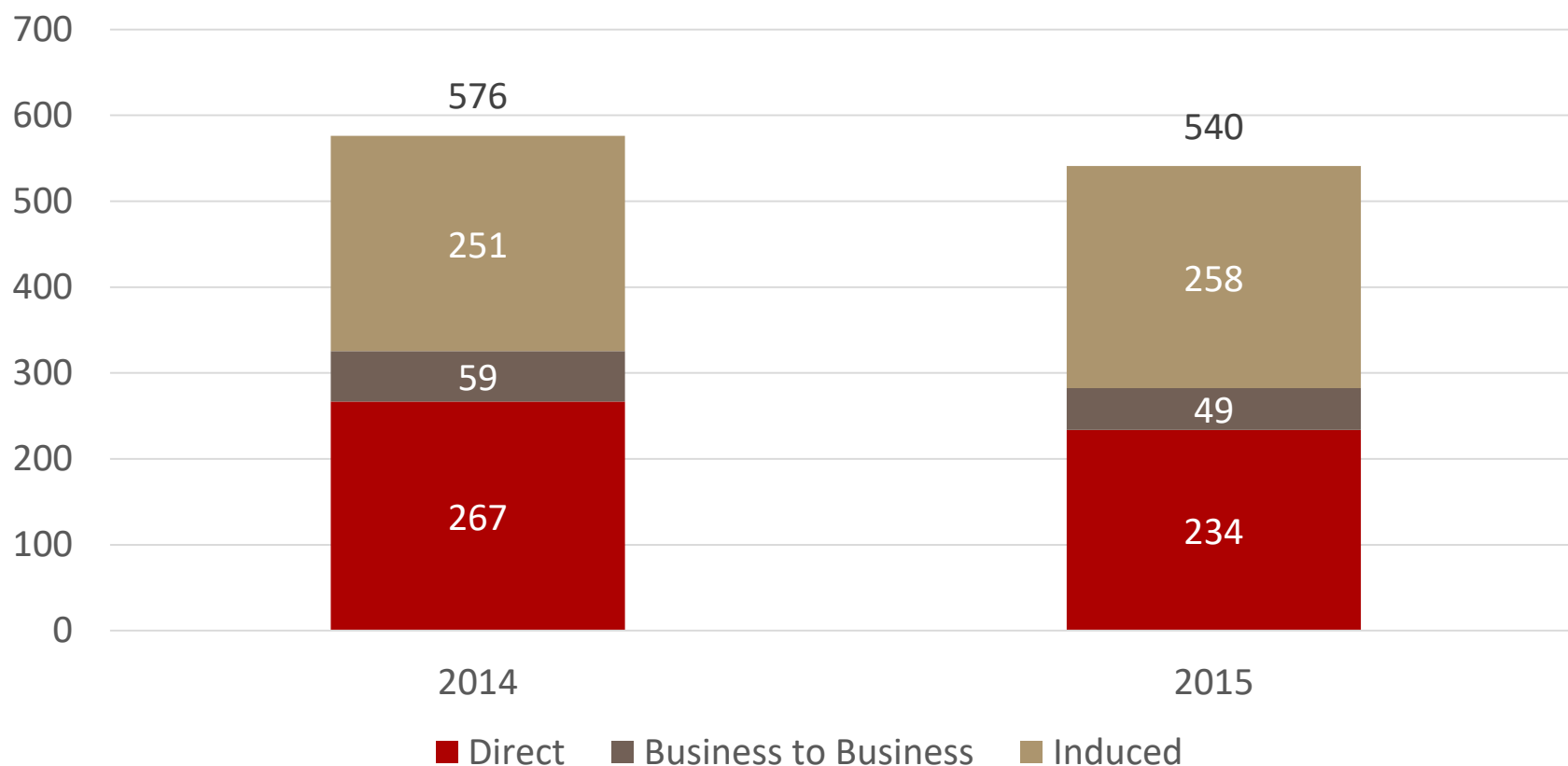
Construction Employment

- # of people on construction payroll averaged 554 across all quarters of construction period, with 81.4% from MA.



