

TAKING THE

GAMBLE IN

MASSACHUSETTS?

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THE U.S. CASINO INDUSTRY

NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM (NAICS)



- ❖ The North American Industrial Classification System (NAICS) is the statistical classification standard underlying all establishment-based economic statistics in the US, Canada, & Mexico
- ❖ NAICS classifies business establishments into twenty different Sectors and assigns each business establishment in North America a six-digit classification code.

NAICS MAJOR SECTOR CODE 71

- ❖ **Sector 71. Arts, Entertainment, & Recreation:**
 - ❖ **Subsector 711. Performing Arts, Spectator Sports, and Related Industries**
 - ❖ **Subsector 712. Museums, Historical Sites, & Similar Institutions**
 - ❖ **Subsector 713. Amusement, Gambling, & Recreation Industries**



o Definition: The Arts, Entertainment, and Recreation Sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons.

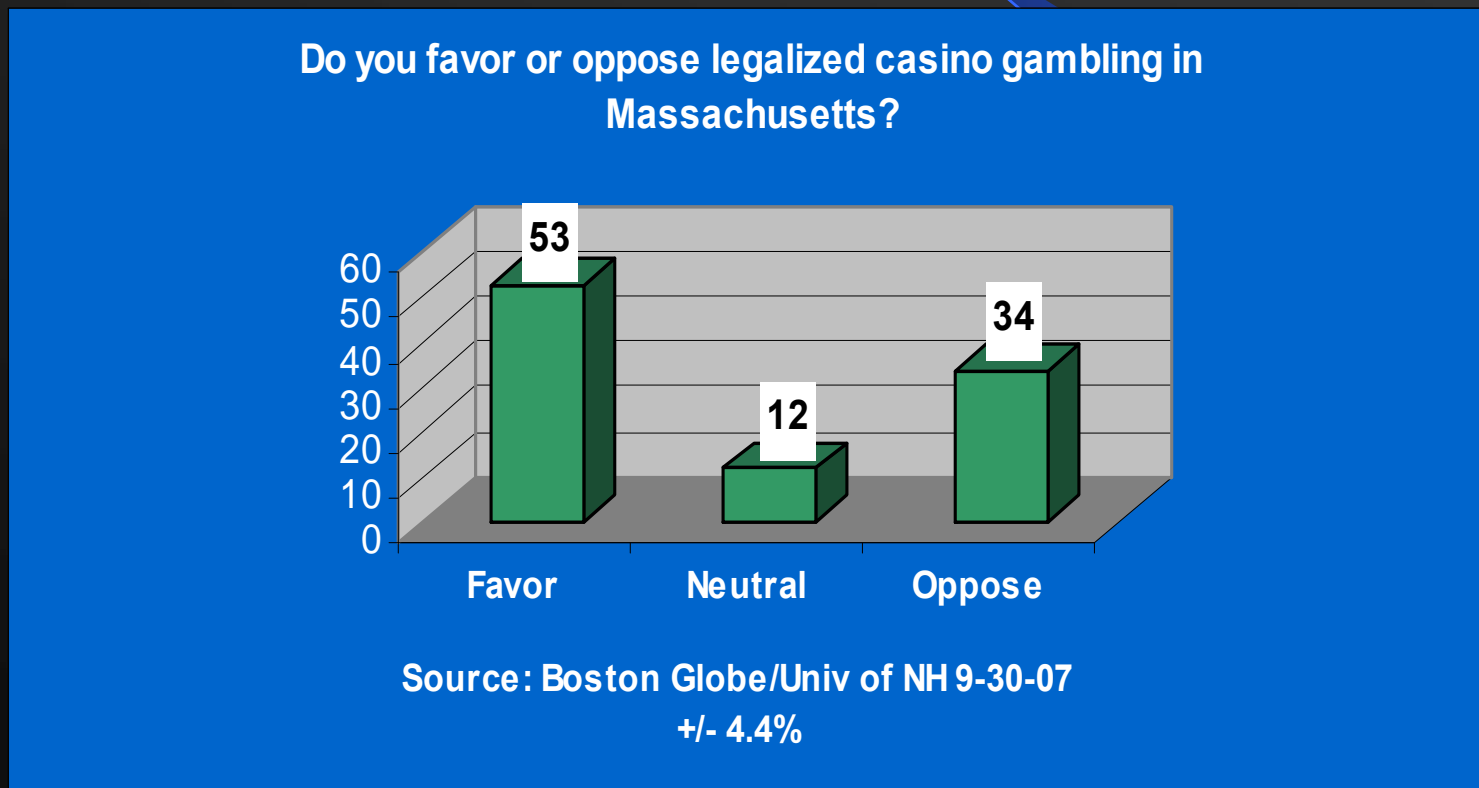
CASINOS AS ENTERTAINMENT

Casinos enjoy a high level of acceptance by the American public:

