



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

SEIGMA COVID-19 Impacts Report

Prepared by the UMass Donahue Institute's
Economic & Public Policy Research Group

April 2022

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Acknowledgements

Financial support for the Social and Economic Impacts of Gambling in Massachusetts (SEIGMA) study comes from the Massachusetts Gaming Commission. This multi-year project was competitively bid and awarded to the University of Massachusetts Amherst in April 2013. In June 2019, the Massachusetts Gaming Commission issued a subsequent Request for Response (BD-19-1068-1700-1-40973) for Research Services and the University of Massachusetts Amherst was awarded the contract effective January 2020.

We would like to thank Mark Vander Linden, Director of Research and Responsible Gaming, whose leadership and research insights have contributed to our work. We would also like to thank Marie-Claire Flores-Pajot, Crystal Howard, and Joe Delaney at the Massachusetts Gaming Commission for helping us to acquire data critical to this report. Finally, we would like to express gratitude to Lisa McKenney at Plainridge Park Casino, Juliana Catanzariti and Jacqui Krum at Encore Boston Harbor, and Daniel Miller at MGM Springfield for providing us with the data necessary to complete this project.

SUGGESTED CITATION:

Peake, T., Hall, A., Breest, K., Aron, E. (2022) *SEIGMA COVID-19 Impacts Report*. Hadley, MA: University of Massachusetts Donahue Institute, Economic and Public Policy Research Group.

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Executive Summary

The intention of the SEIGMA project is to track in as close to real time the social and economic impacts of the casino industry on Massachusetts. The industry was introduced with the expectation of creating significant revenue, employment, and business-to-business activity around the Commonwealth. As the industry matures in the state, it is also important to understand how those impacts can shift and change over time and what potential market shocks and threats mean to the industry and the economy as a whole. Perhaps nothing exemplifies those shocks and threats more than the COVID-19 crisis. As is well-documented, social distancing efforts associated with the pandemic led to widespread shutdowns and staff reductions in the economy, particularly in the leisure and hospitality sector. As these effects were becoming clear in the summer 2020, the SEIGMA team felt it was an important opportunity to track the nature and extent of pandemic-related shocks to casinos, their workforce, and the related economic ecosystem. In this report, we analyzed data from all three casinos between January 2020 and June 2021¹ in order to assess the impacts of the COVID-19 crisis on the casino industry in Massachusetts to date. In keeping with the broader mission of the SEIGMA project and the other work of the UMass Donahue Institute, we approached this task with a particular eye towards equity issues.

Following a three-month period of total shutdown, the casinos reopened in July 2020. Since then, they have continued to operate amid a shifting landscape of regulations and limitations. Within that landscape, each casino adjusted their operations accordingly. As of June 2021, visitation levels at the casinos had not returned to pre-pandemic levels, although the patrons gambling at the casinos after reopening appear to spend more on average than pre-pandemic patrons, bolstering gross gaming revenues (GGR). Staffing levels have recovered somewhat following substantial layoffs in the spring of 2020. While casino employment appears lower than prior to the pandemic, many casino employees who were laid off or furloughed as the casinos closed have been hired back, with the majority of casino hires since April 2020 being “rehires.” While approximately three months of taxable revenue was lost because of the shutdown, the casinos continue to provide tax revenue and payments to their host and surrounding communities comparable to what they paid prior to the shutdown.

In addition to analyzing these high-level trends, we also examined the disparate impacts of the shutdown and recovery of the casinos. The COVID-19 recession proved to be the most unequal recession on record,² with young people, low-wage workers, women, and people of color bearing the brunt of job losses and reduction in hours. These impacts were no different within the casino industry in Massachusetts. In particular, workers in the food and beverage, gaming and recreation, and hotel departments, which are areas with high concentrations of workers of color, were heavily impacted by the casino layoffs. Since the initial shutdown, many of these workers have returned to the casinos, but the loss of jobs and wages certainly exposed these workers to broader elements of economic instability. Furthermore, the share of women in each casino’s workforce has been slow to recover as the facilities re-open and return to more typical operating levels.

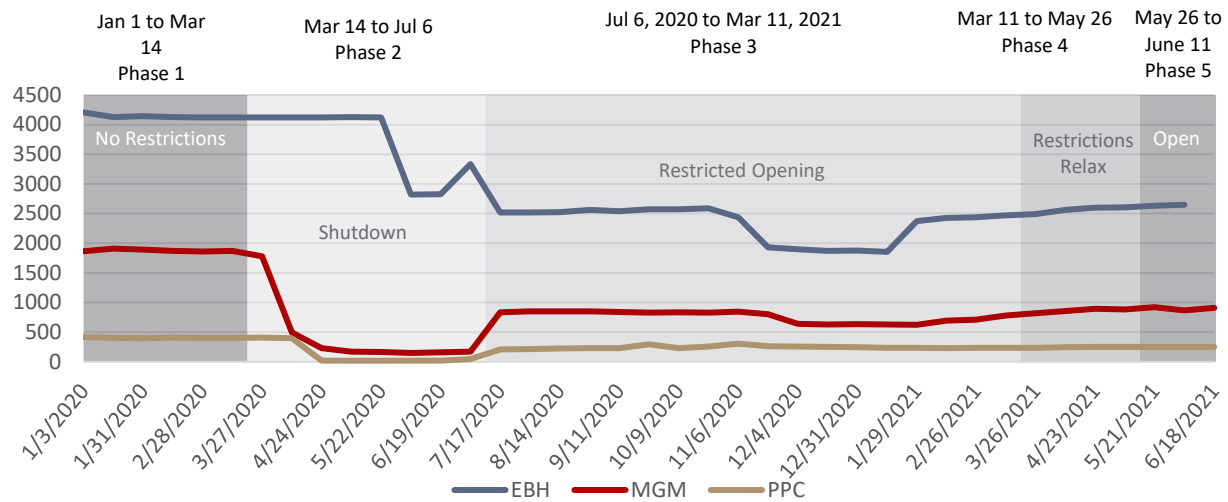
¹ The study period under analysis was January 2020 to June 2021 for the visitation, revenue, and employment data provided by the casinos. However for some of the revenue and workforce related data obtained from other sources, we examined a longer time series to provide additional context.

² <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/>

Additional sections of this report provide a broader context to the impacts on the Massachusetts casino industry. We discuss how the broader Massachusetts economy, as well as casino-adjacent industry sectors (e.g., accommodation, food services, amusement, gambling and recreation), weathered the pandemic. We also provide information on current labor force trends in Massachusetts, conditions that will likely affect the casinos as they seek to rebuild their workforce in the coming year and beyond. Additional sections of the report provide sector-wide context by discussing how the national casino industry was affected by the pandemic and outline important trends facing the casino industry going forward.

The SEIGMA team began collecting data for this report shortly after the end of the study period, in the summer of 2021. Data analysis and writing for the report were done between September and November 2021, at which point the report was sent out for review. The SEIGMA team was able to respond to reviewer comments in January of 2022. When the timeline for this project was developed, vaccination rates were increasing dramatically week over week, restrictions were being lifted, and COVID-19 cases were falling. Since then, the emergence of the Delta and Omicron variants and a subsequent increase in cases makes it clear that the COVID-19 pandemic is not yet over. While COVID-19 cases are declining at the time of writing, all indications are that the “end” of the pandemic may be a longer and more chaotic process than many had initially hoped. That said, this report is valuable in showing how Massachusetts’ casinos have fared through one of the greatest economic crises in modern history.

Payroll Employment



Summary of Findings

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.

- The recovery in casino visitation was disrupted somewhat in late 2020 as COVID-19 cases increased and restrictions on hours of operation were reimposed.
- Gross gaming revenues recovered faster than visitation, with July 2021 levels approximating those of January 2020. This is possible because average spending per casino patron has risen. Much of that shift is likely due to high-spending gamblers returning to the casino earlier than other gamblers.

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 over 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 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.

Introduction

Impacts and Strategies in the Casino Industry Nationwide

The COVID-19 pandemic forced governments and firms to make quick decisions about alternative ways of doing business, often with incomplete economic, health, and scientific information. Many businesses found ways to adapt to the new restrictions with curbside pickup and delivery coming to everything from restaurants to hardware stores. However, some in-person sectors, like casinos, theaters, and cruise ships, came to a complete stop practically overnight. The impacts of COVID-19 on the Massachusetts casinos detailed in this report occurred within the context of these national trends and were in many cases mirrored by them as well.³

The first commercial casino closures came on March 13, 2020 when all 11 casinos in Ohio and one in Pennsylvania closed. Further closures continued for the next 10 days until March 23 when all commercial casinos in the United States had closed. They would remain entirely closed for six weeks until the first reopening on May 7, 2020 when 13 casinos in South Dakota reopened. Tribal casinos, being on sovereign land, are not bound by the closure decisions of state governors; these casinos closed later and opened earlier than the commercial casinos. All tribal casinos closed by April 12, 2020 and began reopening on May 1, which means that during these few weeks all 900+ casinos in the U.S. were closed.

At the extreme ends of commercial closures were South Dakota and New Mexico. South Dakota casinos remained closed for 45 days and were open by early May. At the other end, New Mexico's casinos were closed for all of 2020 and remained shut until mid-March of 2021, closing nearly a full year. Nationally, the average casino was closed for 90 days. A few states elected to re-impose virus-related closures in the fall and winter of 2020/2021. Most of these casinos were in Illinois and Pennsylvania, though the two Rhode Island casinos also closed for a second time from late November to late December.

Among Massachusetts and its nearby gaming states of New York, Connecticut, Rhode Island, and Maine, all casinos were closed by March 17, with Massachusetts closing its three properties on March 15. One tribal property in New York reopened as early as May 15, though the majority of gaming properties in the region were closed into June or early July. On average, commercial casinos in the region were closed 150 days, or 60 days above the national average. However, the regional average is pulled up by the New York's commercial casinos, which remained closed until the week after Labor Day 2020. Closer to Massachusetts, Rhode Island and Connecticut casinos both reopened in early June, about a month ahead of the Commonwealth's properties, though as noted above the two casinos in Rhode Island subsequently closed again for a month in late 2020.

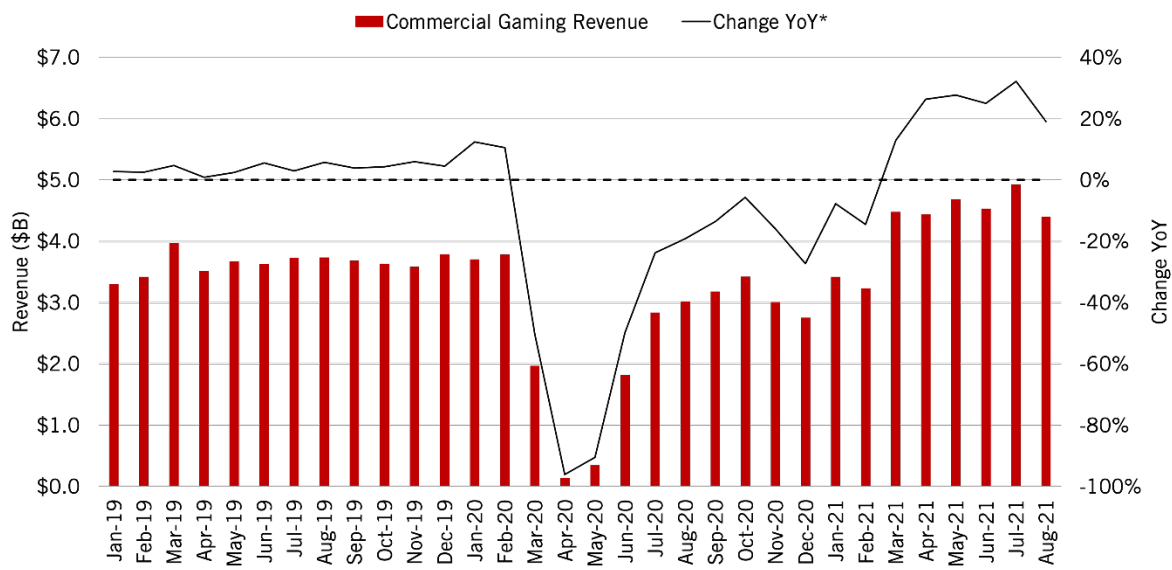
With closures amounting to a quarter of the year in many places, not least of all in Massachusetts and its regional market, gaming revenues for 2020 were naturally down relative to 2019 in all states with commercial casinos. Nationally, total gaming revenues are down 31 percent, becoming the first annual

³ This section relies heavily on data and publications from the American Gaming Association, including closure and reopening dates, total revenues and taxes, revenues by gaming channel, and year-over-year changes. Special thanks goes to David Forman of the AGA for sharing detailed data on closures. A succinct picture of gaming in 2020 can be found in the AGA's most recent *State of the States* report: https://www.americangaming.org/wp-content/uploads/2021/05/AGA-2021-State-of-the-States_FINALweb-150ppi.pdf

decline since 2014 and equaling the revenues of 2003. As the states at the opposing ends of closures, New Mexico and South Dakota are also at the extremes of revenue losses. Relative to 2019, 2020 gaming revenue in New Mexico was down nearly 79 percent while South Dakota ended the year only down 4.5 percent. Massachusetts' commercial casinos fared better than the nation with losses of only 23 percent in 2020 while also doing much better than its regional competitors, which all saw year-on-year losses exceeding 50 percent. Part of that difference can be accounted for by Encore Boston Harbor, Massachusetts' largest casino, which opened in late 2019 and was therefore not operational for the entirety of that year. Gross gaming revenues at Massachusetts' other two casinos fell by 45.6 percent over the same time period, closer to the regional trend. That being said, revenues at those two casinos would likely have been affected by the opening of Encore Boston Harbor even if the pandemic had not occurred in 2020. These data also exclude all tribal casinos and therefore do not provide details of the Connecticut gaming market, which has only tribal casinos.

Now that closures appear behind the casino industry, data are showing how the recovery in revenues and visitation is progressing. The most recent data available at the time of writing from the American Gaming Association (AGA) is for August 2021. **Figure 1** below shows again the collapse of gaming revenues due to pandemic closures while also showing a quick rebound to pre-pandemic levels. Nationally, by early 2021 gaming revenues were essentially at or above their 2019 levels. The AGA says that March through August of 2021 were the six highest grossing months ever for casinos nationwide. At the level of the states, 19 of 25 had higher revenues from January to August of 2021 compared to the same period in 2019.

Figure 1. National Monthly Commercial Gaming Revenue



Source: American Gaming Association

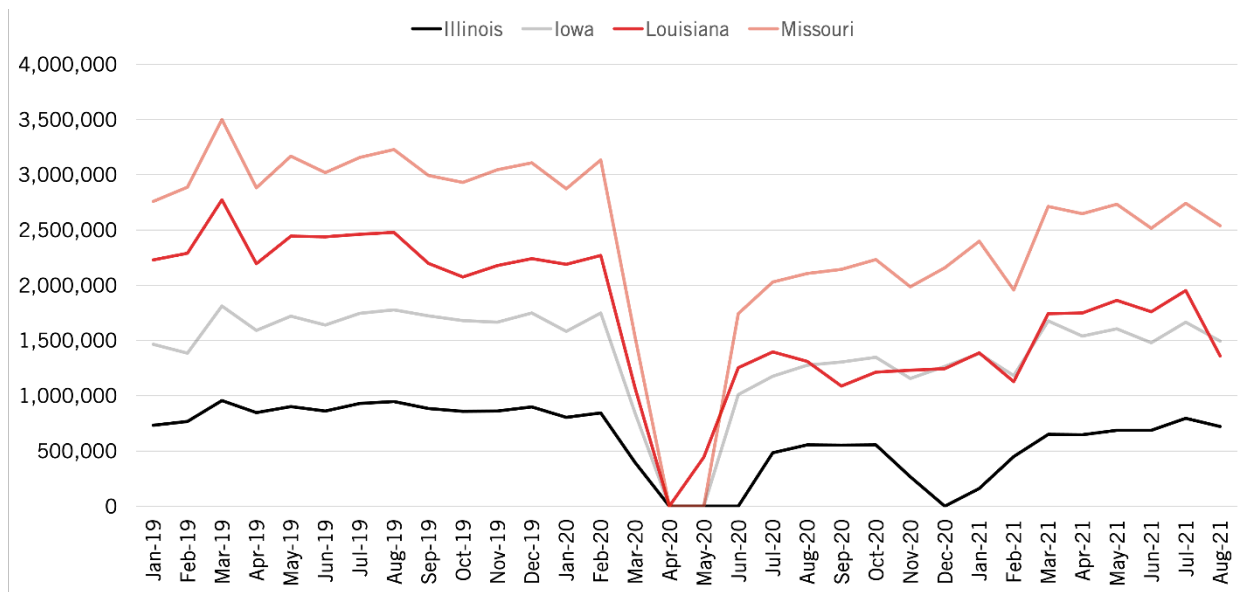
Note: March through August of 2021 are compared to March through August of 2019 to avoid comparison to closure periods.

Revenue growth from traditional casino games both before and since the shutdown appears to be driven by slots rather than table games. Compared with August 2019, slot gaming revenue is up 14 percent compared to only one percent for table games, though these have rebounded similarly from

August 2020. Focusing on January to August performance, 2021 is up nearly nine percent on 2019 for slots while seeing a decline of five percent on table games. Beyond traditional games, revenues from sports betting and i-gaming have grown substantially, though partly as a result of these channels being relatively new to the market. This report discusses these two gaming options again later.

As a result of both governmental closures and capacity limits, total casino visitation is down, as shown in **Figure 2** below. An unknown, though surely present, additional factor limiting visitation is hesitancy of patronizing crowded places with many high-touch surfaces. The AGA tracks visitations from four states, Illinois, Iowa, Louisiana, and Missouri, where visitation is down between seven and 30.5 percent relative to August 2019. As discussed elsewhere, revenues in these states and most others have gone up relative to pre-pandemic levels. It follows that revenues per visitor have increased in these states, having gone up between 20.5 and 34.4 percent.

Figure 2. Monthly Casino Admissions



Source: American Gaming Association

As is expanded on later in this report, the casinos in Massachusetts experienced many of the same national trends. Revenue gains were led by slots. In Massachusetts, this is partly due to restrictions on craps, roulette, and poker and table capacity limits that persisted into at least October 2020. While total visitation has not recovered, revenue-per-visitor is up. While the available data focus on gaming revenues, with the shutdown of hotels and restaurants, nongaming revenues have also taken a hit, further impacting the profitability of the two resort casinos.