Construction Employment Spinoff Effects

Employment



Direct Casino Expenditure & Revenue

Sources of PPC Operating Revenue

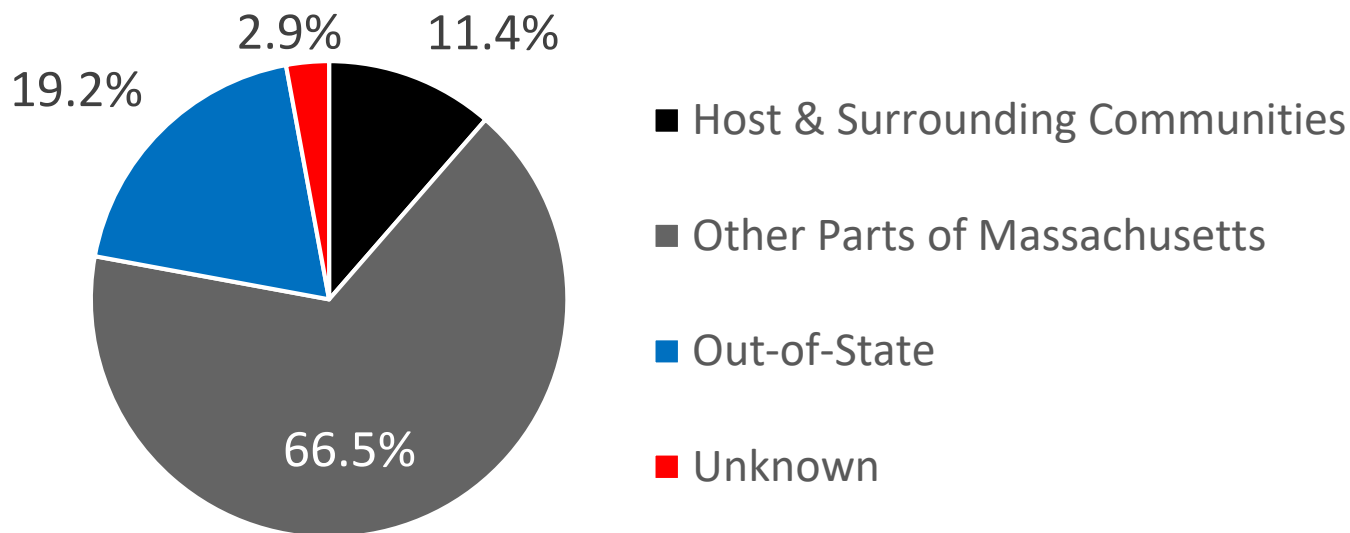
- Gambling constitutes 95% of all operating revenue, with slot machines and electronic table games accounting for 90% of all gambling revenue.

Year	Slot + Table Game Net Revenue	Horse Racing Net Revenue	Lottery Gross Sales	TOTAL Gambling Revenue	TOTAL Non-Gambling Revenue	TOTAL Revenue
2015	\$88.2M	~\$9.5M	\$1.1M	~\$98.8M	\$5.4M	~\$104.1M
2016	\$155.0M	~\$11.5M	\$2.9M	~\$169.5M	\$6.5M	~\$176.0M
2017	\$164.8M	NA	NA	~\$179.0M	NA	~\$185.7M

Direct Casino Expenditure & Revenue

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.



Direct Casino Expenditure & Revenue

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%

Direct Casino Expenditure & Revenue

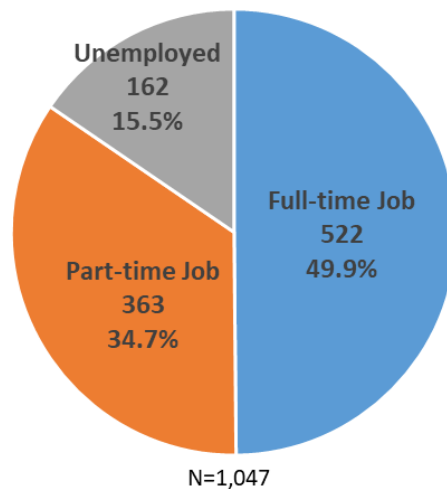
Operational Expenses

- \$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.

