

MGC Research Snapshot

Diversity in Sports Wagering and Recommendations for Future Practices in the Massachusetts Industry

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What you need to know

Sports wagering in Massachusetts is a relatively small industry in terms of employment and vendor spending. Across the United States, however, the industry employs more than ten thousand well-paid workers, engages nearly 1,200 vendors, and spends nearly \$1.75 billion a year on these vendors. Overall, a significant portion of the sports wagering industry workforce comes from diverse backgrounds, both in Massachusetts and in the U.S., and compares favorably to similar industries. The industry spent more than half a billion dollars per quarter on vendors across the U.S., five percent of which went to Massachusetts firms. However, participation and spending on diverse firms makes up a very small portion of engagement and spending for operators. The scarcity of certified diverse businesses generally and in the top spending sectors for sports wagering operators specifically provides an explanation for the very low levels of diverse business participation in the sports wagering industry. An additional barrier is the limited number of significant purchases, which are typically specialized and sole-sourced.

What is this research about?

As part of the legalization of sports wagering, the Massachusetts legislature required the Massachusetts Gaming Commission (MGC) to conduct a study concerning diverse participation within the sports wagering industry. In particular, this study provides findings about the participation of minority, women, and veteran business enterprises (MBE/WBE/VBE), and about the participation of minority, women, and veteran workers, in the sports wagering industry in the Commonwealth. The MGC contracted with the UMass Donahue Institute Economic & Public Policy Research Group in partnership with Gemini Research to conduct this study. Broadly, the study aims to inform the MGC of ways to expand employee and vendor diversity within the sports wagering sector, the newest area of gambling activity in the Commonwealth.

What did the researchers do?

The researchers examined conditions in the Massachusetts sports wagering industry for three different groups: 1) the operators who offer retail and online sports wagering activities; 2) the MGC in its role as a regulator of the industry; and 3) advertising, marketing, and promotional firms that provide a range of professional goods and services to the sports wagering industry.

To answer the research questions for this study, the team 1) researched the industry to clearly define its sectors to a structure for data collection and analysis, 2) collected and analyzed data to measure the sports wagering industry against comparison industries and conditions in the broader economy, 3) reviewed relevant policy reports and other literature to identify practices used to assess and set goals for employment

and vendor diversity programs, 4) collected quantitative and qualitative information from the operators running the new sports wagering activities and from the MGC as the regulator, and 5) conducted key informant interviews to obtain recommendations from knowledgeable stakeholders about ways to ensure and improve employment and vendor diversity.

What did the researchers find?

Industry Overview

- Sports wagering in Massachusetts is a relatively small industry in terms of employment and vendor spending in the state.
- While the Massachusetts footprint is relatively small, across the US the industry employs more than 10,000 workers, engages nearly 1,200 vendors, and spends nearly \$1.75 billion a year on these suppliers.

Workforce Diversity

- Overall, a significant portion of the sports wagering industry comes from diverse backgrounds, both in Massachusetts and in the U.S., and compares favorably to similar industries.
- Participation of minority workers tends to be higher, and participation of women and veterans tend to be lower.
- Compensation for jobs in retail sportsbook operations is lower than that of mobile operations due to the nature of the work and the occupations involved.

Programs and Policies

- All operators have programs, policies, and practices in place related to recruiting a diverse workforce, as well as training programs to promote retention and development.
- Operators universally offer programs to support career paths and monitor turnover of diverse employees. They do not offer targeted compensation or benefits policies.



Vendor Diversity

- Overall, sports wagering industry spending is large, with relatively modest levels of spending on Massachusetts firms. However, participation and spending with diverse firms makes up a very small portion of engagement and spending with operators.
- The scarcity of certified diverse businesses in the economy generally and in the top spending sectors for sports wagering operators provides an explanation for the very low levels of diverse business participation in the sports wagering industry.
- Spending on advertising and marketing firms by operators highlights an opportunity for increased spending with diverse firms.

Programs and Policies

- All license holders and the MGC have programs, policies, and practices in place related to solicitation of and contracting with minority, women, and veteran-owned business enterprises.
- Retail sportsbook operators and the MGC universally have programs and policies to increase levels of engagement, volume, and scale with these businesses, as do nearly all mobile sports wagering operators.
- Operators emphasized that vendor spending was generally limited to a few specialized companies and that there wasn't much opportunity to diversify their spending on diverse businesses.

MGC Vendor Spending

- The MGC far exceeded their FY2023 benchmarks for contracting with women- and minority-owned businesses but fell short on their veteran-owned business benchmark.

Recommendations

Workforce Diversity

- Encourage the development of workforce diversity goals and standardized metrics for the MGC and for mobile sports wagering operators.

Supplier Diversity

- Encourage operators to create structured strategies to increase the participation of diverse vendors.
- Partner with the Massachusetts Supplier Diversity Office to extend outreach resources to sports wagering operators who wish to reach diverse vendors in the state and promote procurement opportunities.

About the researchers

This study was conducted by the UMass Donahue Institute Economic & Public Policy Research Group and Gemini Research. For more information about this report, please contact Mark Melnik at mmelnik@donahue.umass.edu.

Sports Wagering Taxes

- Direct sports wagering tax revenue to support workforce development for the sports wagering workforce in Massachusetts.
- Direct sports wagering tax revenue towards organizations, programs, and initiatives that support and grow diverse-owned businesses in the Commonwealth.
- Use sports wagering taxes to create a permanent and significant funding stream for small business development technical assistance.

MGC Procedures

- Provide support for businesses to apply for Supplier Diversity Office (SDO) diverse business certification while registering as suppliers in the gaming industry.
- Provide support for businesses to register for the SDO's Small Business Purchasing Program (SBPP) while registering as suppliers in the gaming industry.
- Create and maintain a marketing directory to provide broader exposure for businesses with relationships to the industry, including those that have diverse ownership.
- Broaden diversity requirements to accept alternative types of diverse ownership certification.

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Key Words

Economic Impact; Social Impact; Sports Wagering

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About this Snapshot

MGC Snapshots are intended to translate lengthy and sometimes technical reports into an easily understandable overview of the research. The findings and recommendations in the Snapshot are those of the researchers and do not necessarily reflect the position of the MGC.