In the immediate future, it is likely that the local casinos will be largely serving their local markets as domestic and international tourism remains subdued. Fewer overnight guests will further reduce demand for nongaming amenities like the hotel and spa and provide less revenue overall, as overnight guests tend to spend more on gaming. Over the longer term, CEOs in the gaming industries are

confident enough in the return of overnight guest and food and beverage service that 50 percent of respondents in an AGA panel are planning investments in these areas.⁴

The COVID-19 Pandemic and Casino Shutdown in Massachusetts

Two major areas of public policy—public health restrictions on gatherings to limit the spread of the COVID-19 virus and unemployment assistance programs to support workers—had major effects on casino businesses and their workers during the pandemic. These twin themes became the hallmarks of federal and state-level legislation that provided protections for workers and sustained families and businesses throughout the COVID-19 crisis. **Figure 3** below presents a timeline of major phases developed for the Massachusetts casino industry (in light grey) as well as the three major types of events that affected the casino industry and the workers that it employed: restrictions on out-of-state visitors (in green); restrictions on casino capacity (in blue); and the range of available unemployment benefits programs that have been in effect (in dark grey).⁵

In response to the pandemic, the U.S. Congress passed a \$2.2 trillion economic stimulus package on March 29, 2020 called the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which created a wide range of relief measures for businesses and individuals including expanded unemployment benefit programs, direct payments to individuals, loan forgiveness programs to businesses, student loan payment deferments, and an eviction moratorium for renters. In Massachusetts, four major unemployment programs emerged in an effort to assist workers during the pandemic-induced economic crisis and economic recovery:

- The Pandemic Unemployment Assistance (PUA) program provided up to 79 weeks of unemployment benefits to categories of workers who typically did not qualify for Unemployment Insurance, including self-employed and “gig” workers.
- The Federal Pandemic Unemployment Compensation (FPUC) program provided an additional \$600 per week to individuals receiving other types of unemployment benefits through July 25, 2020. The FPUC provided \$300 in addition to other benefits from December 27, 2020 through September 4, 2021.
- The Pandemic Emergency Unemployment Compensation (PEUC) program provided up to 13 weeks of unemployment benefits to those who exhausted other unemployment benefits. This program ran from March 29, 2020 to December 26, 2020 and was renewed through September 4, 2021.
- The Extended Benefits (EB) program provided up to 13 weeks of unemployment benefits to those who exhausted other unemployment benefits from May 3, 2020 to July 17, 2021.
- Work search requirements—usually a condition of receiving unemployment benefits before the pandemic—were waived through December 26, 2020 to maintain social distancing measures. The requirement to actively look for work was reinstated thereafter, and the PUA, FPUC, and PEUC programs ended on September 4, 2021.⁶

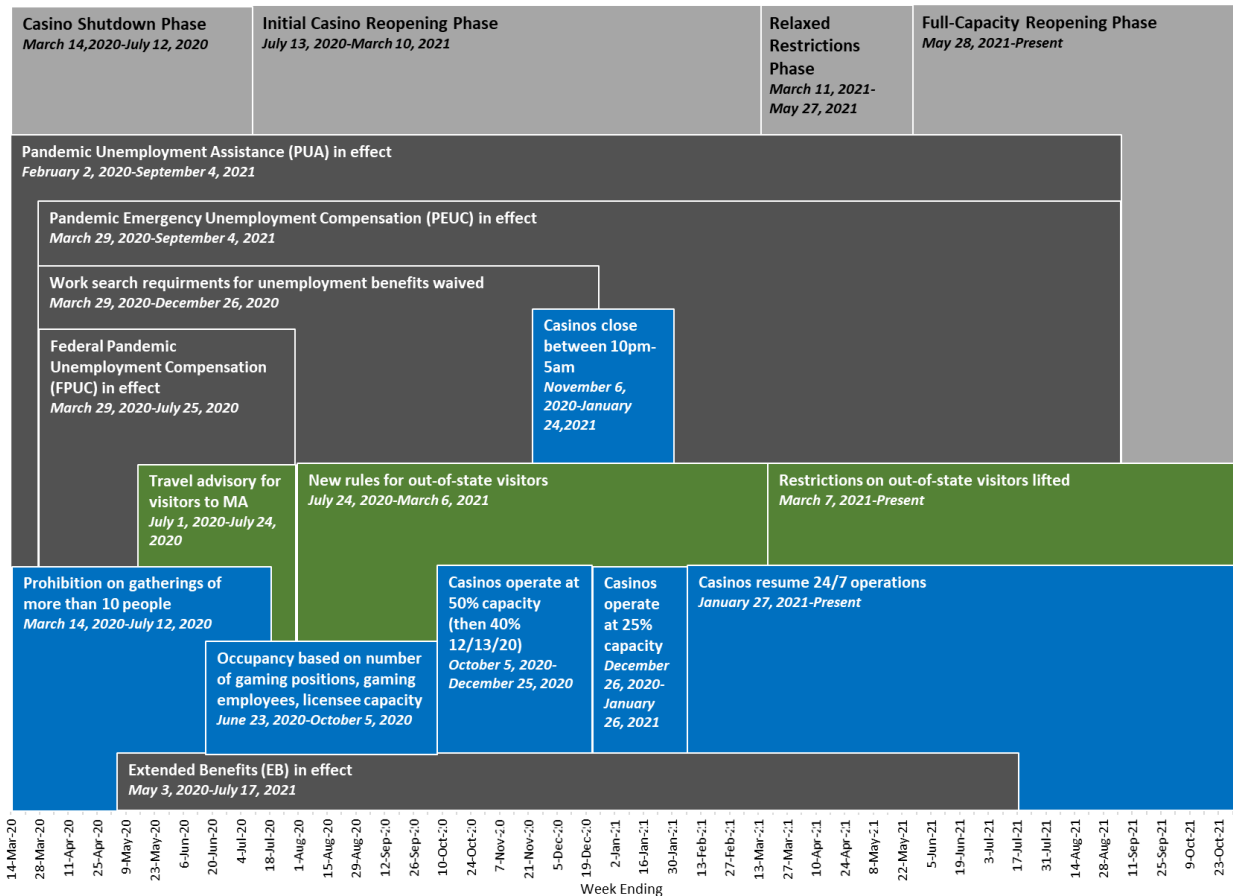
These programs are illustrated by the dark grey bars in **Figure 3** below.

⁴ <https://www.americangaming.org/resources/aga-gaming-ceo-outlook/>

⁵ <https://www.mass.gov/info-details/cares-act-and-american-rescue-plan-act>; <https://massgaming.com/news-events/covid19/>; <https://massgaming.com/news-events/covid19/>

⁶ <https://www.mass.gov/info-details/cares-act-and-american-rescue-plan-act>

Figure 3. Timeline of Events throughout the COVID-19 Pandemic



Sources: <https://www.mass.gov/info-details/cares-act-and-american-rescue-plan-act>; <https://massgaming.com/news-events/covid19/>; <https://massgaming.com/news-events/covid19/>

Governor Charlie Baker’s State of Emergency on March 10, 2020 triggered the first phase, during which all “non-essential” businesses⁷ ceased in-person operations, people not required to travel for essential work stayed at home, a travel advisory limited travel to the state by out-of-state visitors, and social distancing guidelines prohibited gatherings of more than 10 people.⁸ The state’s three gaming establishments were temporarily closed on March 14, 2020; and for four months, all casino operations ceased and most casino employees were furloughed without pay. Working within the Commonwealth’s broader rubric of public health-related phases to guide business operations during the pandemic, the Massachusetts Gaming Commission (MGC) established and implemented a series of industry-specific

⁷ Essential businesses are broadly defined as businesses whose in-person operations provide critical services such as grocery stores, pharmacies, healthcare, utilities, food manufacturing and distribution, public safety, public works, and communications. For more information, please visit <https://www.mass.gov/info-details/covid-19-essential-services>.

⁸ <https://www.mass.gov/news/governor-charlie-baker-orders-all-non-essential-businesses-to-cease-in-person-operation#:~:text=BOSTON%20%E2%80%94%20Today%2C%20Governor%20Charlie%20Baker,Tuesday%2C%20Apr%207th%20at%20noon>; <https://www.mass.gov/doc/march-23-2020-essential-services-and-revised-gatherings-order/download>

guidelines for casino operations. During the four-month furlough, casino employees maintained their benefits and seniority and could participate in the unemployment benefits programs discussed above.

In the next phase of the pandemic, the casinos reopened on July 13, 2020, but at a limited capacity. Starting on October 5, 2020, casinos and other non-essential businesses were allowed to operate at 50 percent of their pre-pandemic capacity (as per existing fire codes).⁹ That cap was decreased to 40 percent on December 13, 2020 in advance of the holidays:¹⁰ no more than 40 percent of the casinos' previous level of patrons were allowed and all poker, craps, and roulette games at the casinos were discontinued.

On July 24, 2020, Governor Baker announced new 14-day self-quarantining restrictions on out-of-state visitors entering Massachusetts and Massachusetts residents returning home. MGM Resorts announced on August 20, 2020 that it would lay off 1,000 employees at its location in Springfield—approximately 50 percent of its pre-pandemic workforce. That translated to approximately 800 employees who still worked at MGM Springfield after the layoff.¹¹ Later that month, Encore Boston Harbor in Everett announced layoffs for 385 of those furloughed during the four-month closure and another 915 employees continued furloughs. Employees who were laid off lost their benefits but were eligible to keep their seniority if they were rehired within 90 days. About 2,700 employees remained at Encore Boston Harbor following the layoff and extended furlough.¹² The workforce at Plainville's Plainridge Park Casino shrank from about 450 employees to 20 during closure and the casino announced in September 2020 that it would lay off furloughed employees though it did not announce how many employees would be affected. Plainridge Park Casino provided benefits to employees through August 2020 following the closure.¹³

On November 6, 2020, when the MGC required casinos to close between 10pm and 5am in keeping with the Governor's curfew, the hotels at MGM Springfield and Encore Boston Harbor closed. Another round of layoffs and reductions in hours at MGM Springfield followed later in November 2020 and impacted 250 employees.¹⁴ The MGC allowed table games such as roulette and craps in October 2020 and ordered the casinos to adjust their maximum capacity from 40 percent to 25 percent from December 26, 2020 to January 27, 2021, which is when all three casinos resumed their pre-pandemic operating hours (i.e., 24 hours per day and seven days per week). On March 11, 2021, restrictions on casinos were relaxed: capacity limits rose in February 2021 and again in March 2021. In the last and most recent phase, the MGC announced on May 28, 2021 that the Commonwealth's three casinos would operate at full capacity.

⁹ <https://www.mass.gov/news/baker-polito-administration-announces-transition-to-step-ii-of-phase-iii-for-lower-risk>

¹⁰ <https://www.mass.gov/news/baker-polito-administration-announces-statewide-rollback-to-phase-three-step-one-additional>

¹¹ <https://www.masslive.com/mgmspringfield/2020/11/mgm-springfield-lays-off-workers-blames-new-covid-19-restrictions.html>

¹² <https://www.bostonglobe.com/2020/08/31/business/encore-lays-off-385-furloughed-workers-amid-gradual-reopening/>

¹³ <https://www.bostonglobe.com/2020/09/09/business/plainridge-becomes-latest-casino-cut-ties-with-furloughed-staff/>

¹⁴ <https://www.masslive.com/mgmspringfield/2020/11/mgm-springfield-lays-off-workers-blames-new-covid-19-restrictions.html>

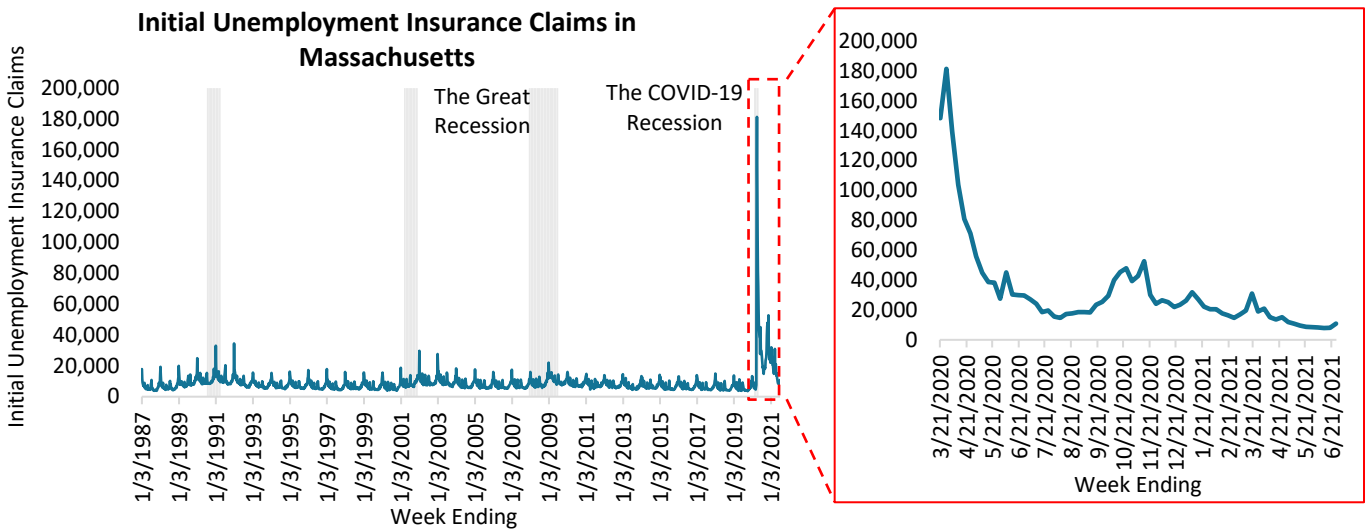
Impacts of the COVID-19 Pandemic on the Massachusetts Economy and Workforce

The COVID-19 pandemic—and the economic recession that resulted—caused the highest number of initial unemployment claims in a single week in the Commonwealth’s history, and more than any previous recession. According to the U.S. Department of Labor’s unemployment insurance weekly claims data, from the week ending March 21, 2020 to the week ending April 4, 2020, more than 100,000 new claimants filed for unemployment benefits each week in Massachusetts—the highest occurring during the week of March 28, 2020 with over 181,000 new unemployment insurance claims. Over time, the number of new claimants decreased and finally reached pre-pandemic levels in the summer of 2021. Reported unemployment claims for regular unemployment insurance can be seen in **Figure 4** below.

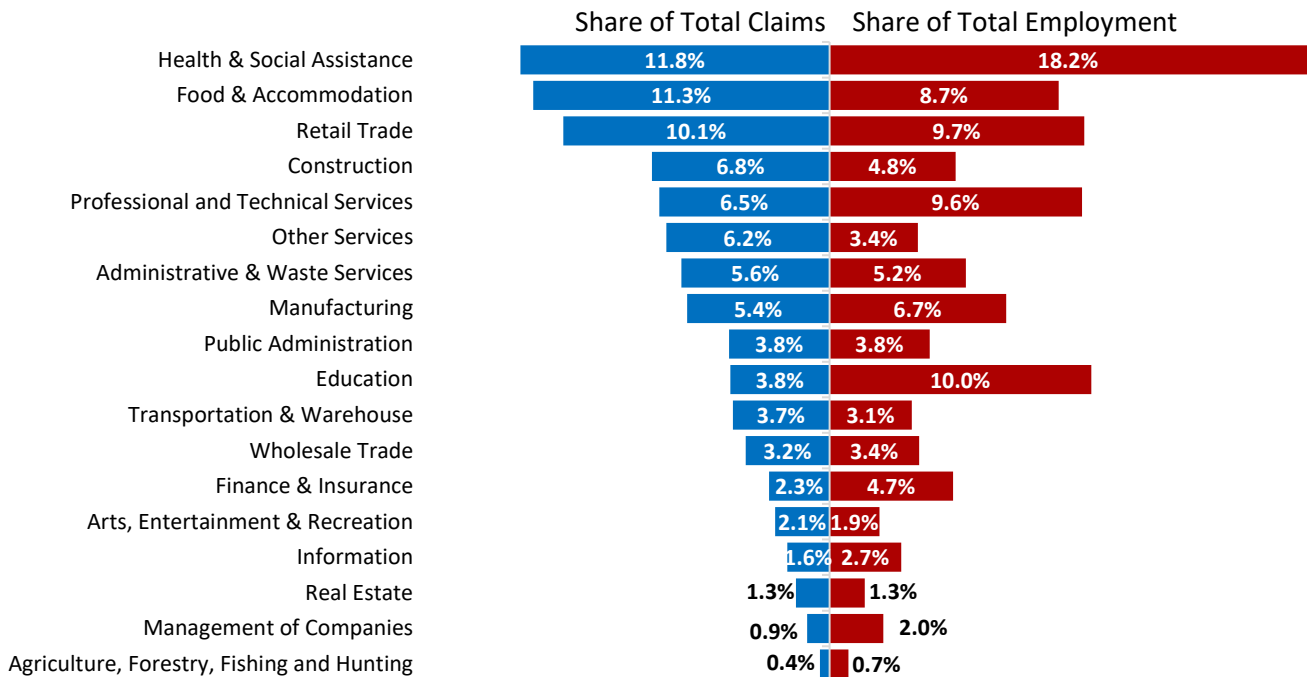
While the COVID-19 pandemic undoubtedly had an impact on all industries in Massachusetts, pandemic-induced impacts were disproportionately concentrated in industries involving a substantial degree of in-person activity and interactions with the general public. As part of the amusements, gambling, and recreation sector, including intensive face-to-face activities and high-capacity facilities, the casino industry experienced damaging effects due to closures and capacity restrictions throughout the pandemic.

To provide context for the casino industry analysis, we can assess casino industry effects against other highly impacted sectors based on the Massachusetts Office of Labor and Workforce Development (MA EOLWD)’s ES-202 survey of business employment and weekly initial unemployment claimant data. “High-contact” business sectors were shut down in the spring and summer months of 2020 or were substantially hindered by stay-at-home orders or social-distancing measures. Compared to their share of total employment in 2019 (i.e., before the pandemic), the food and accommodations, retail, and other services (e.g., barber shops, hair and nail salons, automotive repair and maintenance, death care services, and dry-cleaning and laundry services) industries experienced a larger share of unemployment claims throughout the pandemic. Other industries, such as arts, entertainment, and recreation and transportation and warehousing were also negatively impacted in proportion to their share of pre-pandemic employment. **Figure 4** below also illustrates the industries with higher shares of unemployment claims within the Commonwealth’s industry mix.

Figure 4. Initial Unemployment Insurance Claims in Massachusetts Dashboard, January 3, 1987-June 26, 2021



Unemployment Claims and Employment by Industry



Source: U.S. Department of Labor Employment and Training Administration Unemployment Insurance Weekly Claims Data; Massachusetts Executive Office of Labor and Workforce Development, Initial Unemployment Claims, ES-202 (all ownership types); UMDI analysis.

Note: Unemployment claims data are not seasonally adjusted and represent initial unemployment claims through the week ending June 26, 2021. Shaded areas indicated periods of economic recession.

Unemployment Disparities by Demographics

The pandemic arrived on the heels of historic economic growth throughout the state and the nation, and as employment was at an all-time high following recovery from the Great Recession of 2009 and 2010. However, one of the most severe consequences of the COVID-19 pandemic on the economy and

workforce was undoing—and even reversing—a lot of that economic progress. The pandemic exacerbated long-standing inequities in the economy such as disparities in employment, labor force participation, and wages by industry, race, ethnicity, educational attainment, age, and gender. The leisure and hospitality sector generally, and the casino industry in particular, are important employers of workers of color, women, young workers, and workers with less than a Bachelor’s degree. As discussed later in this report, Massachusetts’ casinos established hiring goals related to some of these impacted groups. However, given the in-person nature of work in the leisure and hospitality sector, these workers were among the most likely to lose employment and wages during the pandemic when compared to other industries. **Figure 5** below illustrates some of these disparities.

Throughout 2019 and in the early months in 2020 leading up to the pandemic, men represented a substantially larger share of unemployment claimants compared to their female counterparts. The MA EOLWD’s weekly initial claims data illustrate, however, that during the pandemic women represented the majority of claimants. As with other demographic shifts among unemployment claimants during the COVID-19 pandemic, the trend with female workers tracked with those at the national level. Some economists called the pandemic-induced recession a “she-cession,”¹⁵ in that a substantial level of women were negatively impacted by the pandemic: through facing more family-care responsibilities in the home to frequently being paid less than men in a lot of industries. Moreover, the industries that were hardest hit by the pandemic, as discussed above, also tend to have higher levels of female workers, young workers, and workers of color in Massachusetts.

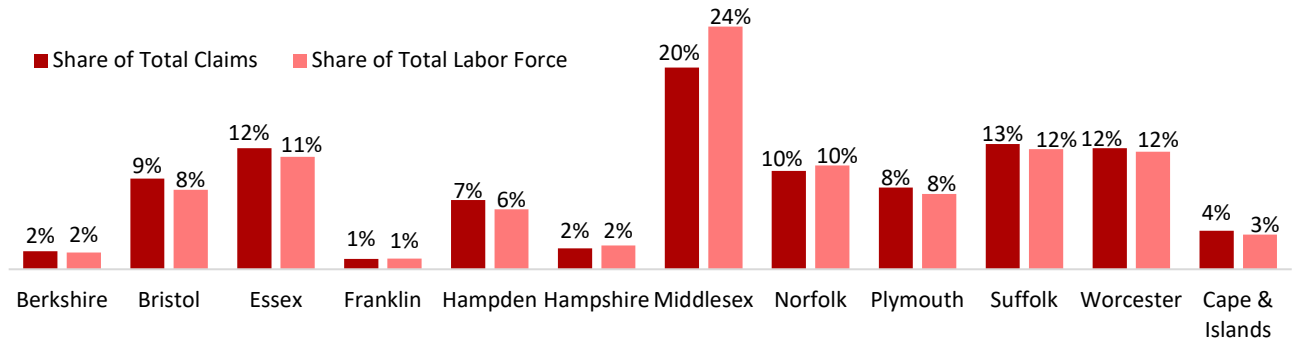
The pandemic has had a substantial impact on young workers and those with less than a college degree. Nearly 40 percent of unemployment claimants during the pandemic have been under the age of 35. Three percent of claimants were between the ages of 16 and 19, 12 percent were 20 to 24 years of age, and 24 percent were 25 to 34 years of age compared to less than 0.5 percent, 5 percent, and 22 percent for those age cohorts before the pandemic, respectively. Similarly, 73 percent of those unemployment in the pandemic have had less than a Bachelor’s degree, suggesting that workers with lower levels of educational attainment were overrepresented among the pandemic-related unemployed compared to those with a college degree.