Direct Casino Expenditure & Revenue

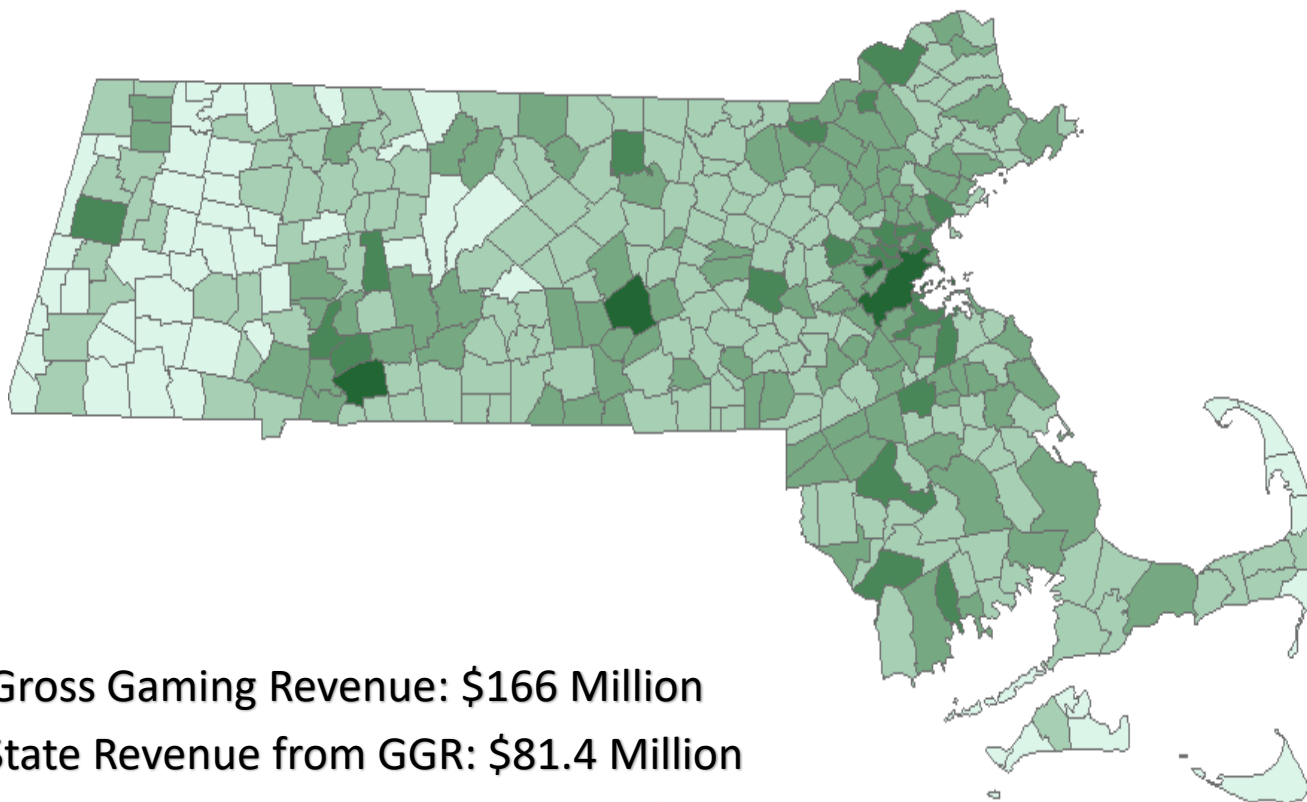
Operational Employment

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



Government and Fiscal

Distribution of Local Aid



Total Gross Gaming Revenue: \$166 Million

New State Revenue from GGR: \$81.4 Million

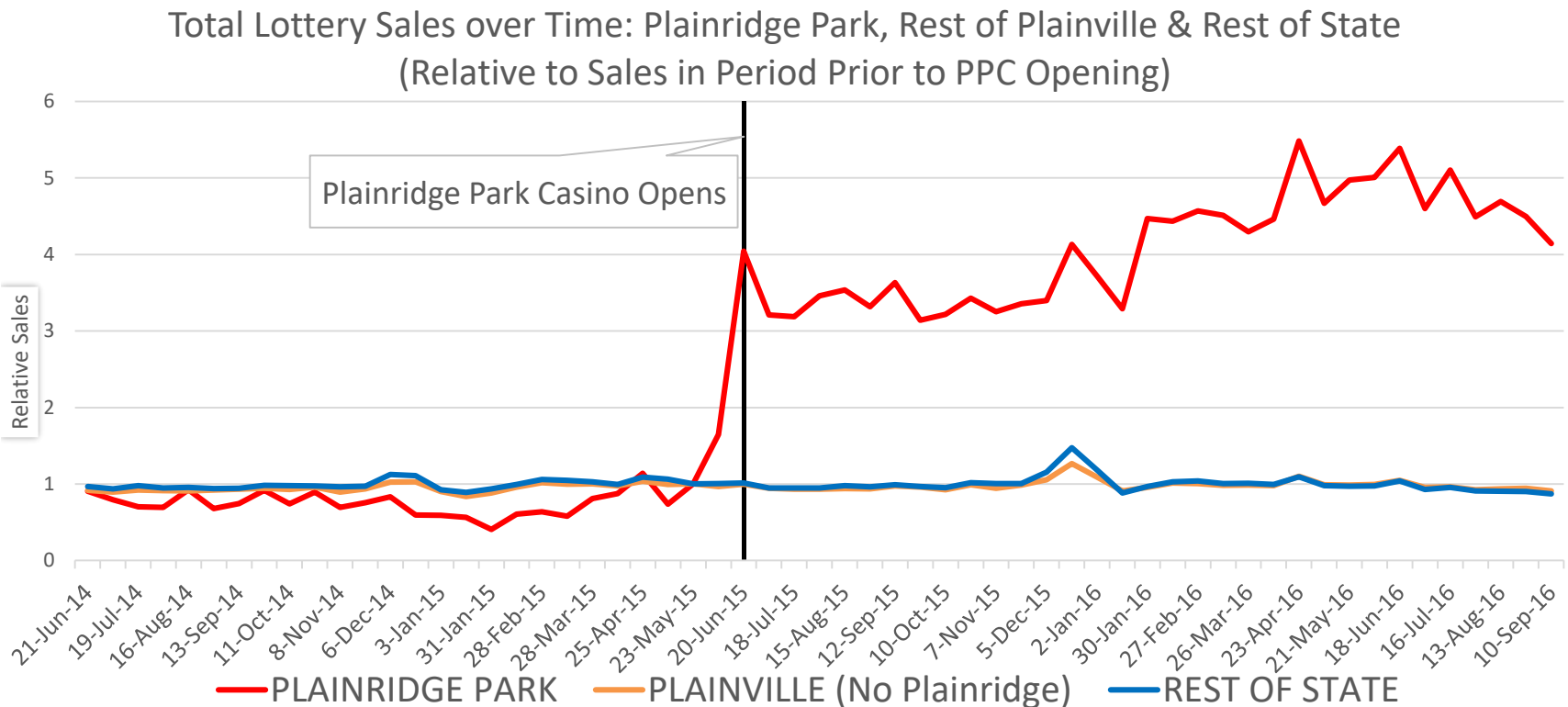
New Local Aid to MA Cities and Towns: \$66.4 Million

