



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

MGM Springfield First Year of Operation: Economic Impacts Report

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

EXECUTIVE SUMMARY

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Executive Summary

The purpose of the MGM Springfield Operating Report is to estimate the full economic impact of the casino on the Massachusetts economy during its first year of operation. To assess total economic impacts, the UMass Donahue Institute's Economics and Public Policy Research unit (UMDI) assessed two key areas creating operational effects: casino operations (spending on vendors, employees and government entities) and patron spending (spending within the casino as well as in Springfield and the surrounding region). To conduct the analysis, UMDI collected data on MGM Springfield's operations, including employment, payroll, and purchasing data directly from MGM Springfield, as well as revenue data from the Massachusetts Gaming Commission and data on patron spending from a survey of casino patrons conducted by the SEIGMA team. From there, UMDI employed the PI⁺ model from Amherst, MA-based Regional Economic Models Inc. (REMI) to measure direct and spin-off effects in the Massachusetts economy.

An analysis of payroll data from MGM Springfield found that, upon opening, MGM Springfield employed just over 3,000 employees. That number fell by just over 30 percent over the course of MGM Springfield's first year of operation. The majority of MGM Springfield's employees lived in the Pioneer Valley region of Massachusetts, with the remainder of workers mostly located out of state, primarily in Northern Connecticut. MGM Springfield employees living in the Pioneer Valley had a lower average hourly wage than employees living in other places, which might be explained by a concentration of lower-wage workers close to the casino and in Springfield in particular. Three quarters of MGM Springfield workers held full-time positions at the casino.

UMDI also analyzed data on spending by MGM Springfield to outside entities such as private sector vendors, government entities, and other organizations. About three quarters of that spending was to private sector vendors, while most of the remainder went to government entities. The majority of the spending (58.1 percent) occurred within Massachusetts, with 31.2 percent of the spending occurring in the Pioneer Valley. Just over half of the payments to entities in Massachusetts but outside of the Pioneer Valley were payments to various government entities in Boston. Excluding payments to government entities, MGM Springfield spent more on goods and services from outside of Massachusetts than inside Massachusetts.

Payroll employment, visitation, and gaming revenue have fallen since the opening of the casino, although this is to be expected as the novelty of a new gaming facility wears off. Since the beginning of 2019 through the end of the study period, revenue has remained mostly level, as have the taxes collected by the state. The 25 percent tax levied on gross gaming revenue is distributed to a number of state funds, the largest one being local aid, which receives 20 percent of the taxes collected, or five percent of gross gaming revenue.

One goal of the SEIGMA team's survey of patrons at MGM Springfield was to understand how shifts in patron spending have affected the Massachusetts economy outside of the casino. Most of the patrons surveyed reported that they were either Massachusetts residents who would have otherwise spent their money gambling at an out-of-state casino, or out-of-state residents who specifically visited Massachusetts to gamble at MGM Springfield. Therefore, the survey indicates that most casino patrons did not shift their spending towards the casino and away from other businesses in Massachusetts – the spending is new to the Commonwealth. Finally, the survey allowed SEIGMA to estimate that visitors to MGM Springfield spent an estimated \$83.6 million in off-site spending in the Springfield area while

visiting the casino. While some of that spending would have occurred in Springfield regardless, an estimated \$66.3 million of this is money which would have been spent elsewhere if MGM Springfield had not opened.

To summarize our findings, the \$365.2 million dollars spent in and around MGM Springfield by casino patrons supported an average of 2,538 positions at the casino, paid \$85.2 million in compensation, and created demand for \$110.1 million of intermediate goods and services purchased from vendors by MGM Springfield. The casino also paid \$101.5 million in payments to government entities. These findings served as inputs which we used to inform our economic impact model, which estimates the secondary and tertiary “spin off” effects of an economic event. In addition to the 2,538 jobs directly supported by the casino, new spending from vendors, government entities, and new employees, along with shifts in spending from casino patrons led to another 3,740 jobs on net, for a total of 6,287 jobs supported by the casino. The majority of those jobs are located in the Pioneer Valley. MGM Springfield also supported \$356.9 million in new personal income and \$974.2 million in new output within the Massachusetts economy, of which \$640.1 million was value added (i.e., net new economic activity or gross state product).