Also, a higher proportion of claimants throughout the pandemic have been workers of color compared to their share of the state’s labor force. The highest disparities were among Black and African American workers and Hispanic workers of any race. The Commonwealth’s Black and African American workers comprise eight percent of the total workforce but made up 11 percent of the unemployed. Likewise, Hispanic or Latino workers are 11 percent of the workforce but represented 17 percent of claimants. The only exception was Massachusetts’ Asian and Pacific Islander workers, whose share of the state labor force was seven percent but whose share of total unemployment claims was six percent.

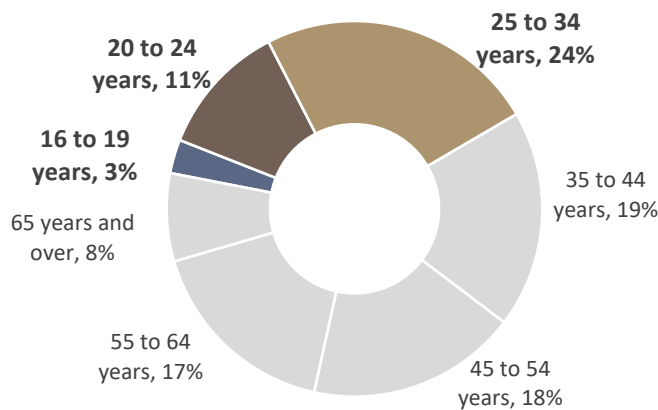
¹⁵ <https://www.nytimes.com/2021/05/28/us/shecession-america-europe-child-care.html>; <https://www.forbes.com/sites/lizeltting/2021/09/09/the-august-jobs-report-shows-exactly-what-she-cession-means/?sh=5cc5e387fba0>; <https://www.npr.org/2021/01/31/962528953/the-economic-fallout-of-the-pandemic-has-had-a-profound-effect-on-women>

Figure 5. Profile of Unemployment Insurance Claimants in Massachusetts Dashboard, January 2020-June 2021

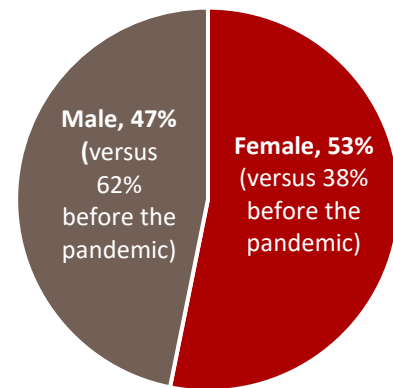
Bristol, Essex, Hampden, and Suffolk counties, where the three casinos are located, all had disproportionate concentrations of claimants



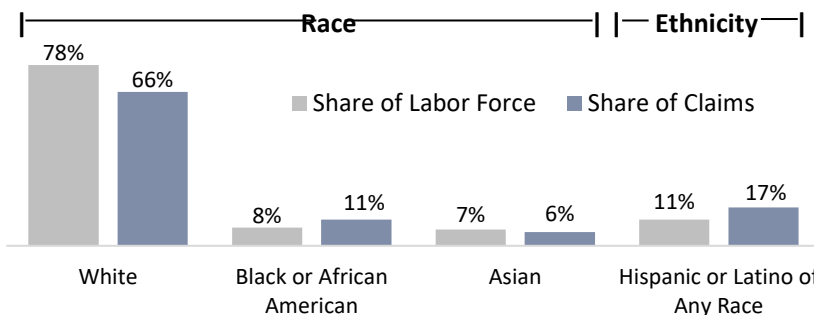
39% of claimants were under 35



More than half of claimants were women



Compared to their size of the labor force, people of color experienced more unemployment



73% of claimants had less than a Bachelor's degree



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment Statistics, Weekly Initial Unemployment Claims; U.S. Census Bureau, 1-Year American Community Survey; UMDI analysis.
 Note: Unemployment claims represent initial claims filed from the week ending January 4, 2020 to the week ending June 26, 2021. Unemployment claims data are not seasonally adjusted. The period before the pandemic includes the weeks from January 2019 to February 2020; and the period during the pandemic includes the weeks from March 2020 to the time of writing, June 2021. Percentages may not sum to 100 percent due to rounding. Unemployment claims data were not available for all race categories.

Unemployment Disparities by Region

According to the MA EOLWD's Local Area Unemployment Statistics, unemployment rates reached the highest levels reported on record in April 2020, with the rate reaching 16.4 percent in Massachusetts and 14.8 percent in the United States. The state unemployment rate is usually below that of the nation, but that trend reversed during most of the pandemic. Unemployment in the Massachusetts casino regions (defined here as the Host and Surrounding Communities, or H&SC, of each of the three casinos) followed the trajectory of the state. Unemployment claimants in Massachusetts tended to be concentrated more in the Greater Springfield and Boston regions, the southeastern part of the state, and the Cape and Islands compared to those regions' share of the state labor force (**Figure 5** above). These regions experiencing higher shares of unemployment were also regions where the casinos are located.

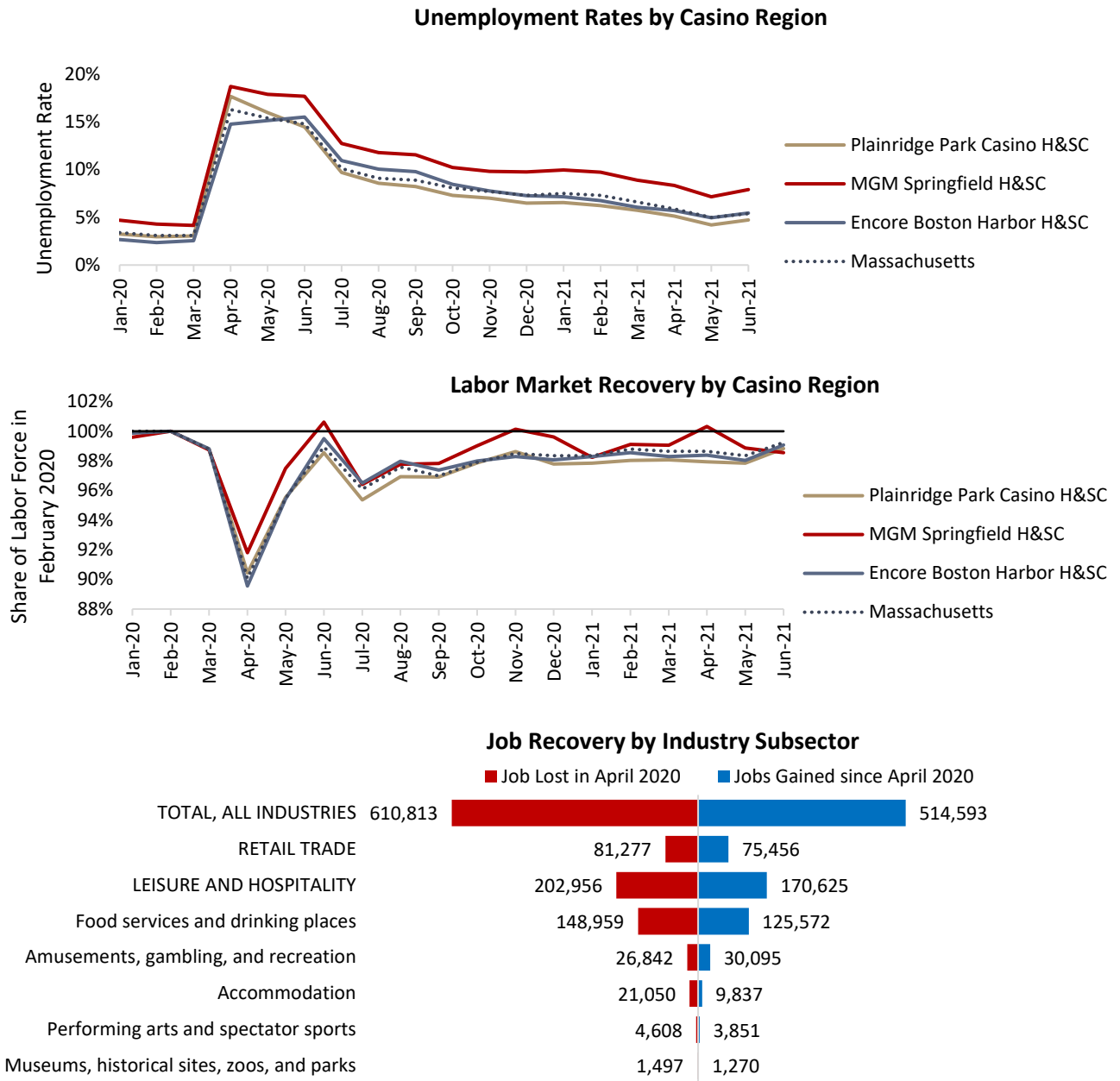
Unemployment trends in the casinos regions followed that of the state, as seen in **Figure 6** below. The unemployment rate in the area surrounding MGM Springfield was higher than that of the state before and throughout the pandemic by about two percentage points. At the peak of the pandemic in April 2020, the MGM Springfield region had an unemployment rate of 18.7 percent, whereas the Encore Boston Harbor region had a rate of 14.8 percent and the Plainridge Park Casino region had 17.7 percent. Unemployment has decreased substantially since the spring and summer months of 2020 but is still not at pre-pandemic levels nor at similar levels for the same month in 2019. Among the host communities, Springfield had the highest unemployment rate in April 2020 at 21.1 percent. Plainville and Everett both experienced dramatically elevated unemployment (17.9 percent and 18.6 percent respectively) in the same month. Despite Springfield's high unemployment rate that month, it was far from the highest in the state and did not rank among the top 20 Massachusetts municipalities with the highest unemployment rates. In September 2021, the latest month available for unemployment data, the MGM Springfield region has an unemployment rate of 7.7 percent compared to 4.7 percent and 5.2 percent for the Plainridge Park Casino region and Encore Boston Harbor region, respectively. **Figure 6** below compares the unemployment rates of Massachusetts and the casino regions.

The unemployment rate is the share of people in the labor force who are unemployed in a given month. A person who is neither working nor seeking work while unemployed is considered to be out of the labor force. While the number of unemployed persons decreased throughout the pandemic, the labor force has not yet rebounded to its pre-pandemic peak in February 2020. **Figure 6** below also shows labor force trends in Massachusetts and each of the casino regions throughout the pandemic. Following state trends, the labor force in each of the casino regions sank to their lowest points in April 2020 compared to February 2020. According to the latest data available, the state and casino regions had recovered approximately 99 percent of their pre-pandemic labor force in June 2021.

According to the MA EOLWD's ES-202 data on business employment and wages, about 97 percent of state's employment has recovered from its peak in February 2020; but this recovery has been uneven across industries. The hardest hit sectors (e.g., retail and leisure & hospitality) are among the slowest to recover jobs. **Figure 6** below also compares the job recovery in Massachusetts' casino industry to other industries in the leisure and hospitality sector, retail trade, and the total for all industries through June 2021. As a whole, the leisure and hospitality sector lost nearly 203,000 jobs in April 2020 but has recovered 170,000 jobs as of June 2021—a deficit of approximately 32,000 jobs and one third of the state's total job deficit of 96,000 jobs. The amusement, gambling, and recreation industry, which includes the Commonwealth's three casinos, amusement parks, arcades, golf courses and country clubs,

marinas, bowling facilities, and fitness and recreational sports centers, has technically recovered to its pre-pandemic levels. As of June 2021, this industry gained more than 30,000 jobs compared to the nearly 27,000 jobs that this industry lost in April 2020. Other industries in the leisure and hospitality sector have not fared as well as the amusements, gambling, and recreation industry. Food services and drinking places is still down more than 23,000 jobs. The accommodation industry is down over 11,000 jobs; and performing arts, spectator sports, museums, historical sites, zoos, and parks still have about 1,000 fewer jobs combined than were lost in April 2020. Another sector that experienced heavy unemployment throughout the pandemic—retail trade—is still down nearly 6,000 jobs since April 2020.

Figure 6. Unemployment, Labor Market, and Job Recovery Dashboard by Casino Region (Host & Surrounding Communities) and the State, January 2020-June 2021



Source: Massachusetts Executive Office of Labor and Workforce Development, Local Area Unemployment Statistics (not seasonally adjusted) and ES-202 (all ownership types); UMDI analysis.

Note: Unemployment rates of the casino regions derive from municipal-level unemployment data and are not seasonally adjusted. Casino regions consist of the casinos' Host and Surrounding Communities (H&SC) found here: <https://massgaming.com/about/community-mitigation-fund/host-surrounding-communities/surrounding-community-agreements/>.

Impacts on Casino Business Operations

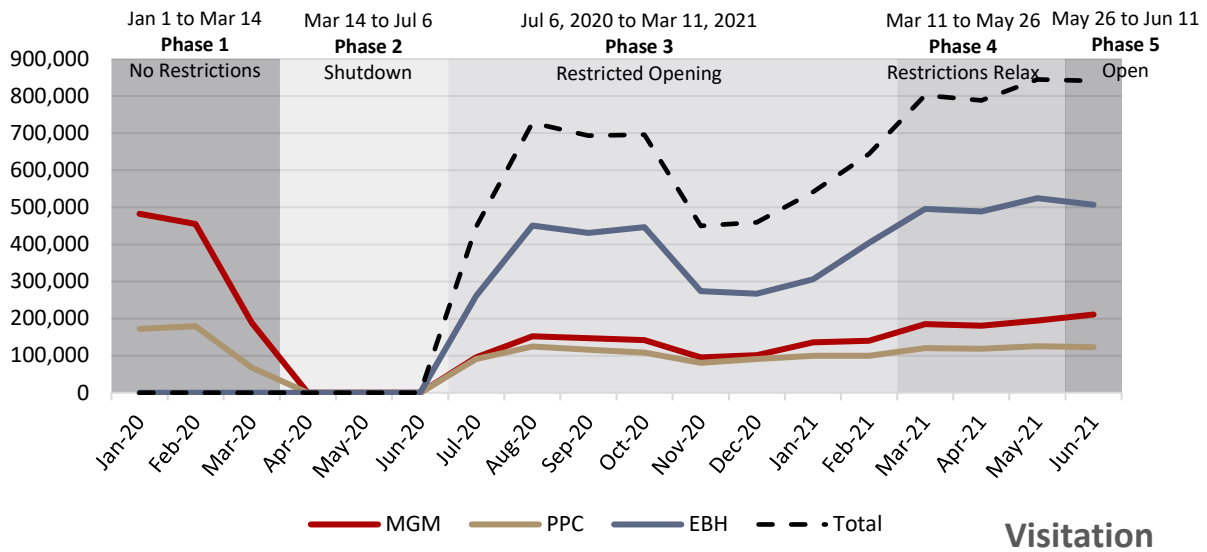
Summary of Findings

- 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 had not yet reached pre-pandemic levels by June 2021.
- The trend of recovery in casino visitation was disrupted somewhat in late 2020 as COVID-19 cases increased and restrictions on hours of casino operation were put in place.
- Gross gaming revenues recovered faster than visitation, with July 2021 levels approximating those of January 2020. This is possible because average spending per casino patron has risen. Much of that shift is likely due to high-spending gamblers returned to the casino earlier than other gamblers.

Visitation

Over the course of the pandemic, public health-related shutdowns and capacity restrictions for casinos had a dramatic impact on the volume of patrons who visited the three casinos. In terms of visitation, the casinos were impacted to a varying degree. Visitation data for MGM Springfield and Plainridge Park Casino show that visitation has not recovered since the casinos reopened (**Figure 7**). After gradually recovering over the summer of 2020, visitation has stayed relatively level at both casinos. The degree to which the two casinos recovered to their pre-COVID levels has differed. Plainridge Park Casino's June 2021 visitation stands at 71.6 percent of their visitation levels in January 2020, while MGM Springfield has only recovered to 43.7 percent of their January 2020 visitation levels. Encore Boston Harbor did not track visitation prior to the shutdown, but data there show a pronounced dip in visitation over the winter of 2020, which corresponds with nighttime restrictions closing casinos between 9:30 p.m. and 5:00 a.m. and a major surge in COVID-19 cases, a trend that can be seen to a lesser extent at the other two casinos.

Figure 7. Casino Visitation, January 2020-June 2021



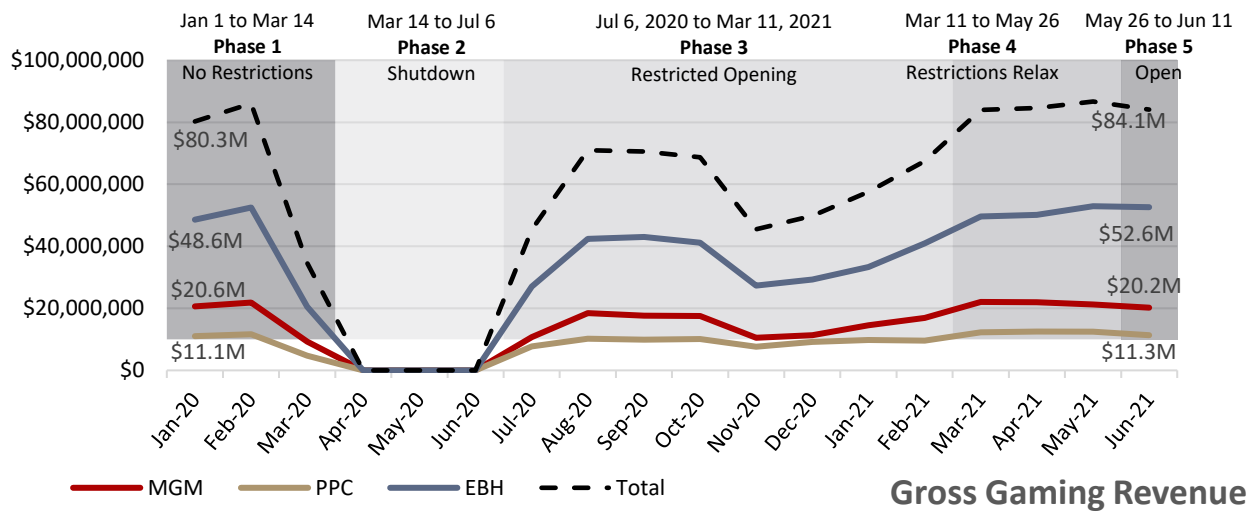
Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Revenue

While visitation at the casinos has not recovered to pre-COVID levels where visitation data are available, gross gaming revenue (GGR) levels across all three casinos has actually increased since the beginning of 2020 (Figure 8). Two casinos, Encore Boston Harbor and Plainridge Park Casino brought in more GGR in June 2021 than in January 2020, while MGM Springfield’s June 2021 GGR was only slightly lower than its January 2020 GGR. As with visitation, GGR dipped in early November of 2020, corresponding to new restrictions on hours and surges in COVID-19 cases, before gradually recovering over the winter and spring. Since March 2021, GGR levels are relatively stable, and roughly comparable to pre-COVID levels.

Gross gaming revenue for all three casinos was analyzed for this report. While casinos receive revenue through non-gaming activities, such as food and beverage sales, hotel bookings, and retail trade, data on these sales were not available for all three casinos. Although a more accurate account of the impact of COVID on casino revenue would have been possible with access to the non-gaming revenue, it is still possible, in the absence of these data, to infer that the restrictions placed upon the casinos after reopening were likely to have substantially affected non-gaming revenues at all three casinos.