- 51% of the adult population view casino gambling as “perfectly acceptable for anyone” and another 28% viewing it as “acceptable for others,” but not for themselves.
- Only 16% of the American public views casino gaming as “not acceptable for anyone” (AGA 2002, 18)
- 81% of the adult population agree that “casino gaming can be a fun night out” (Harrah’s 2007).

CASINOS AS ENTERTAINMENT

Casinos enjoy a high level of acceptance among Massachusetts residents:



61% of those polled said they view gambling as a “viable and legal entertainment option, just like going to the movies.”

THE U.S. CASINO INDUSTRY



Mystic River Casino photo courtesy of
www.undercvertourist.com

- **COMMERCIAL CASINOS**

- land-based, dockside, riverboat, cruise ships

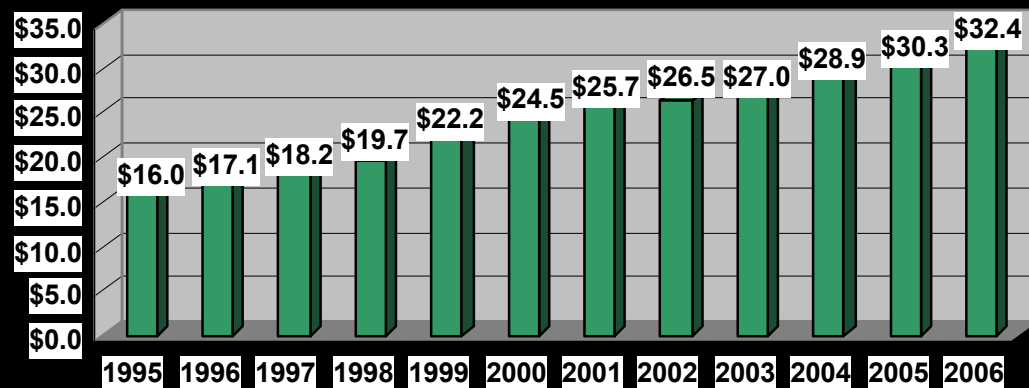
2. RACETRACK CASINOS (Racinos)

3. TRIBAL CASINOS

COMMERCIAL CASINOS

- In 2006, the U.S. commercial casino sector:
 - Earned \$32.4 billion in gross gaming revenue
 - Employed 355,467 people
 - Paid wages of \$ 13.3 billion
 - Contributed \$ 4.2 billion in direct gaming taxes to states
 - Avg. effective tax rate of 15.1% (including NV & NJ) and 25.6% (non-traditional jurisdictions)

U.S. Consumer Spending on Commercial Casino Gambling,
1995-2006



Commercial Casinos (2006)

	Casino Employees	Casino Employee Wages (billions)	Gross Gaming Revenue (billions)	Gaming Tax Revenue (millions)
Colorado	7,829	\$0.295	\$0.782	\$108.40
Illinois	8,819	\$0.333	\$1.924	\$830.24
Indiana	16,000	\$0.610	\$2.577	\$833.67
Iowa	9,732	\$0.331	\$1.173	\$289.43
Louisiana	17,859	\$0.565	\$2.567	\$527.80
Michigan	6,961	\$0.380	\$1.303	\$349.86
Mississippi	26,010	\$0.771	\$2.570	\$301.62
Missouri	10,900	\$0.330	\$1.592	\$424.57
Nevada	215,041	\$8.380	\$12.622	\$1.01
New Jersey	45,043	\$1.250	\$5.219	\$508.78
South Dakota	2,003	\$0.039	\$0.090	\$13.34
Total	355,467	\$13.283	\$32.419	\$4,188.72



RACETRACK CASINOS

- In 2006, the U.S. Racino sector:
 - Earned \$3.6 billion in gross gaming revenue
 - Employed 17,122 people
 - Contributed \$ 1.4 billion in direct gaming taxes to states
 - Avg. effective tax rate of 39.7%



TRIBAL CASINOS (2006)



- 415 gaming facilities operated by 227 tribes
- Located in 30 states
- 22 states with some form of Class III Tribal “casino-style” gaming

Indian Gaming Industry Report 2006-2007; National Indian Gaming Commission, 2007.