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%

Business Establishments: Gambling

- Significant increase in lottery sales at Plainridge subsequent to becoming a casino.



SUMMARY & FUTURE WORK

Summary of Impacts

SOCIAL and HEALTH IMPACTS			
		Statewide	Regional
Problem Gambling and Related Indices	Prevalence and Incidence of Problem Gambling; Treatment Seeking for Problem Gambling	↔	↔
	Financial Problems, Bankruptcy, Employment Problems	↔	↔
	Divorce, Separation, Domestic Violence, Child Abuse and Neglect; Suicide	↔	↔
Crime	Overall Crime Rates; Illegal Gambling	↔	↔
Attitudes	Attitudes Towards Gambling	↓ ↑	↓ ↑
Population Health & Leisure	Physical and Psychological Health; Substance Use and Addictions; Leisure Activity	↔	↔
Demographics	Population; Educational System	↔	↔
Environment	Traffic (accidents, volume); Noise	↔	↑

Summary of Impacts

ECONOMIC and FISCAL IMPACTS			
		Statewide	Regional
Direct Casino Expenditure and Revenue	Plainridge Park Casino	↑	↑
	MGM Springfield	TBD	TBD
	Encore Boston Harbor	TBD	TBD
Business Establishments	Number of Business Establishments; Impacts on Other Types of Gambling	↔	↑
Employment	Employment Levels, Labor Force Participation	↔	↑
Personal Income	Wages	↔	↑
	Poverty Rate	↔	↓
	Gambling Participation in Relation to Income	TBD	TBD
Real Estate and Housing	Property Values; Residential Building Permits; Rental Costs	↔	↔
Government and Fiscal	Expenditure	↑	↑
	Revenue	↑	↑

Upcoming Work

- FY19 data collection & deliverables
 - MGM patron survey, Wave 1
 - Wave 5 of cohort study
 - Plainville H&SC 2014-2016 report
 - Gambling related harms in MA report
 - PPC operations, Year 3 report
 - PPC new employee survey, Year 3 report
 - MGM construction report
 - Springfield real estate & development report
 - Etiological predictors of problem gambling report
 - Low risk gambling guidelines report

Future Plans

- FY20 proposed data collection & deliverables
 - Springfield targeted follow-up survey
 - MGM patron survey, Wave 2 & Encore patron survey, Wave 1
 - Springfield key informant interviews
 - Wave 6 of cohort study
 - PPC operating report
 - MGM operating report
 - Encore construction report
 - Springfield real estate report
 - Springfield lottery report
 - MGM patron survey report

Future Plans

- FY21 will focus on data collection
 - Follow-up surveys
 - General Population Survey
 - Online Panel Survey
 - Key Informant interviews & focus groups
 - Shift to probability-based online panel
 - This will permit annual assessments of gambling behavior, problem gambling prevalence
- FY22 will focus on reporting
 - Summary impact report: 2021

SEIGMA Study Design

	Baseline			Operational: Construction			Operational: Post-Opening		
Focus Groups									
Key Informant Interviews									
Patron & License Plate Survey									
Gaming Employee Survey									
Gambling Venue & Gov't Data									
Targeted Surveys									
Population Surveys									
Treatment & Prevention									
Secondary Data Collection & Analysis									
	Prior to 2013	2013	2014	2015	2016	2017	2018	2019	2020

Thank you!

For more information, contact:

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