Figure 8. Gross Gaming Revenue, January 2020-June 2021



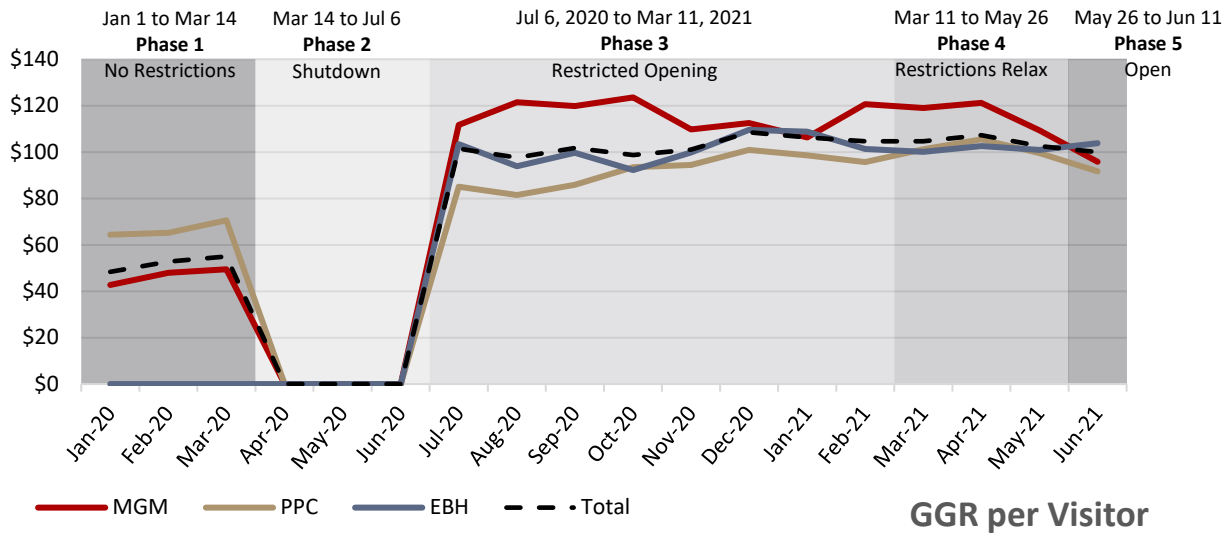
Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

GGR was able to recover without a recovery in visitation because gross-gaming-revenue-per-visitor rose notably following the reopening of the casinos in July 2020 (Figure 9). While pre-shutdown visitation data are not available for Encore Boston Harbor, GGR-per-visitor has been relatively stable and remains at much higher levels from July 2020 onward. At any time, gambling spending varies from patron to patron, with the majority of gambling spending being attributed to a small share of patrons¹⁶. It is likely that high-spending patrons, including problem gamblers, are returning to the casino faster than other types of patrons, and since these patrons account for a disproportionate share of gambling spending even in normal times, the behavior of these patrons could account for much of the recovery in GGR. However, the return of these patrons could not completely explain the recovery in GGR, as June 2021 revenues exceed those of January 2020, even with lower visitation levels. This suggests that patron behavior has shifted towards higher levels of gambling spending. It is difficult to know exactly what factors have driven this increase in patron spending, but several factors may play a role. To start, the reopening of the casinos, and the subsequent loosening of restrictions, may have attracted pent-up demand from patrons who were unable to gamble at the casinos for a time. Some academic research has also pointed out that problem gamblers are more likely to experience comorbid mental health issues which may be exacerbated by the pandemic.¹⁷ During this period, ongoing restrictions on certain table games may have steered some patrons towards slot machines, which tend to generate more GGR for the casino than some table games. At the same time, non-gambling activities offered by casinos were suspended or restricted, potentially affecting spending by visitors.

¹⁶ For more on the distribution of gambling spending, see https://www.sciencedirect.com/science/article/pii/S0306460321001532?casa_token=NV62YLDU1sAAAAA:Mw8iEwL31B19avM-nhfSz1lVgq91QdNAN1d_W6TDGDWTP1rhFrXzm6zDmNwCtoncgNVE77tTbA

¹⁷ For more on this issue, see Håkansson 2020 (https://journals.lww.com/journaladdictionmedicine/Fulltext/2020/08000/Gambling_During_the_COVID_19_Crisis_A_Cause_for.10.aspx) and Price 2020 (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7357671/>)

Figure 9. Gross Gaming Revenue per Visitor, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis
 Note: The Total line prior to the shutdown includes only MGM Springfield and Plainridge Park Casino, as GGR per visitor could not be calculated for Encore Boston Harbor without visitation data.

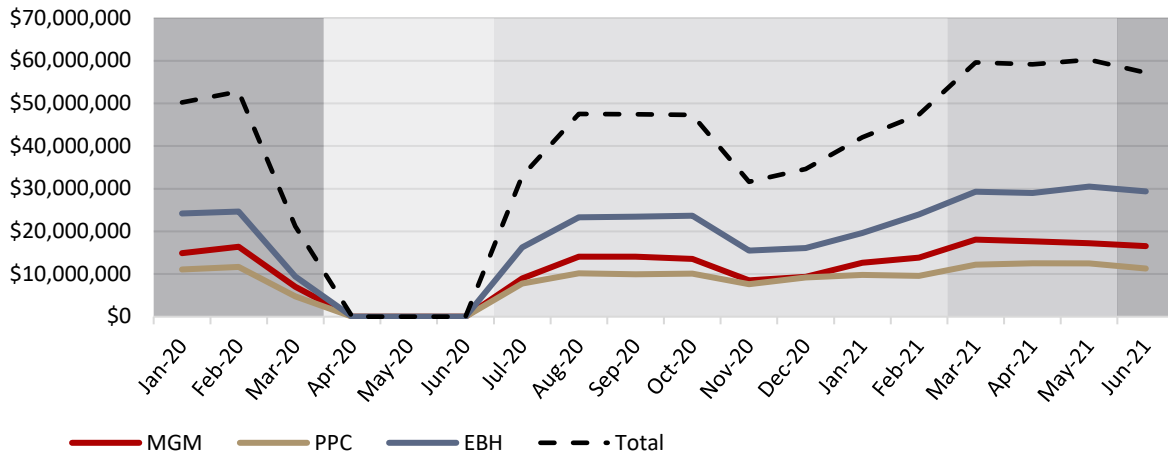
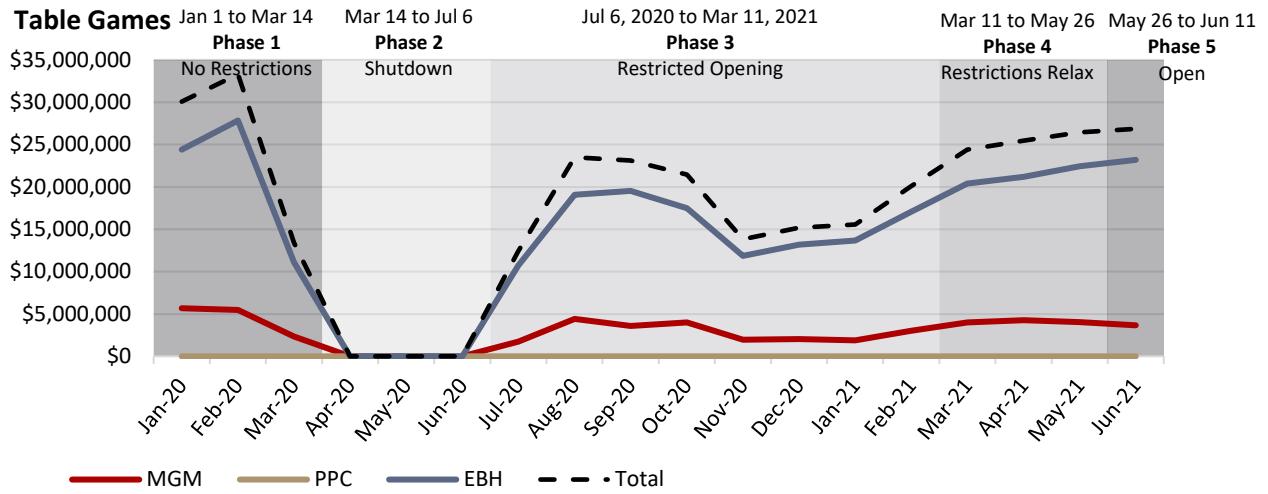
The mixture in gambling spending by game type has also shifted since the casinos reopened. In part, this is a result of COVID-19 restrictions related to table games.¹⁸ While slots revenues reached new highs in the summer of 2021, table game revenues have yet to recover in the two full-service casinos, although the trend in table game revenues is positive since the spring of 2021 (Figure 10).¹⁹ What is unknown at this time is the degree to which this shift is a result of disparate regulations versus shifting preferences and perceptions of potential health risks among casino patrons.

This shift may have workforce implications for the casinos, both immediately and potentially going forward. Slot machines require less staff than many table games, so a shift away from table games and towards slot machines could allow casinos to realize a given level of gross gaming revenue with less employees than would have been possible under the previous mix.

¹⁸ When casinos reopened on July 13, 2020, no poker, craps or roulette games were allowed. As of October 9, 2020, casinos were permitted to offer roulette, blackjack, and poker, but only with limited numbers of players.

¹⁹ Plainridge Park Casino features slots and harness racing but no table games.

Figure 10. Gross Gaming Revenue by Game Type Dashboard, January 2020-June 2021



Slots

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Casino Workforce Impacts

Summary of Findings

- 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.
- 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 over 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.

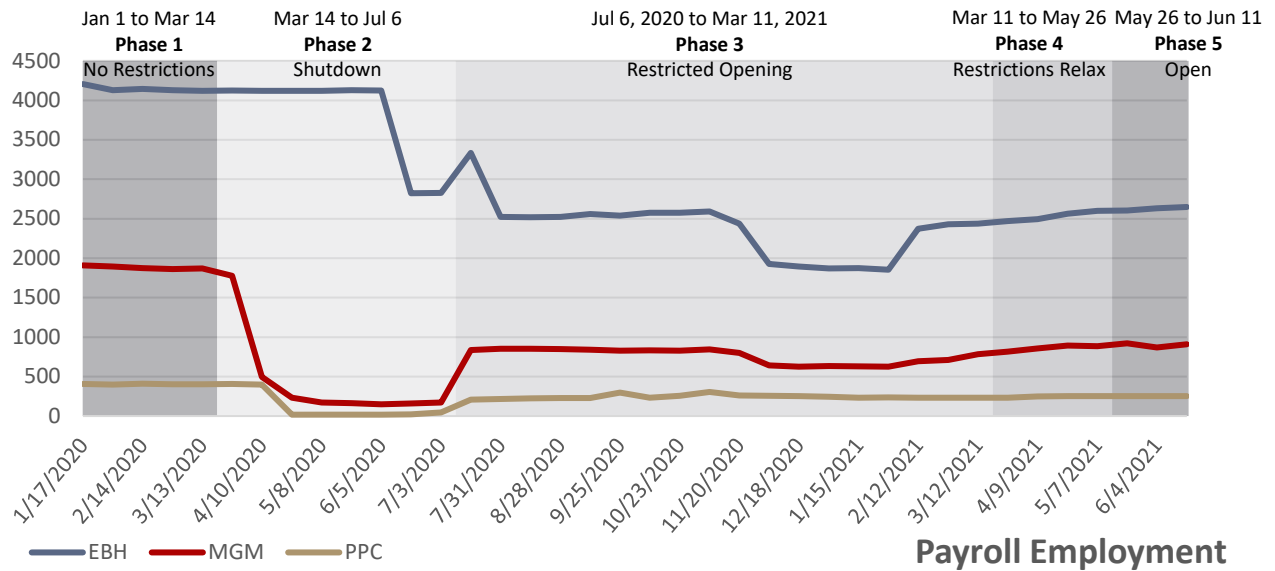
Payroll Employment

This section examines payroll data from Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC). The data sets include information on all workers who received pay for at least one shift during each given pay period. The payroll data analyzed by the SEIGMA team also specify the occupations, hours worked, income and places of residence of these casino employees. We use these data to analyze the number of people employed by the casino across the pandemic, with special attention paid to the workforce and demographic characteristics of those workers. We also analyze the payroll data for insights into workforce retention.

Figure 11 shows the number of employees who received a paycheck in each pay period from January 2020 to June 2021. Before the pandemic, Encore Boston Harbor employed 4,206 employees at its peak in January of 2020, with MGM Springfield and Plainridge Park Casino employing 1,909 and 416 respectively that same month. As the shutdown came and capacity limit phases were implemented, over time the casinos adopted different strategies related to maintaining their workforce. Encore Boston Harbor continued to employ 1,854 of its workers (a 44 percent cut) even at its lowest point. MGM Springfield and Plainridge Park Casino’s employment levels dropped to 21 and four percent respectively; these cuts to their workforce are drastic as they only employed 149 and 18 workers respectively during the trough of the pandemic. After the radical shift in March 2020, the casinos gradually brought workers back as restrictions loosened by March 2021. By June 2021, Encore Boston Harbor had recovered²⁰ 63 percent of its workforce lost to the pandemic, and MGM and Plainridge Park Casino recovered 48 percent and 61 percent, respectively. The majority of their efforts in recovery focused on rehiring employees, as seen in the sections exploring retention.

²⁰ Recovery here is calculated as post-shutdown employment levels as a share of pre-pandemic levels.

Figure 11. Employment by Casino Dashboard, January 2020-June 2021



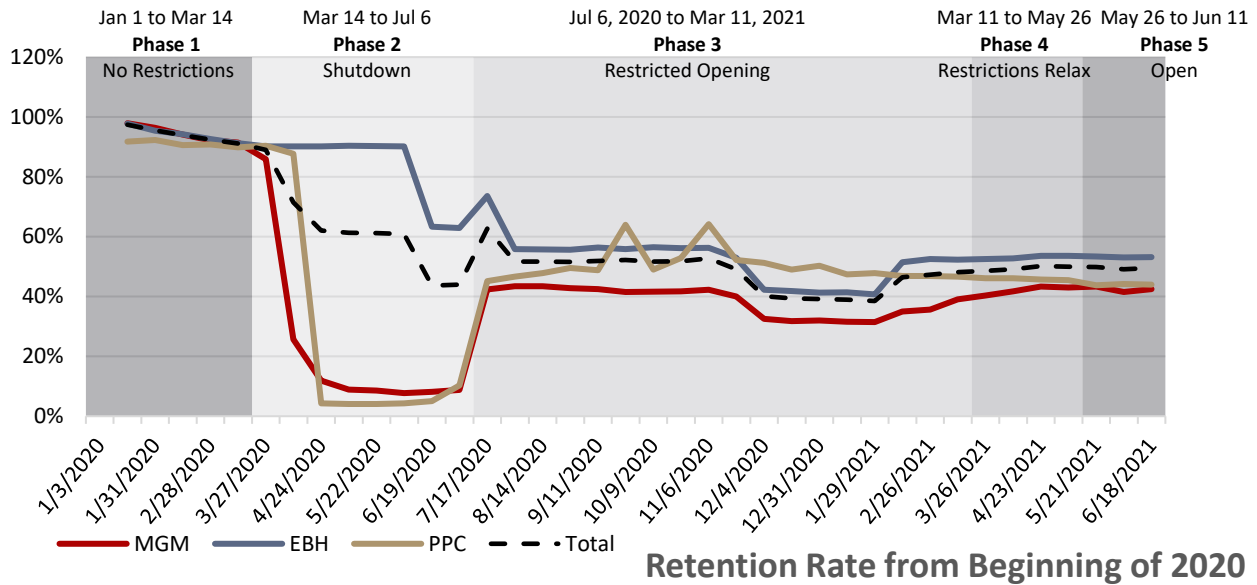
Casino	Pre-Pandemic	Trough	Post-Shutdown	Recovery
Encore Boston Harbor	4,206	1,854	2,648	63%
MGM Springfield	1,909	149	921	48%
Plainridge Park Casino	416	18	252	61%

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Workforce Retention

The SEIGMA team analyzed employee data to track the extent to which the pre-pandemic workforce was retained following the casino shutdowns. **Figure 12** shows retention rates from the beginning of 2020, rather than from the last paycheck, and shows the share of the casinos’ workforce at each pay period which had been employed during the first pay period of 2020. This provides additional insight into how many pre-pandemic employees were rehired by the casinos following initial shutdown-related layoffs. As of the end of June 2021, just under half of the casino employees employed at the start of 2020 were still employed at the same casino. Those shares were somewhat lower at MGM Springfield and Plainridge Park Casino, and somewhat higher at Encore Boston Harbor. Those rates have not changed significantly since the casinos reopened in the summer 2020, when large numbers of laid-off employees were hired back.

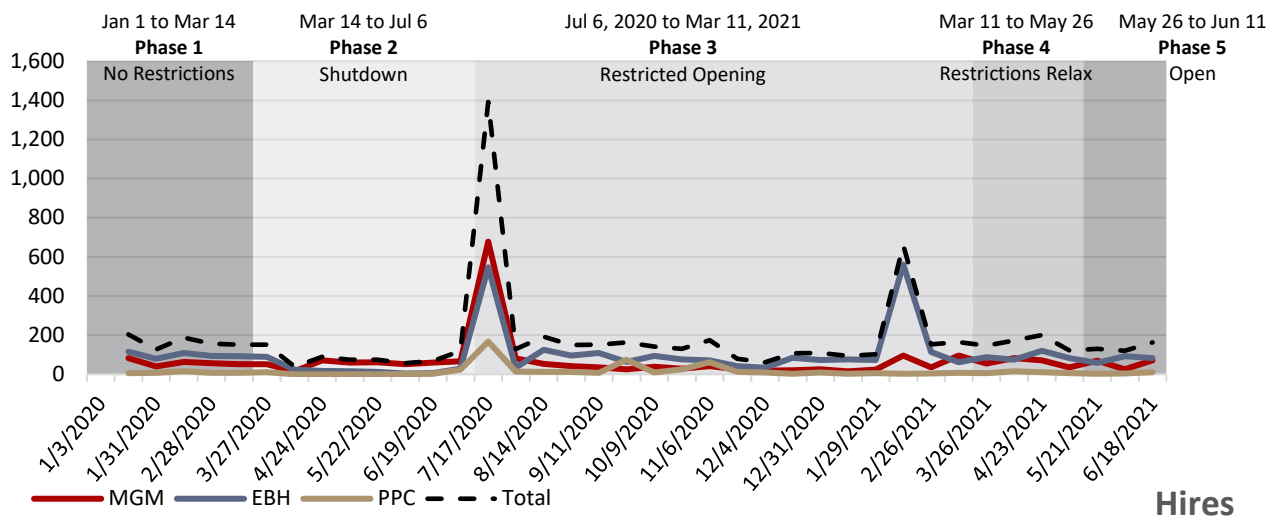
Figure 12. Retention Rate from Beginning of 2020



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Figure 13 shows the number of newly-hired employees at each pay period of the six-quarter study period. Prior to the shutdown, all three casinos were hiring new employees with each additional pay period, but hiring plummeted as the casinos closed. While a small number of employees were hired over the course of the shutdown, hiring dramatically slowed until July 2020, when the casinos reopened and all three casinos hired workers to resume operations. From that point on, hiring at the casinos continued at levels that mostly resemble their pre-pandemic hiring level, with the exception of a large hiring spike at Encore Boston Harbor in February 2021.