NATIVE AMERICAN CASINOS (2006)

- Gross gaming revenue = \$25.1 Billion (41% of Industry Total)
- \$2.2 billion in non-gaming revenues (8.9% of total)
- Total Employment = 308,726 (45% of Industry Total)
- Paid \$10.4 billion in wages (Avg. = \$33,735)
- \$1.1 billion in direct payments to st/loc govts (4.4% GGR)



CASINO INDUSTRY TOTALS (2006)

- 32 states with some type of Class III Gaming
- Gross gaming revenues = \$61.1 billion
- Total revenues = \$73 billion +
- 681,315 employees
- \$6.8 billion in direct payments to state/local governments



CASINO GAMBLING IN NEW ENGLAND

- Casino gaming is a \$3.6 billion industry in New England
- Casinos/racinos employ nearly 25,000 people in New England
- Casino gaming is one of the fastest growing components of New England's leisure & hospitality sector:
- 2006-2008, the region's casino, video lottery, and slot parlor facilities will make nearly \$1.8 billion in new capital investments to expand their operations:
 - \$700 million expansion at Foxwoods Resort Casino,
 - \$740 million expansion at Mohegan Sun
 - \$220 million expansion at Lincoln Park,
 - \$20 million expansion at Newport Grand (possibly \$1.4 billion),
 - \$140 million facility at Hollywood Slots
 - existing facilities plan to add 4,500 new jobs over next 2 to 3 years



Where do NE Casino Gamblers Originate?

Foxwoods Patron Origins	
State	Percent
Massachusetts	34.8
Connecticut	33.3
Rhode Island	13.9
New Hampshire	3.1
Maine	1.3
Vermont	0.5
New York	9.0
New Jersey	2.0
Other	2.1
Total	100.0

Mohegan Sun Patron Origins	
State	Percent
Massachusetts	20.9
Connecticut	52.7
Rhode Island	4.6
New Hampshire	2.0
Maine	0.8
Vermont	0.4
New York	14.2
New Jersey	2.4
Other	2.0
Total	100.0

Where do Racino Gamblers Originate?

Lincoln Park Patron Origins

State	Percent
Connecticut	0.6%
Massachusetts	40.5%
Rhode Island	57.8%
Other	1.1%
Total	100.0%



Newport Grand Patron Origins

State	Cars
Connecticut	2.1%
Massachusetts	43.8%
Rhode Island	52.1%
Other	2.0%
Total	100.0%

Percent Patrons Who Spent Money By Category

FOXWOODS					
	% Food	% Lodging	% Retail	% Other	% Gambling
All Respondents	71%	46%	42%	27%	99%
Maine	71%	30%	26%	24%	91%
Massachusetts	94%	85%	74%	30%	96%
New Hampshire	71%	15%	18%	24%	95%
Rhode Island	72%	26%	26%	25%	94%
MOHEGAN SUN					
	% Food	% Lodging	% Retail	% Other	% Gambling
All Respondents	71%	19%	29%	30%	92%
Maine	71%	26%	32%	26%	88%
Massachusetts	90%	46%	19%	4%	93%
New Hampshire	74%	15%	22%	33%	89%
Rhode Island	73%	21%	26%	29%	89%
LINCOLN PARK					
	% Food	% Lodging	% Retail	% Other	% Gambling
All Respondents	62%	4%	4%	4%	95%
Maine	100%	100%	0%	0%	100%
Massachusetts	51%	0%	4%	12%	95%
New Hampshire	100%	0%	0%	0%	100%
Rhode Island	64%	5%	4%	3%	95%
NEWPORT GRAND					
	% Food	% Lodging	% Retail	% Other	% Gambling
All Respondents	54%	3%	3%	7%	90%
Maine	100%	100%	100%	100%	100%
Massachusetts	46%	0%	0%	0%	89%
New Hampshire	NA	NA	NA	NA	NA
Rhode Island	54%	2%	2%	8%	90%

