



UNIVERSITY OF MASSACHUSETTS SCHOOL OF PUBLIC HEALTH AND HEALTH SCIENCES

SEIGMA COVID-19 Impacts Report

EXECUTIVE SUMMARY

Prepared by the UMass Donahue Institute's
Economic & 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.

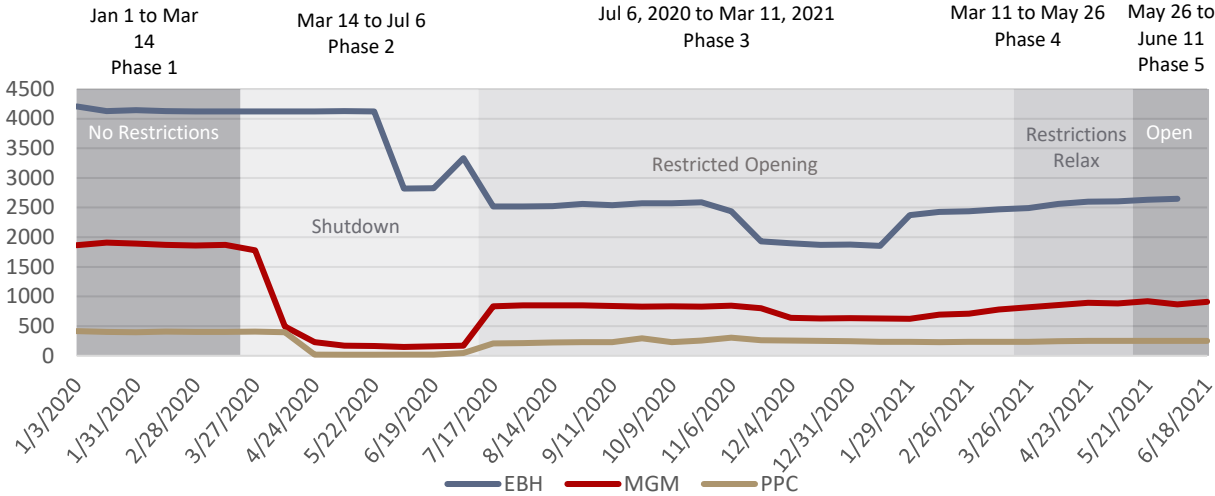
¹ The study period under analysis was January 2020 to June 2021 for the visitation, revenue, and employment data provided by the casinos. However for some of the revenue and workforce related data obtained from other sources, we examined a longer time series to provide additional context.

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.