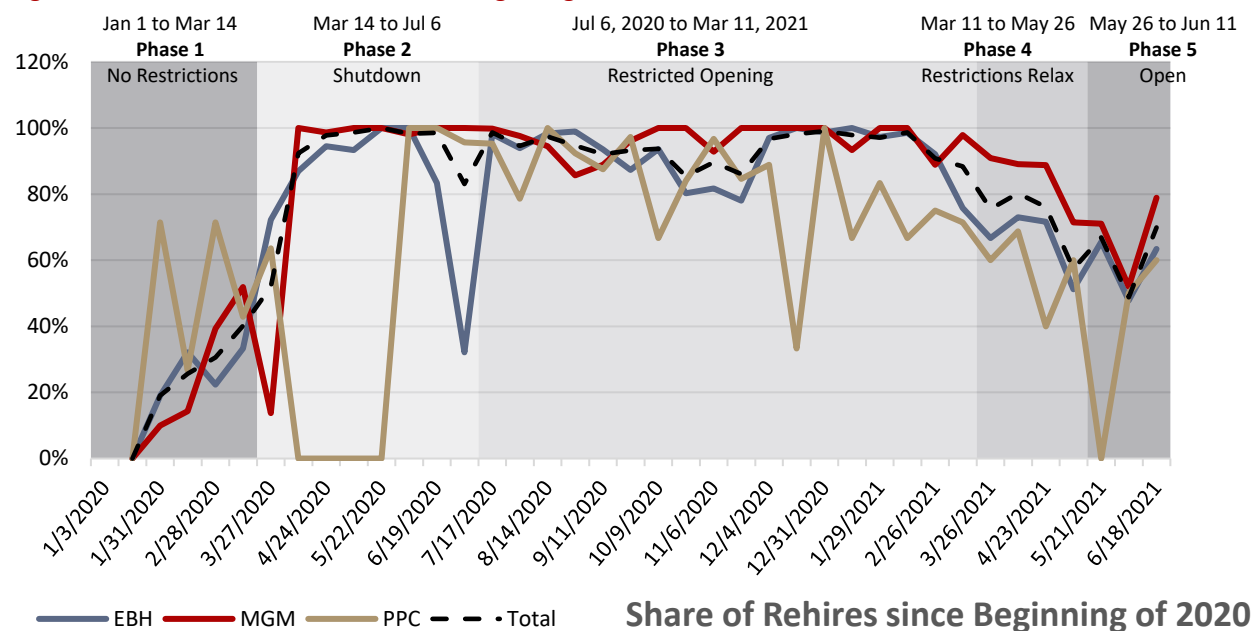
Figure 13. Casino Hires, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

In our analysis of employee retention, **Figure 14** shows the share of new hires in each casino in each pay period who had been employed at the same casino on the first pay period of 2020. In the months prior to the shutdown, these data are not especially useful, but after the shutdown, they help to provide some insight into the share of casino employees who were brought back as the casino reopened. While a few pay periods saw a relatively large share of new hires who were not employed at the casino prior to the pandemic, the vast majority of casino employees hired after the casinos reopened (90.5 percent) were employed at the casinos at the beginning of 2020. At the individual casinos, that share is 88.1 percent at Plainridge Park Casino, 88.7 percent at Encore Boston Harbor, and 94.1 percent at MGM Springfield. Since the start of 2021, the share of rehires in each pay period has fallen over time, which suggests that the casinos have reached the point where they need to reach out beyond their previous labor forces to find new hires.

Figure 14. Shares of Casino Rehires Since Beginning of 2020

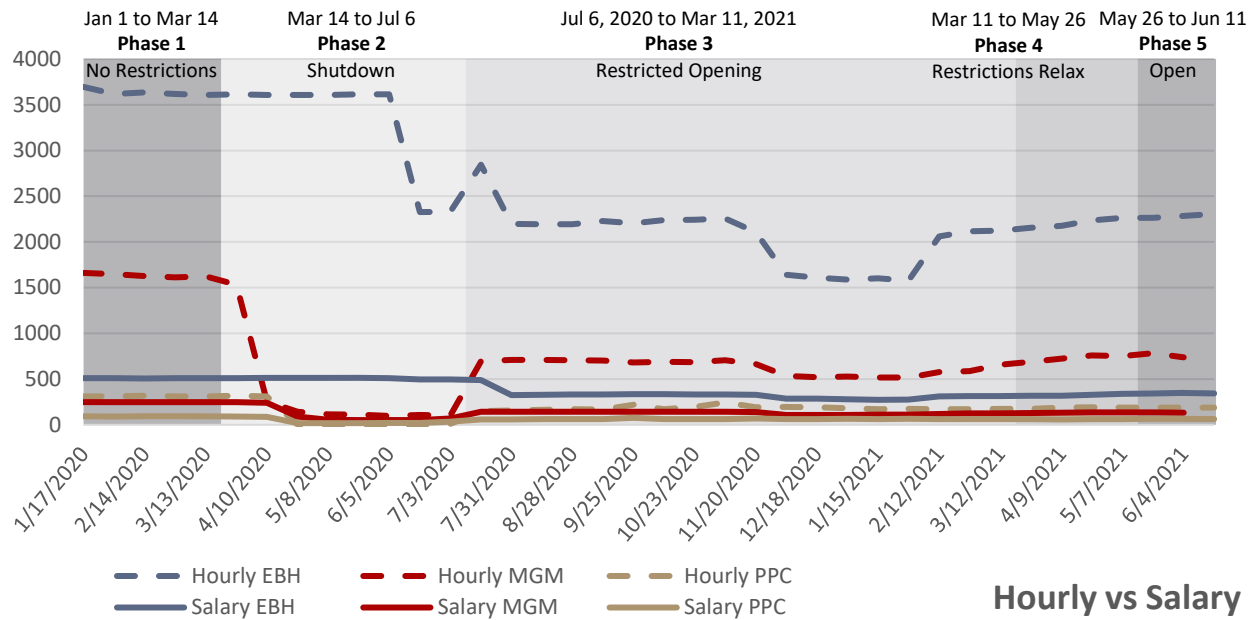


Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Hourly vs. Salaried Employees

Figure 15 shows payroll employment counts for hourly and salaried workers. Before the pandemic, hourly workers made up the majority of the workforce in all three casinos – 87 percent of all workers at Encore Boston Harbor, 80 percent at MGM Springfield and 64 percent at Plainridge Park Casino on average. However, as the shutdown began and capacity restrictions were put into place, the casinos were quicker to lay off hourly workers compared to salaried ones. This is likely due to the number of salaried workers that work in non-patron-facing roles, as these workers were less likely to be laid off when the facilities closed (see **Table 1** below). MGM Springfield laid off 94 percent of their hourly workers between their pre-pandemic peak and shutdown trough, while Plainridge Park Casino laid off their entire hourly workforce. Salaried workers faced layoffs of 79 and 81 percent respectively. Encore Boston Harbor, on the other hand, only laid off 57 percent of its hourly workers, and 47 percent of its salaried workers. Though the number of hourly workers has recovered since their initial troughs at Encore Boston Harbor and MGM Springfield, they have not yet hit their pre-pandemic levels.

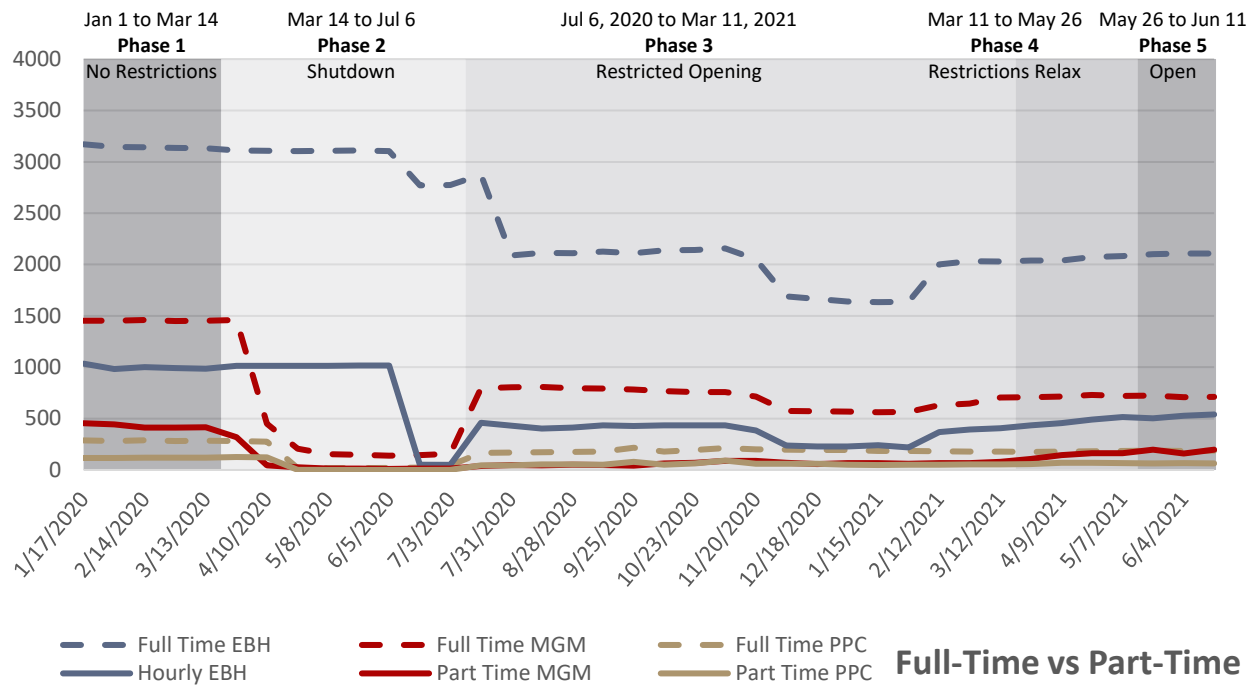
Figure 15. Hourly vs. Salaried Employment, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis
 Note: Encore Boston Harbor kept many of its employees on payroll throughout the period where the casino was shut down

Figure 16 shows payroll employment numbers at all three casinos for full-time and part-time workers. Part-time workers dominate Encore Boston Harbor’s workforce and are more numerous than full-time workers at MGM Springfield and Plainridge Park Casino. These trends vaguely mimic the trends of hourly and salary workers above, which is because most part-time workers are also hourly workers. MGM Springfield and Plainridge Park Casino laid off 90 and 94 percent of their full-time workers respectively between their pre-pandemic peak and shutdown trough. As for part-time workers, MGM Springfield laid off 98 percent while Plainridge Park Casino laid off all of their part-time workers. Encore Boston Harbor on the other hand cut their part-time staff by 95 percent, while their full-time workforce saw a 48 percent cut. Full-time employees have remained the majority of each casino’s workforce, and the discrepancies among the groups at Encore Boston Harbor and MGM Springfield remain significant throughout the peaks and troughs of the pandemic.

Figure 16. Employees by Employment Status, January 2020-June 2021



Full-Time vs Part-Time

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis
 Note: Encore Boston Harbor kept many of its employees on payroll throughout the period where the casino was shut down

Departmental Employment

Table 1 and **Figure 17** show a breakdown of casino employment by department. Since each casino’s payroll data organizes their departments somewhat differently, departments were aggregated into a few broad categories for comparison. In **Table 1**, numbers of employees are presented at their pre-pandemic peak, their trough (their lowest point) and their post-pandemic peak. Because of different workforce strategies across the casinos, the actual timing of these events varies somewhat from casino to casino.

Across the board, the gaming and recreation department (including table games and slot machines), along with the food and beverage departments, experienced the most volatility over the shutdown period. Combined, these two departments make up the biggest portion of workers at all casinos during periods of operation, and as patron-facing employees, they were not able to do their jobs during the shutdown period. Generally, administrative departments retained most of their workers. At Encore Boston Harbor, all departments experienced layoffs to a similar degree. Payroll employment numbers at Encore Boston Harbor for each department decreased at the same rate and time. This indicates that no one department experienced extreme layoffs, but rather that all departments had to let workers go. Compared to MGM Springfield and Plainridge Park Casino, Encore Boston Harbor was able to keep employees on the payroll well into the shutdown; their major layoff period came two months later than the other two facilities.

Within each of the casinos, gaming and recreation employees make up most of the workforce. Before the pandemic, Encore Boston Harbor employed 1,528 employees in their gaming and recreation

department, with MGM Springfield and Plainridge Park Casino employing 620 and 166 respectively. As the shutdown came, Encore Boston Harbor continued to employ 915 of these workers even at its lowest point, while MGM Springfield and Plainridge Park Casino were left with only 41 and 8 gaming employees respectively during the trough of the pandemic. Over time, Encore Boston Harbor recovered 63 percent of its workforce lost to the pandemic, while MGM Springfield and Plainridge Park Casino recovered 48 percent and 61 percent respectively.

Table 1. Departmental Employment throughout the Pandemic Phases

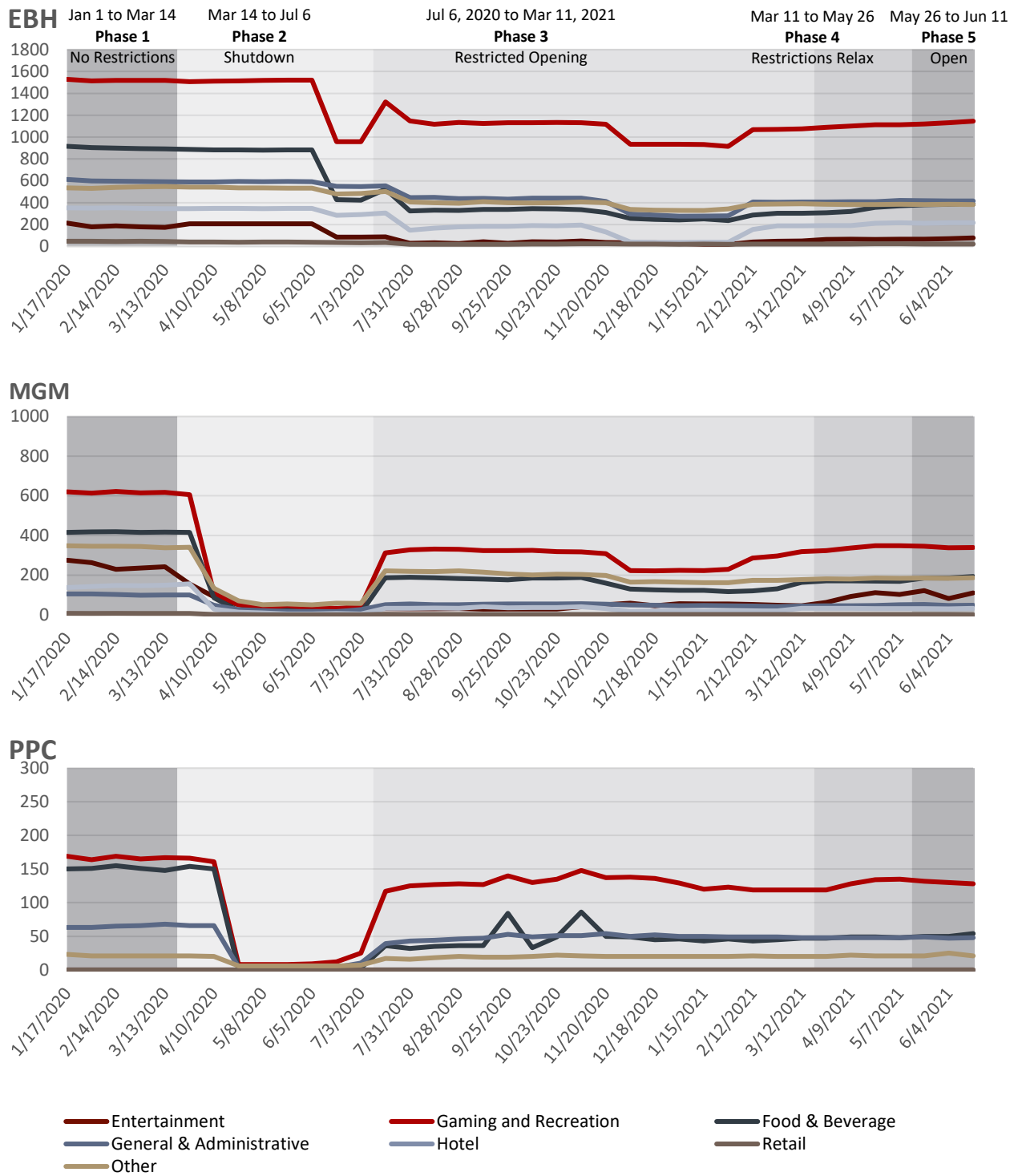
Department	Pre-Pandemic Peak	Through	Post-Pandemic Peak	Recovery (Jobs)	Recovery (Percent Change)
Encore Boston Harbor					
Entertainment	214 (5.1%)	19 (1.0%)	78 (2.9%)	59	36%
Food & Beverage	916 (21.8%)	237 (12.8%)	387 (14.6%)	150	42%
Gaming and Recreation	1,528 (36.3%)	915 (49.4%)	1,145 (43.2%)	230	75%
General & Administrative	613 (14.6%)	281 (15.2%)	416 (15.7%)	135	68%
Hotel	353 (8.4%)	38 (2.0%)	216 (8.2%)	178	61%
Retail	47 (1.1%)	21 (1.1%)	23 (0.9%)	2	49%
Other	535 (12.7%)	343 (18.5%)	383 (14.5%)	40	72%
Total	4,206	1,854	2,648	794	63%
MGM Springfield					
Entertainment	275 (14.4%)	29 (19.5%)	122 (13.2%)	93	40%
Food & Beverage	416 (21.8%)	8 (5.4%)	185 (20.1%)	177	46%
Gaming and Recreation	620 (32.5%)	41 (27.5%)	345 (37.5%)	304	55%
General & Administrative	105 (5.5%)	17 (11.4%)	52 (5.6%)	35	46%
Hotel	137 (7.2%)	4 (2.7%)	31 (3.4%)	27	23%
Retail	7 (0.4%)	0 (0.0%)	1 (0.1%)	1	0%
Other	348 (18.2%)	50 (33.6%)	185 (20.1%)	135	54%
Total	1,909	149	921	772	48%
Plainridge Park Casino					
Entertainment	0 (0.0%)	0 (0.0%)	0 (0.0%)	0	N/A
Food & Beverage	159 (38.2%)	0 (0.0%)	50 (19.8%)	50	36%
Gaming and Recreation	166 (39.9%)	8 (44.4%)	132 (52.4%)	124	76%
General & Administrative	67 (16.1%)	4 (22.2%)	49 (19.4%)	45	76%
Hotel	0 (0.0%)	0 (0.0%)	0 (0.0%)	0	N/A
Retail	0 (0.0%)	0 (0.0%)	0 (0.0%)	0	N/A
Other	24 (5.8%)	6 (33.3%)	21 (8.3%)	15	91%
Total	416	18	252	234	61%

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Note: A dash denotes a cell with five or fewer individuals

Note: Encore Boston Harbor kept many of its employees on payroll throughout the period where the casino was shut down

Figure 17. Departmental Employment Dashboard, January 2020-June 2021

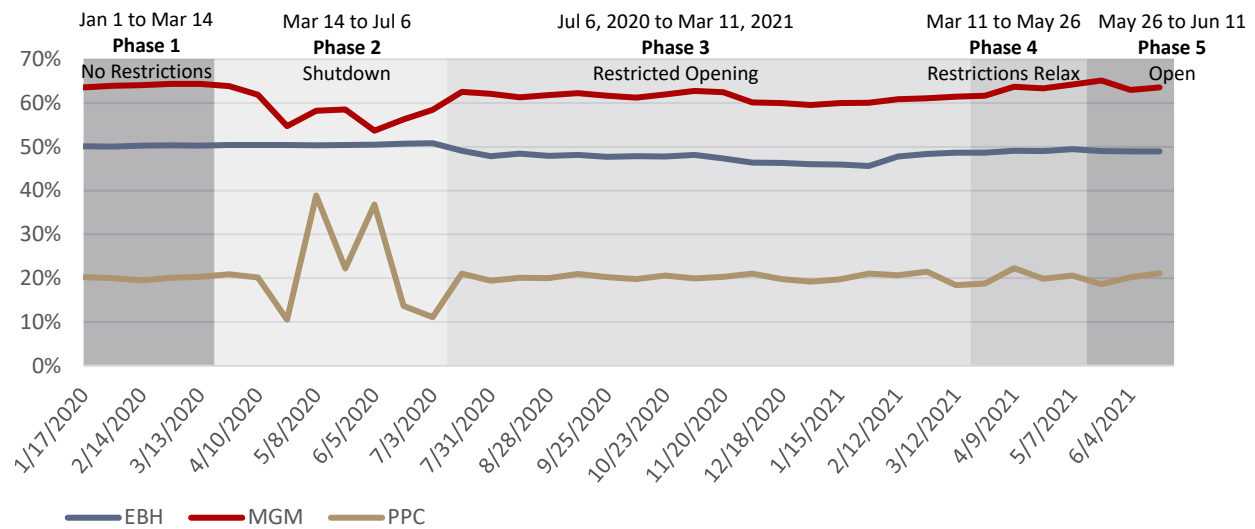


Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Community Agreements and Diversity Requirements

As a part of the Expanded Gaming Act, casinos work together with their Host and Surrounding Communities to manage their hiring goals.²¹ All casinos made commitments to hire workers locally, but the exact geographies used to set organizational goals vary from casino to casino. For simplicity, we present the share of workers from the designated host and surrounding communities in **Figure 18**. MGM Springfield consistently hired the greatest share of its workers from the host and surrounding communities, although that share dipped during the shutdown, from 64 percent to 54 percent, indicating that workers from the host and surrounding communities were laid off disproportionately compared to workers commuting in from other communities. Encore Boston Harbor also experienced a small dip in the share of workers from the host and surrounding communities, although during the restricted opening phase, as casino hours were limited. At Plainridge Park Casino, whose host and surrounding communities are substantially more exurban in nature than the two resort-style casinos, a much smaller share of employees live in the host and surrounding communities. Plainridge Park Casino actually saw its share of workers from the host and surrounding community rise during the shutdown.