EMPLOYMENT IMPACTS



RESORT CASINO EMPLOYMENT

11.1 to 15.6 jobs per \$1 million GGR

Sectoral Distribution of Resort Casino Employees

Sector	Number	Percent
Food & Beverage	1,717	34.3%
Retail/Entertainment	157	3.1%
Hotel	320	6.4%
Marketing & Administration	385	7.7%
Facilities	419	8.4%
Security	178	3.6%
Casino Operations	1,701	34.0%
Accounting	122	2.4%
TOTAL	5,000	100.0%

Source: Center for Policy Analysis (2007).

TYPES OF JOBS: CASINO OPERATIONS

- V.P. Operations
- Slot Performance Analyst
- Director Slot Operations
- Slot Floor Supervisor
- Director Table Games
- Table Games Analyst
- Electronics Tech
- Facilities Supervisor
- Casino Controller
- Keno Writer
- Poker Dealer
- Slot Technician



- Casino Cashier
- Mail Room Clerk
- Fiscal Administrator
- Operations Analyst
- Casino Accounting Mgr

TYPES OF JOBS: FOOD & BEVERAGE

- Restaurant Manager
- Banquet Manager
- Conf Services Manager
- Beverage Server
- Pantry Attendant
- Butcher
- Food Stocker
- Cashier
- Waitperson
- Potwasher
- Bartender
- Baker
- Executive Chef
- Banquet Server
- Cook
- Specialty Chef
- Maitre D
- Kitchen Steward
- Kitchen Maintenance
- Bus Person



TYPES OF JOBS: MARKETING & ADM

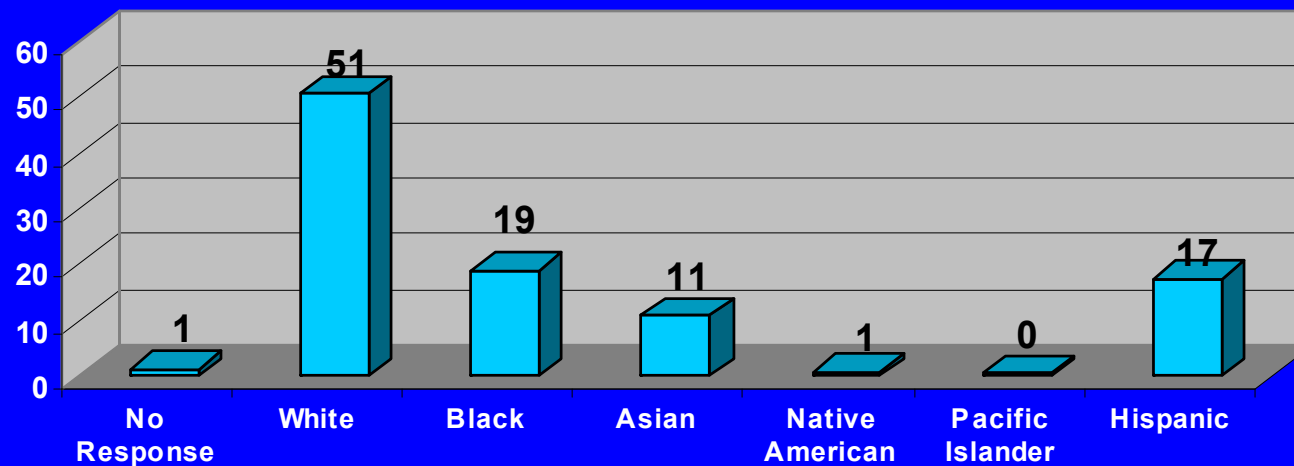
- Casino Accounting Mgr
- Auditor, Reg Compliance
- Mgr, Planning & Analysis
- Financial Analyst
- V.P. Human Resources
- V.P. Casino Marketing
- Casino Programs Admin
- Dir Player Development
- Dir, Customer Relations
- Office Clerk
- Accounts Payable Clerk
- Internet Marketing Specialist
- Events & Promo Specialist
- Dir Advertising
- Dir Public Relations
- Casino Services Rep

JOB QUALITY

- Average Annual Wages = \$36,276 (US 2006) [+18% to 80%]
 - MA Sectors 71-72 = \$20,176 (2006)
 - MA Sector 71 = \$30,784 (2006)
- 70% to 95% of jobs are full-time w/benefits
- Casinos have one of the best records in the US for affirmative action, diversity, and internal training/workforce development

WORKFORCE DIVERSITY

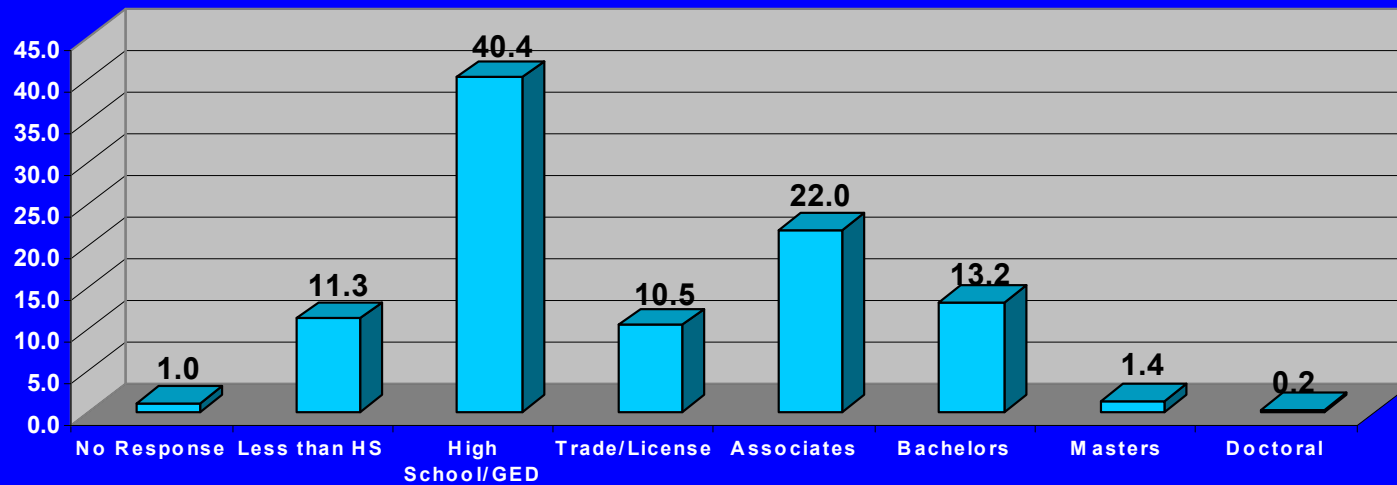
Race/Ethnicity of New Jersey Casino Employees



Source: New Jersey Casino Control Commission

EDUCATIONAL ATTAINMENT

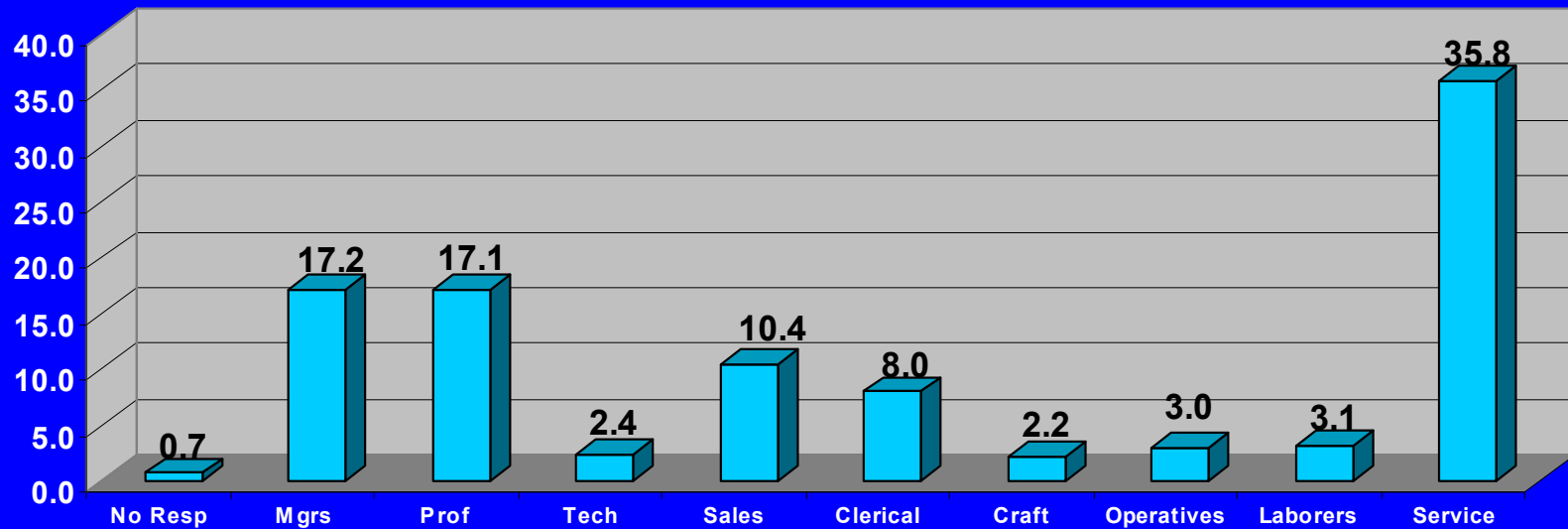
Educational Attainment of NJ Casino Employees