Figure 18. Host and Surrounding Community Payroll Employment, January 2020-June 2021

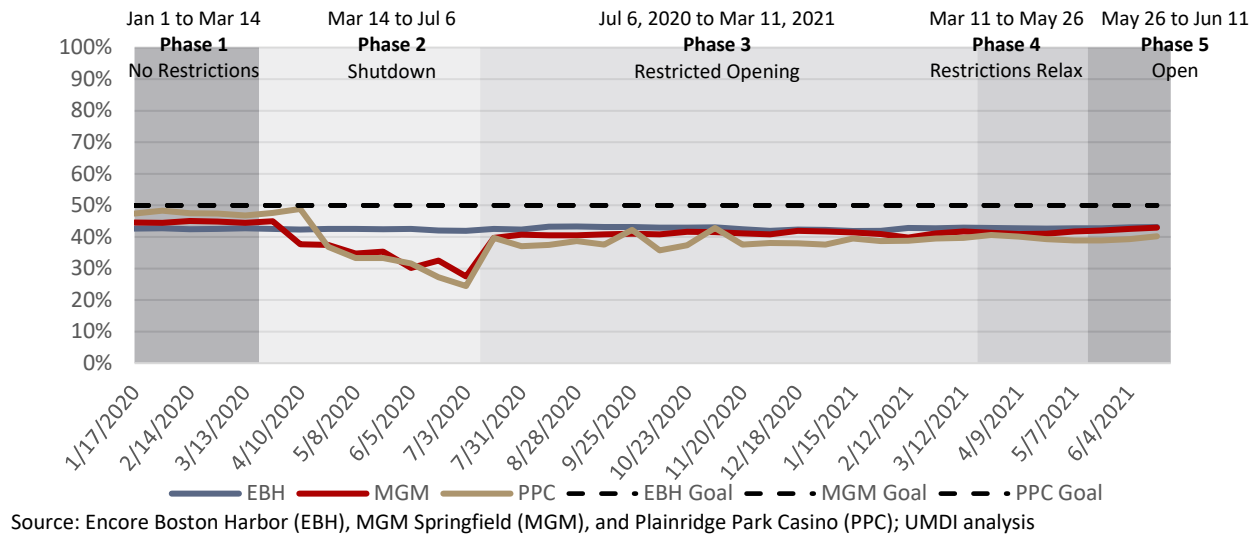


Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

All three casinos have committed to hiring a workforce of which 50 percent of workers are women. Over the six quarters of payroll data that the SEIGMA team analyzed for this report, all three casinos struggled to meet that requirement (**Figure 19**). Furthermore, the share of each casino's workforce that was made up of women fell in each casino during the shutdown and has been slow to recover. This likely reflects in part differences in the roles which were held by women in casinos versus the roles held by men, but it also may reflect some of the wider trends of the pandemic-induced economic crisis, as outlined in the **Introduction** section of this report.

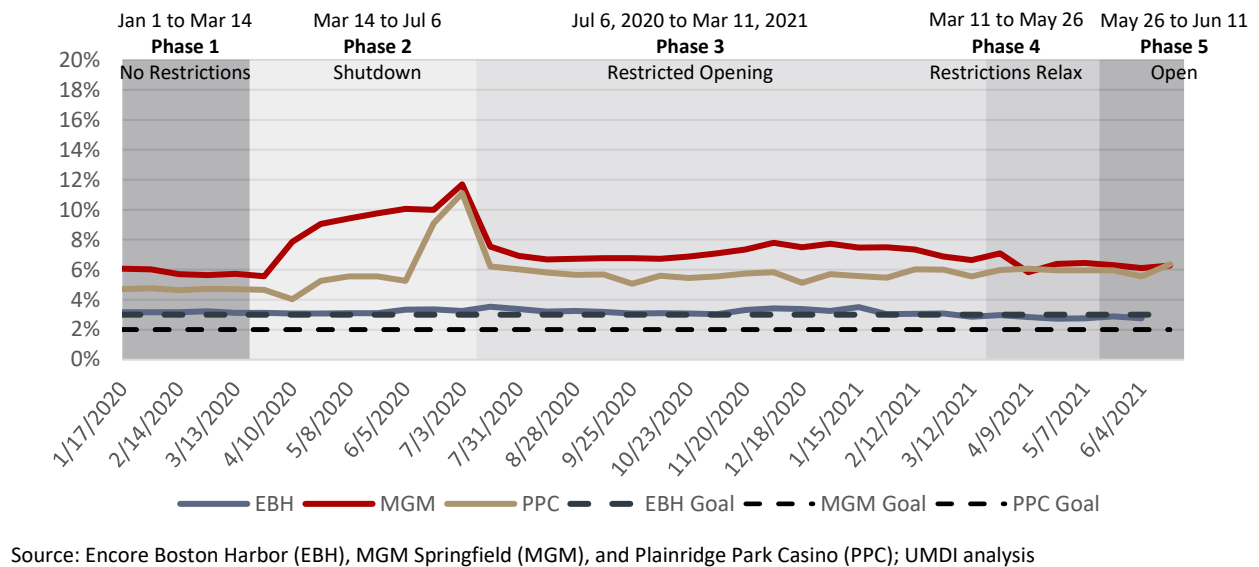
²¹ Massachusetts Gaming Commission Annual Report 2020, Page 40

Figure 19. Women Hiring Goals, January 2020-June 2021



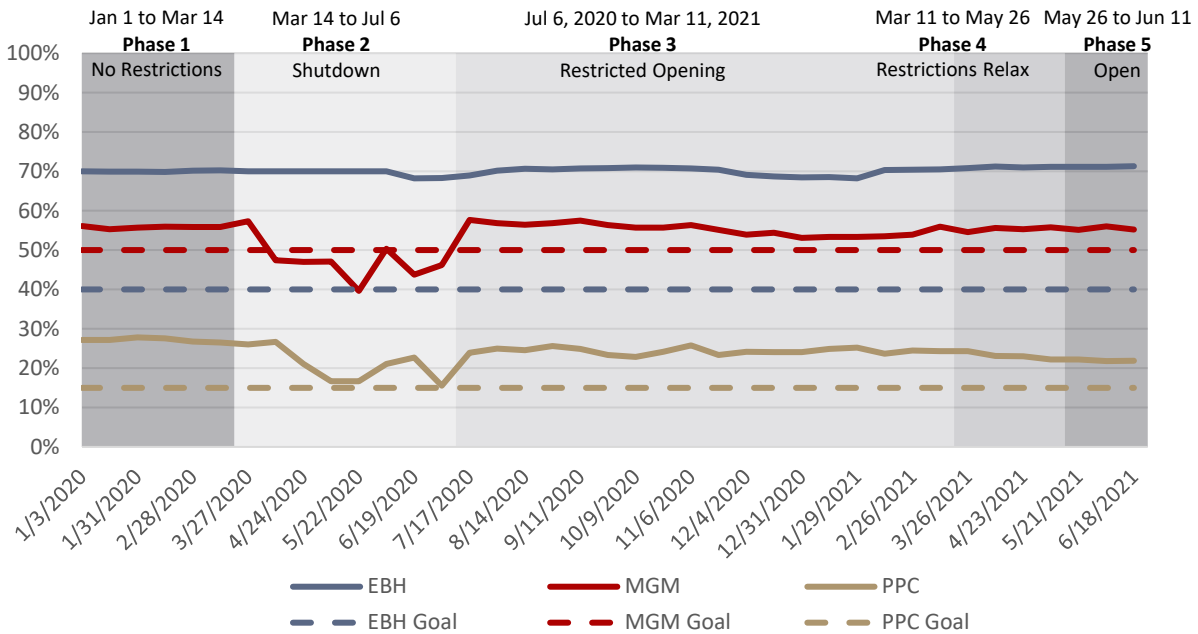
Each casino also made a commitment that a certain share of their workforce would be made up of veterans. While these shares were much lower than the commitments for minorities and women, the casinos seem to have succeeded in meeting—and in some cases exceeding—them (Figure 20). Both MGM Springfield and Plainridge Park Casino experienced a spike of veteran status employees throughout the shutdown, indicating that fewer vets were laid off than non-vets. This indicates that a disproportionate share of the employees who remained employed during the shutdown were veterans. MGM Springfield and Plainridge Park Casino both comfortably meet their two-percent goal with an average of eight percent and five percent veterans employed respectively. Encore Boston Harbor, on the other hand, remained steady just at or above its three percent goal.

Figure 20. Veteran Hiring Goals, January 2020-June 2021



As part of the licensing process, each casino committed to hire a certain proportion of individuals from ethnic minority groups as a share of their total workforce. Encore Boston Harbor committed to hiring 50 percent of its workforce from ethnic minority groups, while MGM Springfield pledged a similar goal of 40 percent and Plainridge Park Casino agreed on a hiring goal of 15 percent. Encore Boston Harbor maintained a workforce that consistently exceeded their own minority hiring goals, and dipped only slightly during Encore Boston Harbor’s delayed employment trough in late 2020 and early 2021. While hiring at both casinos fell below their targets during the shutdown, MGM Springfield and Plainridge Park Casino have exceeded their minority hiring targets while operational, as seen in **Figure 21** below.

Figure 21. Minority Hiring Goals and Hires, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Employment by Race

White employees constitute the plurality of employees at Encore Boston Harbor and MGM Springfield, and the majority of employees at Plainridge Park Casino throughout the study period. However, the share of White employees is less than the share of white people in the Commonwealth, which is 80 percent White.²² Black, Asian, and Hispanic workers comprise significant shares of the workforce at each casino (see **Table 2** below).

As each casino moved from their pre-pandemic peak to their payroll employment trough, the share of workers decreased proportionately by race, except at Plainridge Park Casino (**Figure 22**). At Encore Boston Harbor, only 30 percent of workers are White, a notable proportion considering the Commonwealth is 80 percent white. 64 percent of Black and Hispanic workers lost their jobs at Encore Boston Harbor compared to 53 percent of White workers. At MGM Springfield, White and Hispanic workers make up most of the population, accounting for 44 and 26 percent respectively, though Hispanic workers were more likely to be laid off during the pandemic. Plainridge Park Casino was unique among the casinos in that White workers accounted for the majority of employees throughout the study period, but that share also rose, from 72.8 percent at the pre-pandemic peak to 83.3 percent during the trough. In general, people of color are more heavily represented in the food and beverage, gaming and recreation, and hotel departments, which were heavily impacted by the casino layoffs.

²² <https://www.census.gov/quickfacts/MA>

Table 2. Employment by Race

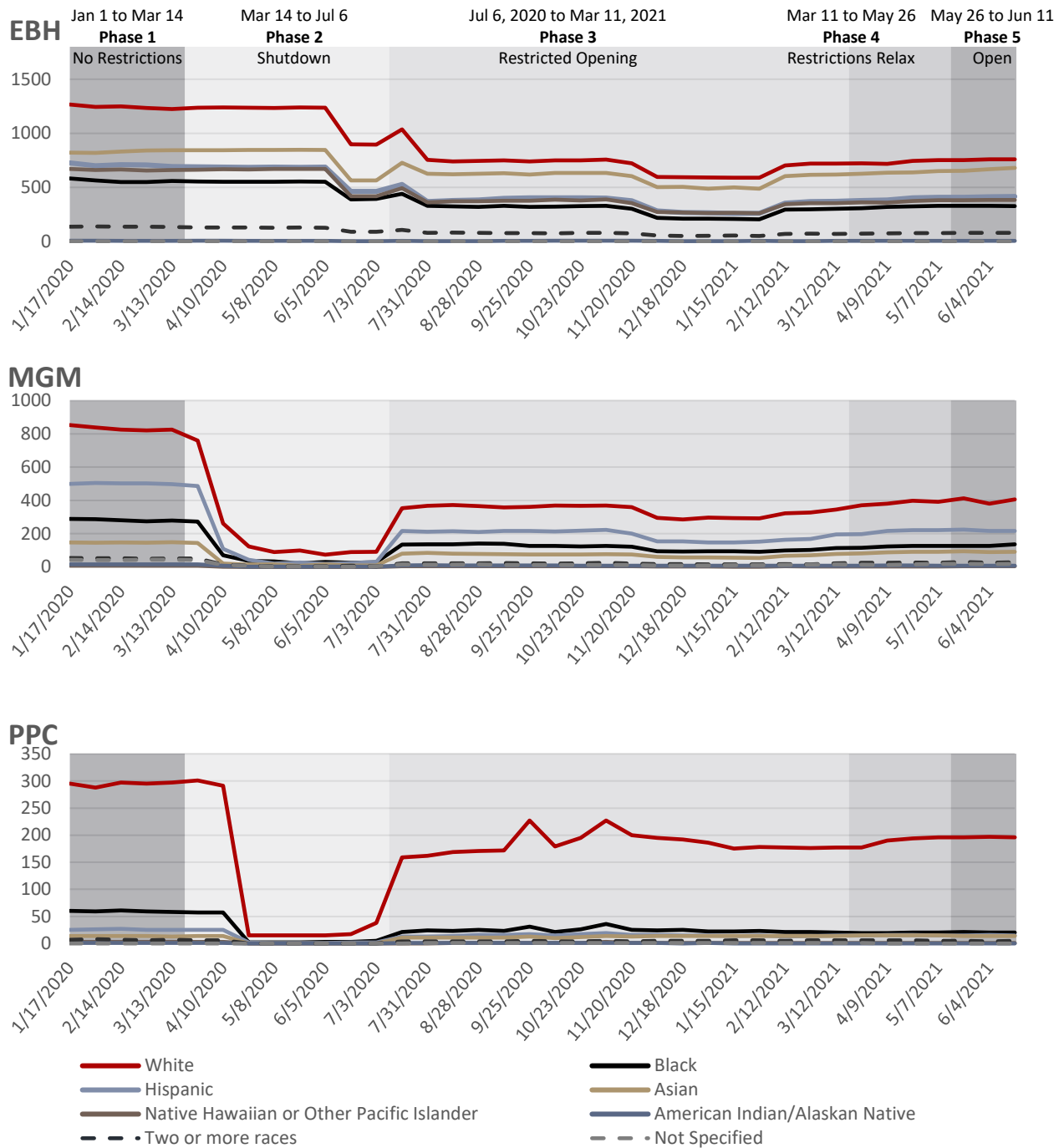
Race	Pre-Pandemic Peak	Trough	Post-Pandemic Peak	Recovery (Jobs)	Recovery (Percent Change)
Encore Boston Harbor					
White	1,266 (30.1%)	589 (31.8%)	760 (28.7%)	171	60.0%
Non-White Subtotal	2,940 (69.9%)	1,265 (68.2%)	1,888 (71.3%)	623	64.2%
Black	582 (13.8%)	204 (11.0%)	326 (12.3%)	122	56.0%
Asian	820 (19.5%)	487 (26.3%)	681 (25.7%)	194	83.0%
Hispanic	726 (17.3%)	260 (14.0%)	415 (15.7%)	155	57.2%
American Indian/Alaskan Native	6 (0.1%)	4 (0.2%)	5 (0.2%)	1	83.3%
Native Hawaiian or Other Pacific Islander	9 (0.2%)	5 (0.3%)	5 (0.2%)	0	55.6%
Two or more races	135 (3.2%)	50 (2.7%)	79 (3.0%)	29	58.5%
Not Specified	662 (15.7%)	255 (13.8%)	377 (14.2%)	122	56.9%
Total	4206	1854	2648	794	63.0%
MGM Springfield					
White	853 (44.7%)	74 (49.7%)	413 (44.8%)	339	47.7%
Non-White Subtotal	1,056 (55.3%)	75 (50.3%)	508 (55.2%)	433	48.7%
Black	289 (15.1%)	30 (20.1%)	127 (13.8%)	97	47.1%
Asian	147 (7.7%)	15 (10.1%)	94 (10.2%)	79	61.9%
Hispanic	500 (26.2%)	19 (12.8%)	225 (24.4%)	206	43.2%
American Indian/Alaskan Native	15 (0.8%)	3 (2.0%)	8 (0.9%)	5	53.3%
Native Hawaiian or Other Pacific Islander	8 (0.4%)	0 (0.0%)	4 (0.4%)	4	50.0%
Two or more races	54 (2.8%)	5 (3.4%)	31 (3.4%)	26	51.9%
Not Specified	43 (2.3%)	3 (2.0%)	19 (2.1%)	16	44.2%
Total	1909	149	921	772	48.2%
Plainridge Park Casino					
White	303 (72.8%)	15 (83.3%)	196 (77.8%)	181	66.4%
Non-White Subtotal	113 (27.2%)	3 (16.7%)	56 (22.2%)	53	46.3%
Black	60 (14.4%)	2 (11.1%)	21 (8.3%)	19	33.3%
Asian	15 (3.6%)	0 (0.0%)	14 (5.6%)	14	100.0%
Hispanic	26 (6.3%)	1 (5.6%)	15 (6.0%)	14	60.0%
American Indian/Alaskan Native	1 (0.2%)	0 (0.0%)	0 (0.0%)	0	0.0%
Native Hawaiian or Other Pacific Islander	3 (0.7%)	0 (0.0%)	1 (0.4%)	1	33.3%
Two or more races	8 (1.9%)	0 (0.0%)	5 (2.0%)	5	71.4%
Not Specified	0 (0.0%)	0 (0.0%)	0 (0.0%)	0	N/A
Total	416	18	252	234	60.6%

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Note: A dash denotes a cell with five or fewer individuals

Note: Encore Boston Harbor kept many of its employees on payroll throughout the period where the casino was shut down

Figure 22. Employment by Race and Ethnicity, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Note: Encore Boston Harbor kept many of its employees on payroll throughout the period where the casino was shut down

Similarities between departmental employment trends and employment by race figures suggest that there may be a correlation between race and department at the casinos. By examining departmental employment by race, we can identify the most diverse departments and draw conclusions about the impact of departmental layoffs on diversity requirements.

Table 3 below shows the breakdown of departments at all three casinos with a column that highlights the three most prevalent races in each department. Across the board White workers were the most prevalent, though Hispanic, Black and Asian workers made up the majority of the top three races in each department. To measure the degree to which these workers are represented in these departments is the share of employees who are White or Non-White, by department. At EBH, departments vary in their share of employees of color. The Hotel, Retail, and Gaming & Recreation departments are made of primarily non-white employees, while Entertainment, General & Administrative and Other departments are made of primarily white employees. PPC has similar variance with primarily non-white workers in the Food & Beverage and Other departments, while white workers are dominating in the Gaming & Recreation and General & Administrative departments. MGM on the other hand has maintained a balance with the share of non-white employees reaching just over 50 percent in almost every department, while the share of white employees remains between 20 and 30 percent in almost every department (excluding “Other”). Notably, MGM is also the only casino with a level of Asian workers that is high enough to be represented on the table above.

Given that the gaming and recreation department (including table games and slot machines), along with the food and beverage departments, experienced the most volatility over the shutdown period, it follows that Asian workers would experience higher layoffs at MGM considering the concentration of Asian workers in this department. Combined, these two departments make up roughly 3,800 workers, and over the shutdown period 2,437 of these employees were laid off (64%) across all three casinos.