Source: NJ Casino Control Commission

OCCUPATIONAL DISTRIBUTION

Occupational Distribution of NJ Casino Employees



Source: NJ Casino Control Commission

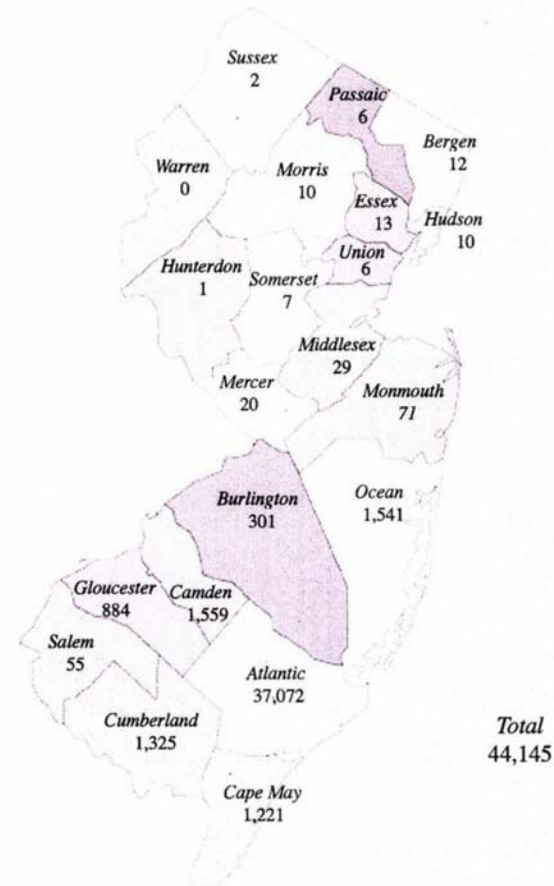
GEOGRAPHIC DISPERSION

84% of employees live in surrounding county (within 25 to 30 miles)

11 casinos account for 28.7% to Atlantic County employment

99% of employees live in state

EMPLOYMENT BY ATLANTIC CITY CASINO LICENSEES BY COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2005



Approximately 397 individuals are employed in the casino industry but live outside of New Jersey.

SOCIAL IMPACTS



CASINOS & WIBS

(Gov. Patrick's proposed legislation)

“The criteria for determining the highest and best value to each region and the commonwealth shall include:

...whether the applicant agrees to work collaboratively with the Massachusetts workforce development system, including the appropriate local workforce entities, to create a workforce development plan to recruit and train residents of the commonwealth for the casinos, including those who face barriers in finding employment, such as people with low incomes or receiving public assistance, the long-term unemployed, veterans, individuals with disabilities, and participants in federal and state workforce programs;...”

SOCIAL SAVINGS

- Michigan Indian Casinos: 34% of current workers had been welfare recipients and 38% had been unemployed just prior to employment at casino (1993-94).
- Minnesota Indian Casinos: AFDC recipients decreased (1987-1992) 14% in 'gaming counties' compared to 17% statewide increase.
- Wisconsin (St. Croix Casino): 36% of casino employees had been unemployed prior to casino job and 13% receiving some type of public assistance.

SOCIAL SAVINGS

- Shreveport/Bossier: AFDC payments dropped by 14% year after casino opened and by another 15% in 2nd year. Food stamp recipients dropped by 15%.
- Biloxi/Gulfport: Number of food stamp recipients dropped every year after casinos opened (1993-1997) compared to steady and sharp increases in prior decade.
- Tunica County: Unemployment rate dropped from 26.2% (1992) to 5.6% (1999). Food stamp recipients dropped 56% 1992-97.

SOCIAL IMPACT

- National employee impact survey found that 27% of casino employees now have health care benefits, which were not provided by their previous employer.
- 63% of casino employees reported that they now receive better health care benefits than previously because of their jobs in the casino industry.
- 43% of casino employees report that they now have better access to day care for their children either as an employer-sponsored benefit or because of their ability to afford better care.
- 65% of casino employees nationwide report that they have developed new job skills as a result of gaming industry employment.

SOCIAL IMPACT

- **81% of employees at Missouri's 12 (riverboat) casinos report they find their jobs satisfying.**
 - **Reasons:** good pay, benefits, career opportunities, and overall work atmosphere
 - **Compares to 43% of all workers nationwide (Harris Interactive/Spherion)**
- **84% of Missouri casino employees say their job at the casino was a “positive career move.”**
- **58% of Missouri casino employees report making more money at their casino job than in previous job.**
- **82% of Missouri casino employees report being more satisfied with their work surroundings and people they work with compared to previous jobs.**

LOCAL BUSINESS IMPACTS

- ❑ **Atlantic City** casinos make 61 percent of their non-payroll purchases -- \$2.16 billion in 2006 -- from 2,331 different vendors within the state (NJCCC)
- ❑ **Foxwoods** made \$353 million in non-payroll purchases (2006) with 46% in CT and 51% in MA.
- ❑ **Mohegan Sun** made \$538 million in non-payroll purchases (2006) with 93% in CT.
 - ❑ made purchases from businesses located in 158 of CT's 169 municipalities (CERC 2007)

FOOD & BEVERAGE SECTOR

In the 16 years after legalization of casino gaming in Atlantic City, New Jersey:

- The number of OFF-SITE eating and drinking places rose from 415 in 1978 to 569 in 1994 -- an increase of 37%.
- The number of employees rose from 4,439 in 1978 to 6,624 in 1994 -- an increase of over 50%.
- F&B related payroll increased from \$28 million in 1978 to over \$73 million in 1994.

-- G. Fenich, K. Hashimoto: *The Effect of Casinos on Local Restaurant Business*,
Gaming Law Review

OFF-SITE FOOD & BEVERAGE

In five different counties spread across the U.S., from mountains to beachfront to the industrial northeast, from small rural towns to large urban areas, the legalization and subsequent development of casino gaming did not drive all the restaurateurs out of business. Casinos did not cause the predicted drop in the number of businesses, nor the drop in people employed, nor the drop in payroll. In fact, they have just the opposite effect. When casinos are developed, all aspects of local food and beverage business increase: the number of establishments increases, the number of people employed increases, and payroll increases at a greater rate than the first two.

-- G. Fenich, K. Hashimoto: The Effect of Casinos on Local Restaurant Business, *Gaming Law Review*

License/Bid: Hotel, Restaurant, and Retail Benefits Program

- **Customer rewards program that allows patrons to redeem player reward points at participating Massachusetts hotels, motels, restaurants, and retail outlets.**



Photo of Foxwoods Hotel
courtesy of golfandgamble.com



- **Facilitate the distribution of economic benefits to non-casino business establishments in the leisure, lodging, retail, and food and beverage sectors.**

License/Bid: Massachusetts Vendor Preference Program

Bidders encouraged to adopt a state and local vendor preference program for Massachusetts businesses to assist small business growth, job creation, and economic development.