Table 3: Departmental Employment by Race

Dept.	EBH			MGM			PPC		
	Most Prevalent Races	White	Non-White	Most Prevalent Races	White	Non-White	Most Prevalent Races	White	Non-White
Entertainment	White, Hispanic, Black	56%	37%	White, Hispanic, Asian	31%	52%		*	*
Food & Beverage	White, Hispanic, Black	39%	53%	Asian, Hispanic, Not Specified	19%	58%	White, Black, Hispanic	53%	43%
Gaming & Recreation	White, Asian, Hispanic	43%	54%	Asian, White, Not Specified	31%	52%	White, Black, Hispanic	86%	13%
General & Administrative	White, Black, Hispanic	52%	45%	White, Hispanic, Black	26%	56%	White, Black, Asian	79%	16%
Hotel	Hispanic, White, Black	16%	80%	Hispanic, White, Black	22%	59%	*	*	*
Retail	Hispanic, White, Black	35%	65%	White, Black, Hispanic	28%	52%	*	*	*
Other	White, Hispanic, Black	52%	44%	White, Black, Hispanic	47%	38%	White, Black, Hispanic	68%	32%

Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Note: Percentages dot add to 100% due to non-responses and multiple races

* These departments do not exist at PPC

Business-to-Business Spending Impacts

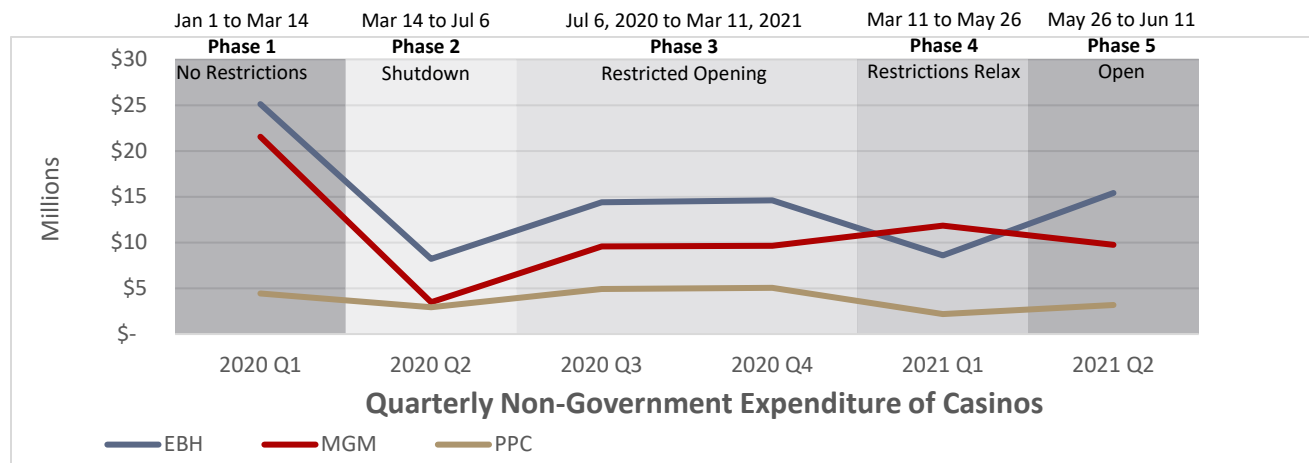
Summary of Findings

- 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 casino shifted, with the share of total spending on wholesale goods falling and share of spending on professional services rising.
- The casinos have struggled to attain their spending goals on minority, women, and veteran-owned businesses.

Casino Vendor Spending

Casinos spend millions of dollars in business-to-business spending, which benefits the vendors to who provide goods and services to the casinos. As the COVID-19 pandemic forced the casinos to close, some of the goods and services that the casinos purchase were no longer necessary. Even after reopening, a more limited visitor base and restrictions on non-gaming activities caused the casinos to alter their purchasing decisions. **Figure 23** shows how business-to-business spending at the casinos changed over time. In the first quarter of 2020, both MGM Springfield and Encore Boston Harbor spent over \$20 million in business-to-business spending. It would be the last quarter in the study period that either casino did so. Both resort-style casinos saw their vendor spending drop substantially during the shutdown, and while spending increased after the casinos reopened, it has yet to fully meet earlier levels. Plainridge Park Casino, meanwhile, saw their vendor spending drop only slightly in 2020, although it has fallen somewhat in 2021. As of the second quarter of 2021, Plainridge Park Casino is spending 28.4 percent less (about \$1.3 million less) on vendors than during the first quarter of 2020. Likewise, MGM Springfield is spending \$11.8 million less, and Encore Boston Harbor is spending \$9.7 million less.

Figure 23. Quarterly Non-Government Expenditure by Operators

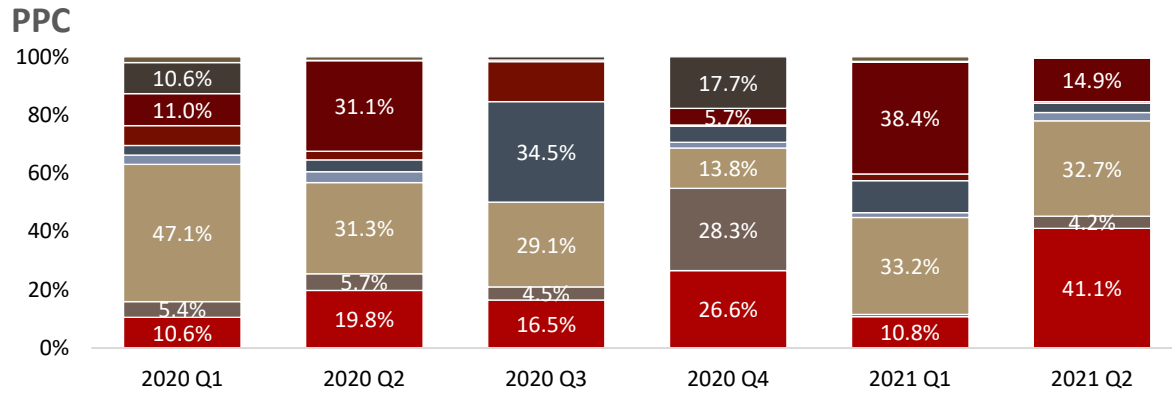
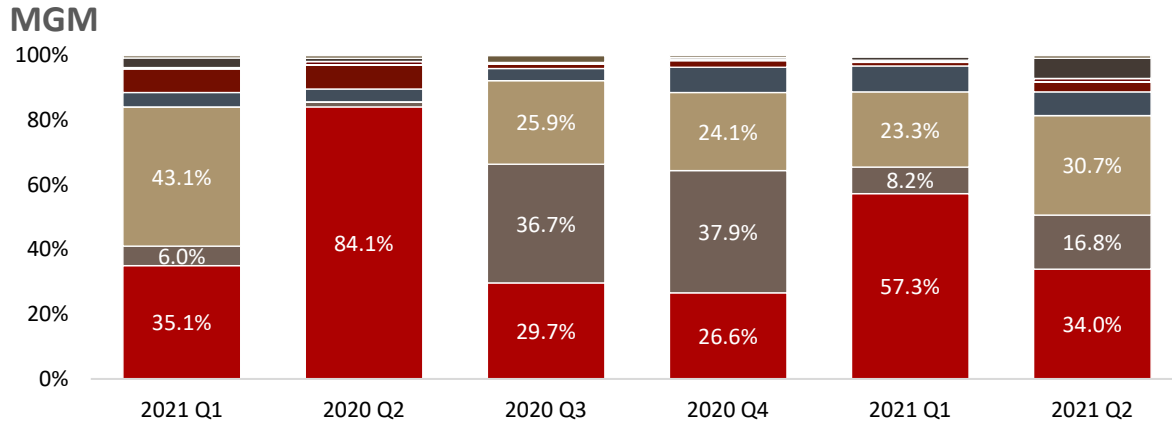
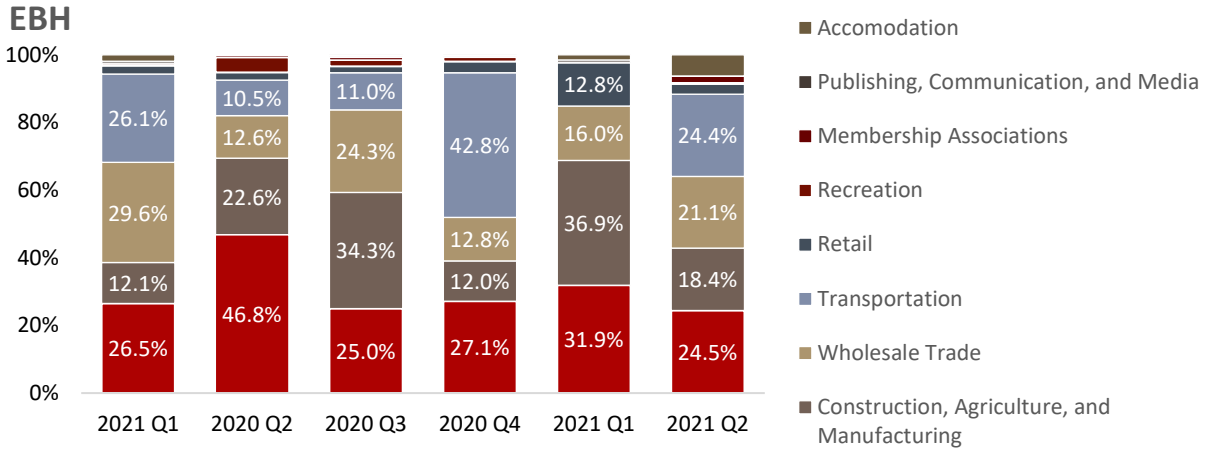


Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

We also note a shift in the sorts of goods and services that the casinos spent money on. As shown in **Figure 24**, the casinos spent a smaller share of their quarterly earnings on wholesale trade, and more on

professional and technical services. Wholesale trade includes the purchase of many of the intermediate goods and services, such as food and beverages, which may not have been necessary following the shutdown and subsequent restrictions on non-gaming activities. Many of the services provided by professional and technical services firms are the sort of “white-collar” services that the casino still required under limited capacity, which provided the casinos with more flexibility to work and spend heavily on construction over the pandemic.

Figure 24: Expenditure by Industry Dashboard

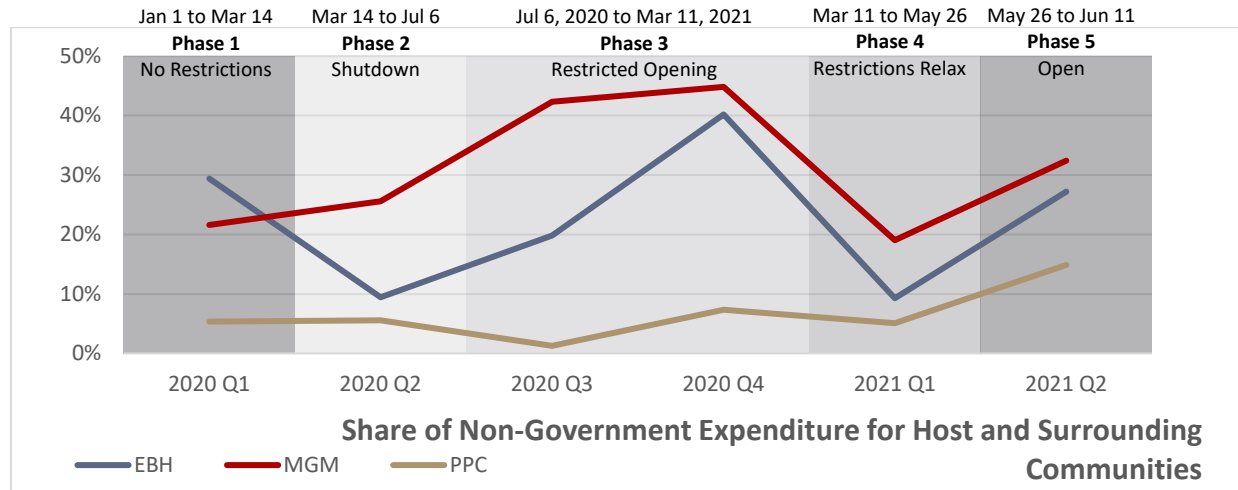


Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Vendors in the Host and Surrounding Communities

Figure 25 shows the share of expenditure to vendors in the casinos' host and surrounding communities. Plainville tended to purchase the smallest share of its goods and services from vendors in its host and surrounding communities, but those communities are much more residential in character than the communities around MGM Springfield or Encore Boston Harbor, and certain types of firms may not be located there at all.

Figure 25. Share of Non-Government Expenditures to Host and Surrounding Community Vendors



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Vendor Diversity

Figures 26 through 28 show quarterly vendor spending to minority-owned business enterprises (MBE), women-owned business enterprises (WBE), and veteran-owned business enterprises (VBE). The Expanded Gaming Act identified vendor spending on these types of businesses as an important goal for the casinos to work towards. As the largest of the three casinos, Encore Boston Harbor's vendor spending in general is greater than the two other casinos, and its spending on WBE and MBE vendors is considerably higher. More parity exists between the three casinos in terms of spending on VBE vendors. Encore Boston Harbor is also unique in spending more on MBE vendors over the course of the study period than on either of the other two vendor types. At MGM Springfield and Plainridge Park Casino, WBE vendors received the most funds. As with all vendor expenditures, vendor spending to MBE, WBE, and VBE vendors fell dramatically during the shutdown and has yet to fully recover.

Figure 26. Quarterly WBE Spending

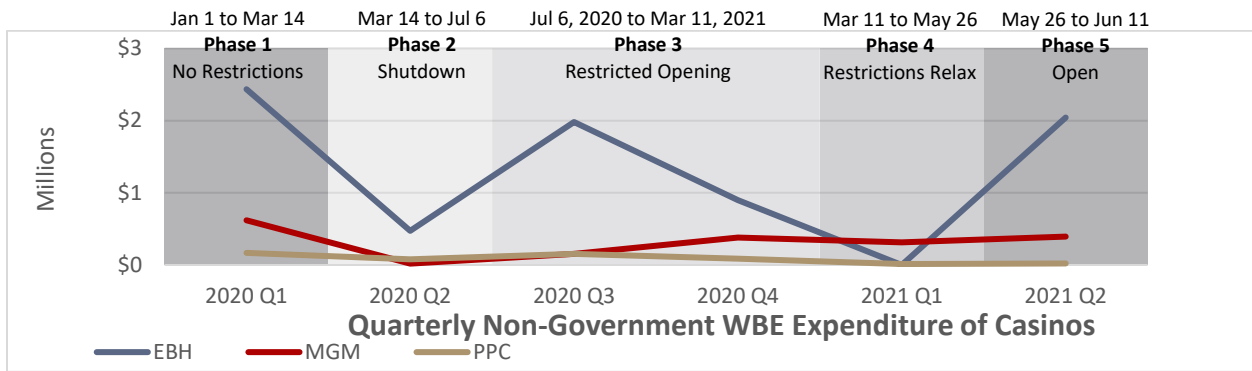


Figure 27. Quarterly MBE Spending

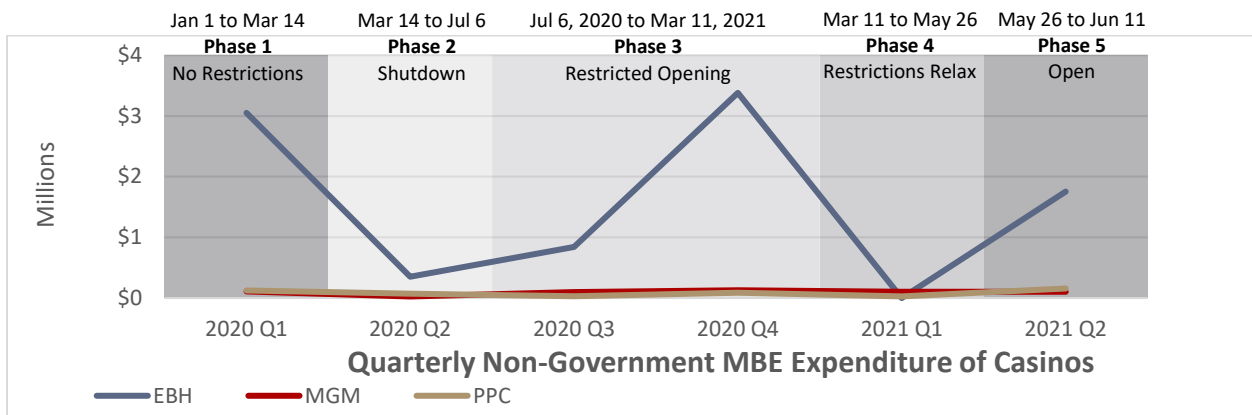
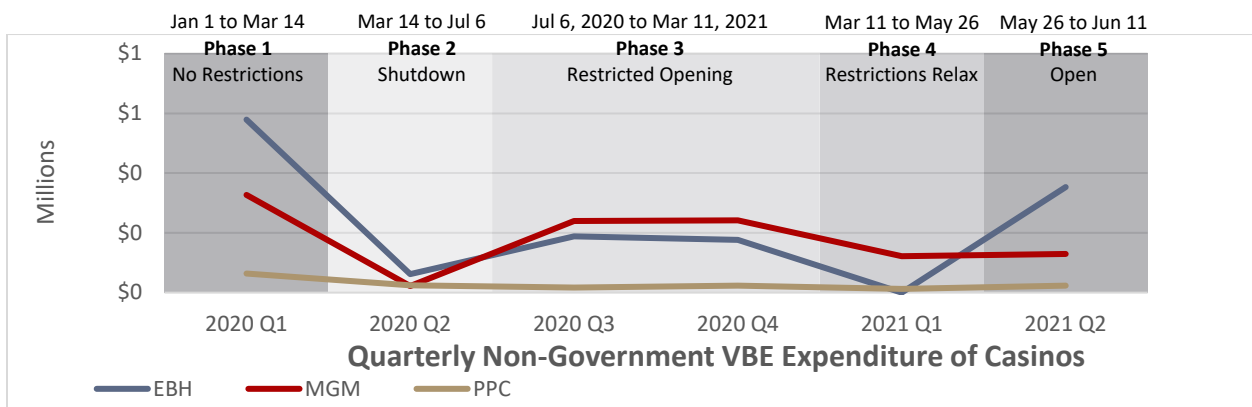


Figure 28. Quarterly VBE Spending

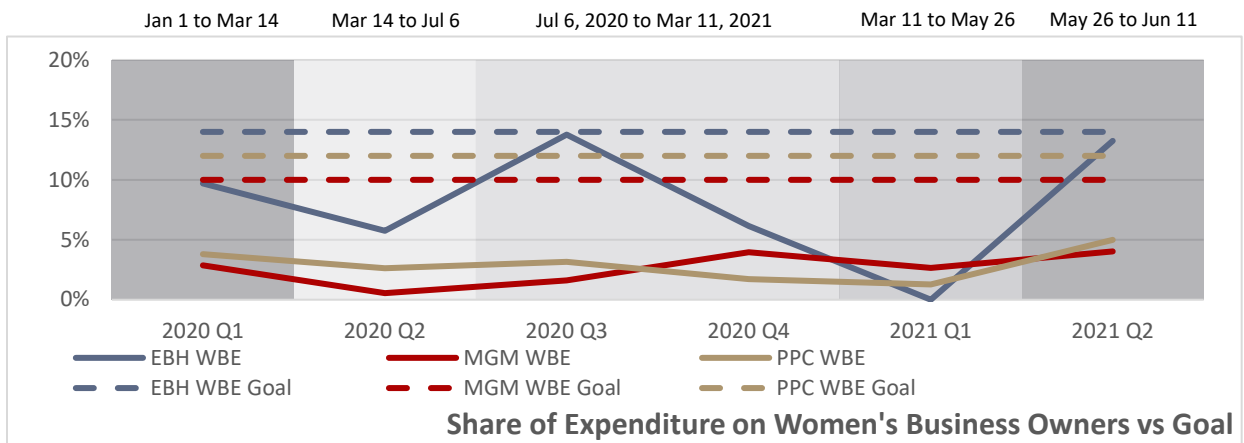


As part of the licensing process casino had made commitments to spend a certain amount of their vendor spending on WBE, MBE, and VBE establishments. More often than not, the casinos did not reach their desired goals. Encore Boston Harbor met their goal of 14 percent of vendor spending on women-owned businesses spending in the third quarter of 2020, and surpassed their goal of eight percent

vendor spending on minority-owned businesses in the first and fourth quarters of 2020 and the second quarter of 2021. MGM Springfield surpassed their goal of spending 2 percent of their vendor payments towards veteran owned businesses was in the second and third quarter of 2020.