- **Massachusetts business would be eligible to compete for up to \$400 million in contracts to supply goods and services to the casinos.**



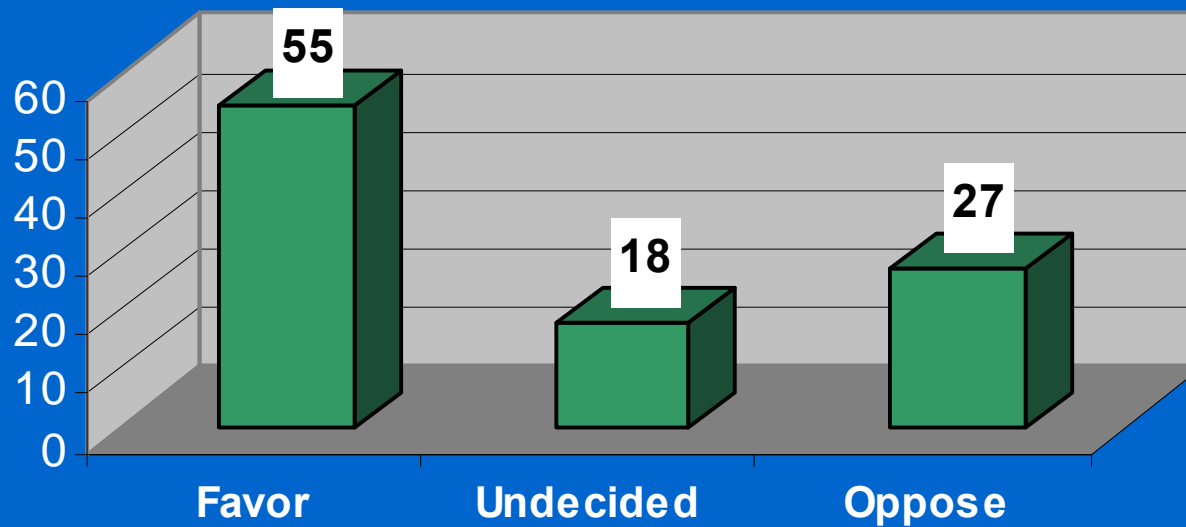
Photo of Mohegan Sun Casino courtesy of spitzinc.com

BENEFITS VS. COSTS

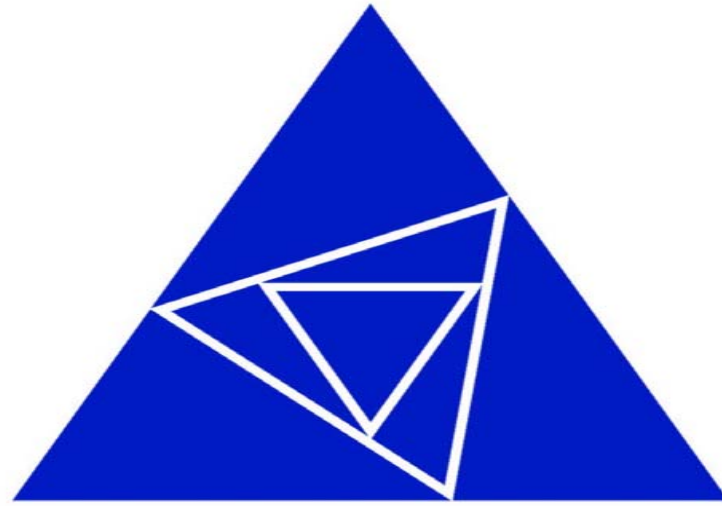
How Do Massachusetts Residents View the Costs and Benefits of a Casino?

Casino will...	strongly disagree			strongly agree	
	1	2	3	4	5
generate tax revenues for the state	7,5%	3,0%	13,6%	20,4%	55,5%
recapture gambling revenues being lost to other states	16,6%	4,0%	17,7%	16,8%	44,9%
increase tourism in the state	9,9%	5,8%	17,3%	24,5%	42,5%
create new jobs for Massachusetts residents	10,7%	4,3%	16,0%	14,4%	54,6%
stimulate local economic development	13,2%	8,4%	22,0%	20,9%	35,5%
increase gambling addiction in the state	20,7%	13,6%	17,6%	11,6%	36,5%
increase political corruption in the state	22,8%	12,9%	19,9%	11,6%	32,8%
increase crime in the state	27,6%	16,6%	20,8%	12,6%	22,4%
degrade the quality of life in the host community	31,6%	13,8%	21,5%	10,9%	22,2%
hurt small local restaurants, retail shops, and motels	39,1%	17,0%	17,2%	10,6%	16,0%

Do you support or oppose Gov Deval Patrick's plan to authorize 3 destination resort casinos in SE Mass, WMass, & Greater Boston?



Source: Boston Herald/CFPA 10-05-07 +/- 2.8%



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