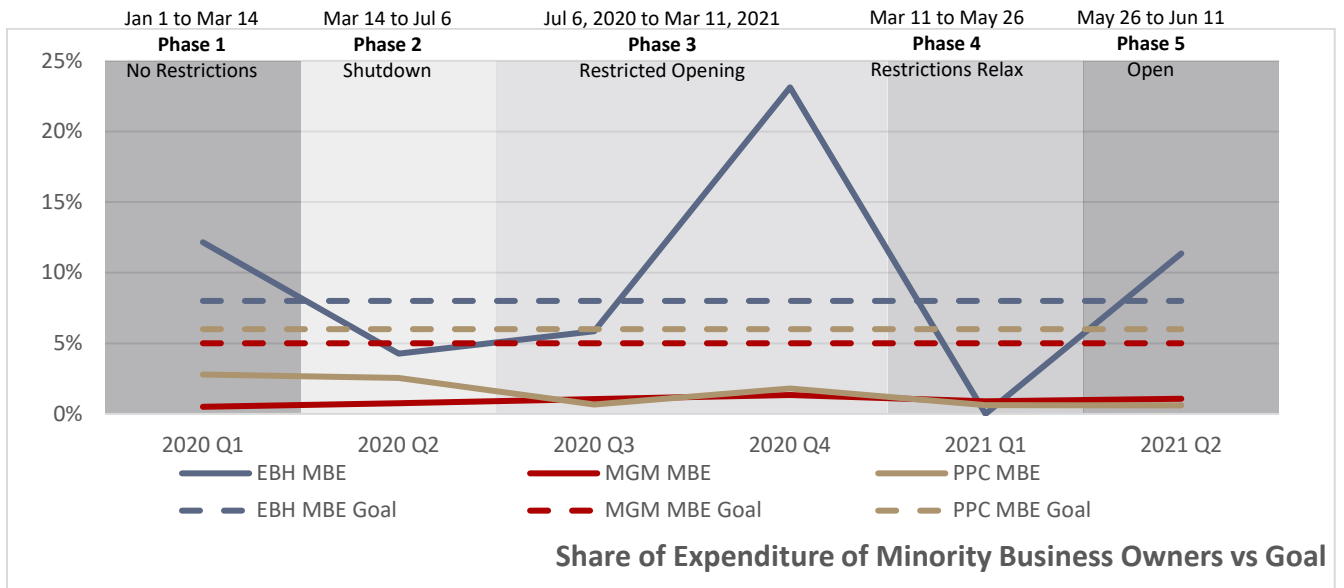
All three casinos struggled to consistently meet their spending goals when it came to firms with women owners (**Figure 29**). Each casino started 2020 below their goal, and saw their shares decline as the casinos shut down. Encore Boston Harbor met its 14 percent goal in the third quarter of 2020 and came close in the second quarter of 2021, but beyond that, each casino remained substantially below their target.

Figure 29. Share of WBE Vendor Spending, January 2020-June 2021



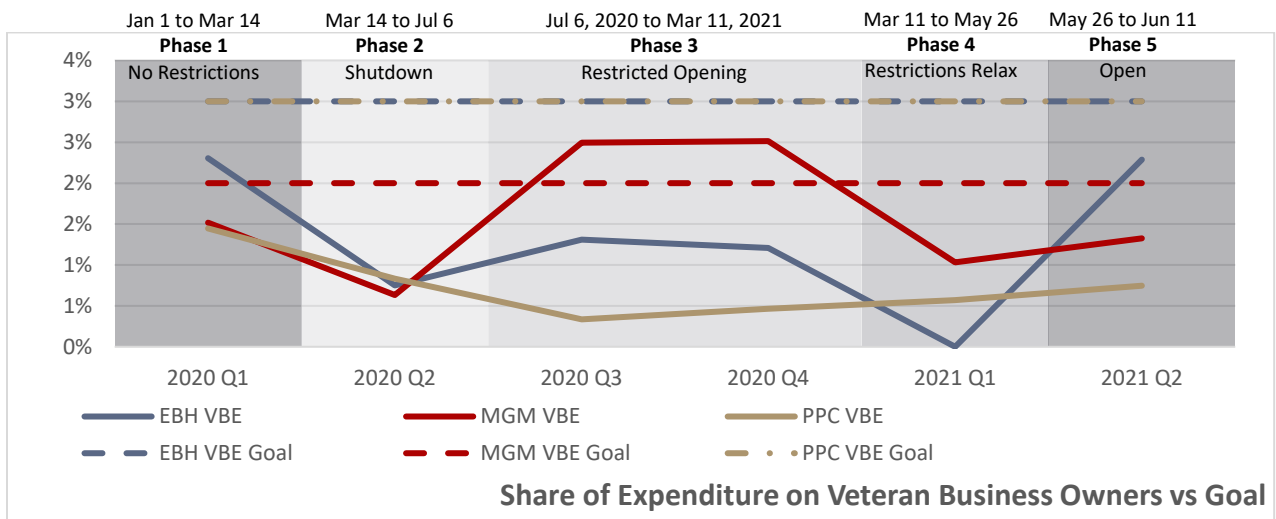
Unlike with vendor spending on firms owned by women, where spending consistently lagged below goals for all three casinos, results were mixed related to vendor spending on firms owned by ethnic minorities (**Figure 30**). Both MGM Springfield and Plainridge Park Casino consistently spent a lower share of their vendor spending on minority business enterprises compared with their goals. Encore Boston Harbor's spending on minority business enterprises rose and fell over the course of the study period, but on average over the period, 9.5 percent of their vendor spending was to minority business enterprises, in excess of their eight percent goal.

Figure 30. Share of MBE Vendor Spending, January 2020-June 2021



All three casinos saw their share of vendor spending on veteran-owned businesses fall as the casinos shut down, but their subsequent trends were not consistent. Over the course of the study, Encore Boston Harbor and Plainridge Park Casino never met their goal of spending three percent of their vendor spending on veteran business enterprises. MGM Springfield did exceed their two percent goal in the two final quarters of 2020, for an average spend over the study period of 1.6 percent (Figure 31).

Figure 31. Share of VBE Vendor Spending, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Government and Fiscal Impacts

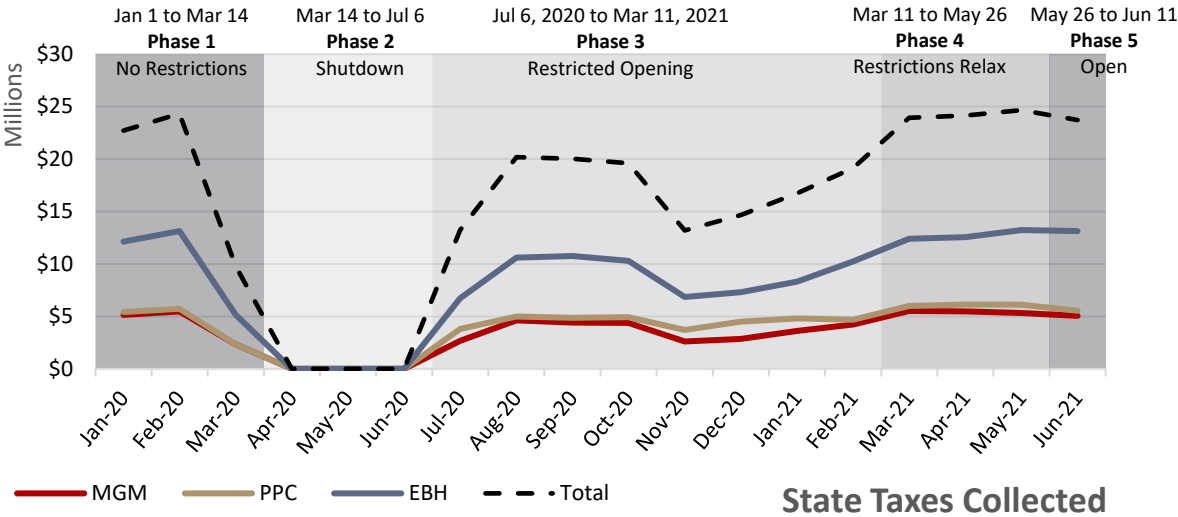
Summary of Findings

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

Taxes Collected on Gross Gaming Revenue

By March of 2021, one year after the initial industry shutdown, state taxes collected from gross gaming revenue had recovered to approximately pre-pandemic levels. Since taxes are collected as a share of gross gaming revenue (49 percent at Plainridge Park Casino, 25 percent at MGM Springfield and Encore Boston Harbor), the trends in state taxes collected closely mirror those of gross gaming revenue (see **Figure 32** below). Plainridge Park Casino’s share of total taxes collected is more prominent than its share of gross gaming revenue due to its higher tax rate on gross gaming revenue.

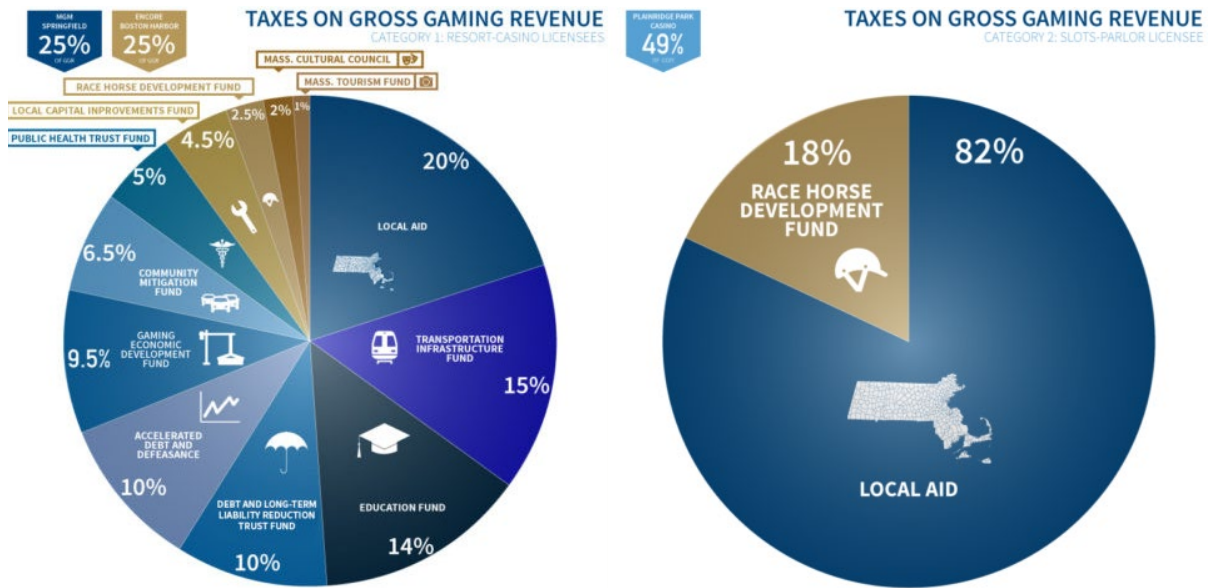
Figure 32. State Taxes Collected, January 2020-June 2021



Source: Encore Boston Harbor (EBH), MGM Springfield (MGM), and Plainridge Park Casino (PPC); UMDI analysis

Figure 33 below shows how state tax revenues collected from gross gaming revenue are disbursed. Local aid is the largest single recipient of these funds, especially from Plainridge Park Casino, but a number of state funds also receive revenues. Each of the recipients of these funds was to some extent affected from the months when the casino was shut down and not generating these taxable revenues, as well as the lower revenues after reopening. Many of the entities and funds that were affected by the loss in revenues, especially local governments, were also recipients of pandemic-related relief funds over the same period, which may have helped to offset some of the loss of casino taxes paid on gross gaming revenue.

Figure 33. Disbursement of Taxes on Gross Gaming Revenue Dashboard



Source: <https://massgaming.com/regulations/revenue/>

Host and Surrounding Community Payments

One of the major fiscal impacts of the casinos comes in the form of negotiated payments made to their host and surrounding communities, initiated through host and surrounding community agreements.²³ These payments are intended to compensate the host and surrounding communities for any impacts or externalities that might affect those communities as a result of the development or operation of the casinos. While data on host and surrounding community payments was not part of our initial data request to the casino operators, subsequent conversations between the SEIGMA team, the operators, and the MGC confirmed that the pandemic did not seriously disrupt the flow of host and surrounding community payments. While some payments to host and surrounding communities were delayed as a result of the pandemic, all payments were ultimately paid and all three casinos remain current with these payments at the time of writing.

²³ For more information on host and surrounding community agreements, see <https://massgaming.com/about/community-mitigation-fund/host-surrounding-communities/surrounding-community-agreements/>

Conclusion

Casinos were among the hardest-hit business types in the early phases of the pandemic. As recreational establishments, they were never considered essential services. Unlike some retail and food service options, there was no ability for them to transition to a remote, delivery-based, or curbside business model. Without a way to operate safely during the chaotic first months of the pandemic, the casinos largely ceased operation, and recovering to their current levels of business has taken time.

As has been noted throughout this report, 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. Some employees and businesses provided goods and services to the casinos that continued to be useful, or even essential, throughout the pandemic. Others provided goods and services that were no longer necessary in the absence of the casinos' pre-pandemic visitor base. Some of the most vulnerable employees and businesses were among those for which the casinos no longer had a demand during or immediately after the shutdown.

The extent to which casino layoffs, along with lost business-to-business spending and state tax revenue, affected the broader Massachusetts economy is difficult to estimate. While the impact of individual elements could certainly be estimated using an economic impact model, a full accounting of the economic impacts would not be possible without data about how casino patron spending shifted in the absence of the casinos. However, it is likely that some, although probably not all, of the economic distress from these shifts was offset by the various federal, state, and local government interventions that took place throughout the pandemic. To some extent, the employees and businesses that were most directly affected by the casinos' closure may have been fortunate that the pandemic was a worldwide economic shock, as a similar shock to a single sector would probably not have prompted as aggressive of a response from government at all levels.

COVID-19 will likely to continue to have a substantial impact on the economy of Massachusetts, including the casinos, for some time to come. While this report does not constitute a complete record of how the casinos fared under a pandemic that remains ongoing, it does document how the casinos fared through one of the most traumatic and disruptive periods in the history of the Commonwealth, which also happened to be the first economic crisis since the casinos opened. The SEIGMA team will continue to monitor the casinos and report on their social and economic impact in the Commonwealth as they, and the rest of the world, continue to recover.

Expectations Going Forward

Looking beyond the current disruptions, the casino industry and its regulators are grappling with questions of whether and how COVID-19 has changed the business environment, with knock-on effects on profitability, viability of new investments, employment, and tax revenues. It is yet unresolved as to whether we are seeing permanent changes in tastes that will impact how much and in what ways consumers choose to gamble.

Visitation and revenue data show that net gaming revenues per visitor have increased. Unfortunately, these data do not say why. Some of the potential reasons could include any or all of the following:²⁴

- A bored population that was emerging after months at home and with money to spend had few outlets for entertainment and so chose to spend money at the casinos;
- The lack of nongaming amenities freed up budget for spending on gaming, resulting in little net change in average consumer spending at the casinos;
- High spending gamblers (including problem gamblers) were the most risk-tolerant and returned to the casino earlier than other gamblers.

Depending on the reason for the increase in revenues per visitor, the impact could be fleeting as entertainment options grow and pandemic restrictions fade. On the other hand, the pandemic may have prompted the entry of new gamblers who continue to choose gambling as part of their entertainment expenditures. Nevertheless, casinos will want to undertake marketing and outreach efforts to retain any new customers and woo back those who have abstained for the past 18 months. Regulators will want to keep an eye on any problem gambling that may result from people who have had no previous experience with gambling or who develop harmful gaming patterns as a result of pandemic-induced financial and mental health problems.

Since the Supreme Court overturned the ban on sports betting in 2018, the sports betting industry has grown rapidly. Currently 28 states and DC have operational sports betting and four others are in the process of standing up systems already on the books. Ohio and Massachusetts are actively considering it. As a result of continuing new entrants, August 2021 revenues are up 246 percent, or 3.5 times, compared to August 2019. Sports betting offers a new channel for revenues for both sports book operators and states and a chance to attract consumers who are otherwise disinclined to visit a casino. CEOs are similarly bullish, with about a third planning new investments in sports books over the coming year.

As a nascent industry in the United States, it remains to be seen how sports betting will settle as it matures. States are opting for different approaches, with some tying licenses to brick-and-mortar casinos, others having online-only betting, and still others operating sports betting through the existing lottery. The potential regulatory framework in Massachusetts remains contested. Nevertheless, it looks likely that sports betting will eventually happen in the Commonwealth and with it will come questions of how the new option will impact visitation to the existing casinos. With margins on sports betting being

²⁴ Note: The SEIGMA Social Team will be administering a population survey in early 2022 that includes questions that will allow us to ascertain the gambling and demographic profile of people who reported patronizing MA casinos during the lockdown.

considerably smaller than for traditional casino games, a reallocation of wagers to sports betting will result in less profits to casinos and fewer tax revenues to the state.

At the intersection of sports betting and traditional games is another new gaming channel: i-gaming (or internet gaming). It combines the mobile aspect available in most sport betting markets with games that resemble those found in brick-and-mortar casinos. At the moment, legal mobile betting in the U.S. is limited to sports and, in a few states, online poker but has never included legal, digital versions of slots, roulette, craps, and similar games. As the market evolves and mobile betting becomes normalized, the access to customers and higher margins (and therefore taxes) enabled by online, casino-style games could become more attractive.

Mobile betting, whether on sports or other games, also creates a hedge against any long-term changes in consumer tastes related to in-person patronage of casinos. The pandemic will likely have multiyear effects on the comfort level of some for visiting crowded venues. Furthermore, each passing year means more tech-savvy and tech-native youth will reach legal gambling age and may find online betting more attractive and accessible. In a sense, online is where the customers are increasingly likely to be so gaming operators will want to create engaging platforms to meet them there.

The future of gambling provides the Massachusetts Gaming Commission with many new issues to consider. The shifting of revenues among gaming channels and between gaming and nongaming revenues have implications on casino profitability (and thus viability), the number and type of jobs, and tax revenues. Typically, the margins on slots are higher than table games, which are in turn higher than sports betting. They also have (or could have) different tax rates attached. As a result, the gaming mix will have a direct impact on the revenues and profits available to casinos, tax authorities, and host and surrounding communities.

The gaming mix also impacts workers. As described early in this report, the gaming revenues from slots are growing ahead of tables, which have even decreased slightly. Furthermore, sports betting and i-gaming are at various points on the horizon. The number of workers needed per gaming position is considerably lower for slots than for table games, where a slot attendant can oversee many machines while a dealer typically has five or six seats at his or her table. A sports book could operate with even leaner staffing as the only staff needed onsite are those to take and payout bets, which can be made well in advance of the event. As a result, a continued change in the gaming mix from table games to slots and, potentially, sports betting can reduce the number of workers the casinos will need per dollar of gaming revenue, before any accounting for any labor-saving techniques the casinos may have learned during the pandemic.

A shift in patron spending between gaming and nongaming activity also creates a change in labor demand and occupational mix. More gaming and less nongaming would shift demand from housekeeping, retail, food and beverage service, and so on to slot attendants and dealers. Not only is the labor demand on the gaming side less per dollar of patron spending, which results in fewer net jobs, the skills of the nongaming side of the business do not readily transfer to the gaming side. This is especially true for dealers who require specific training on the rules of the games and regulations covering gambling before they can staff a table and then require experience before handling busy times and/or high limit games. On top of shifts in existing activities, mobile betting (whether sports or i-gaming) requires very few workers per bettor, does not scale employment much with increased

betting, and has an occupational mix leaning toward computer systems jobs rather than hospitality occupations.

If and when sports betting comes to Massachusetts, it will likely bring new gamblers into the market and could include mobile options. Both of these present regulators with challenges to promote responsible gaming. For example, what is the best way to engage younger players on the principles of responsible betting such as setting a budget or understanding the likelihood of sustained losses over time? The online platform also increases the distance between the operator, bettor, and regulator, eliminating the on-site role of GameSense advisors. The MGC will need to consider how to incorporate GameSense and responsible betting principles into online platforms.