

The Construction of MGM Springfield: Spending, Employment, and Economic Impacts

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Executive Summary

The UMass Donahue Institute ([UMDI](#)) is a member of the Social and Economic Impacts of Gambling in Massachusetts ([SEIGMA](#)) research team charged with carrying out aspects of the research agenda of the Massachusetts Gaming Commission (MGC). This report seeks to inform stakeholders about the construction of MGM Springfield casino and its economic contribution to the Commonwealth. Over the course of the casino’s construction, UMDI worked with the MGC and MGM Springfield to obtain data on the spending, employment, and wages related to the construction of MGM Springfield. These data are summarized here along with an estimate of the total economic impacts to the Commonwealth of Massachusetts resulting from the casino construction.

MGM Resorts International spent \$573.3 million to build the MGM Springfield casino. This amount differs from the larger amount that is commonly reported in the press. The larger amount represents total investment of which construction is a component. The difference between investment and construction includes design fees; furniture, fixtures, and equipment (FF&E); operating supplies and equipment (OSE); license/application fees; and pre-opening expenses.

Where were the construction dollars spent?

- Two-thirds of the construction budget (\$373.8M of \$573.2M) went to firms based in Massachusetts. Half of that (\$194.3M) (or a third of the total) remained in Hampden County.
- Nearly \$84 million went to firms based in the City of Springfield.
- Of the remaining third that went out of state (\$199.5M), about half went to firms in nearby Connecticut with the remainder spread across 16 other states and Canada.
- About one-third of the total contract value went to firms that met at least one element of the diversity criteria.

Table 1: Construction Contract Payments by MA County and Out of State (\$M)

Massachusetts County	Payment Value	Payment Share of Total Construction Budget
Barnstable, Dukes, Nantucket	\$0	0%
Berkshire County	\$0.2	<0.5%
Bristol County	\$17.4	3%
Essex County	\$11.0	2%
Franklin County	\$0.1	<0.5%
Hampden County	\$194.3	34%
Hampshire County	\$2.3	<0.5%
Middlesex County	\$26.3	5%
Norfolk County	\$2.4	<0.5%
Plymouth County	\$1.3	<0.5%
Suffolk County	\$63.9	11%
Worcester County	\$54.5	10%
MA Total	\$373.8	65%
Out of State	\$199.5	35%
Total	\$573.3	100%

Source: MGM Springfield and UMDI calculations

Table 2: Summary of Contractor Diversity (\$M)

Diversity Category	Amount	Share
Woman-, Minority-, or Veteran-Owned Business	\$204	36%
Did Not Meet Diversity Criteria	\$369	64%
Total	\$573	100%

Source: MGM Springfield and UMDI calculations

Where did construction workers reside and was it a diverse workforce?

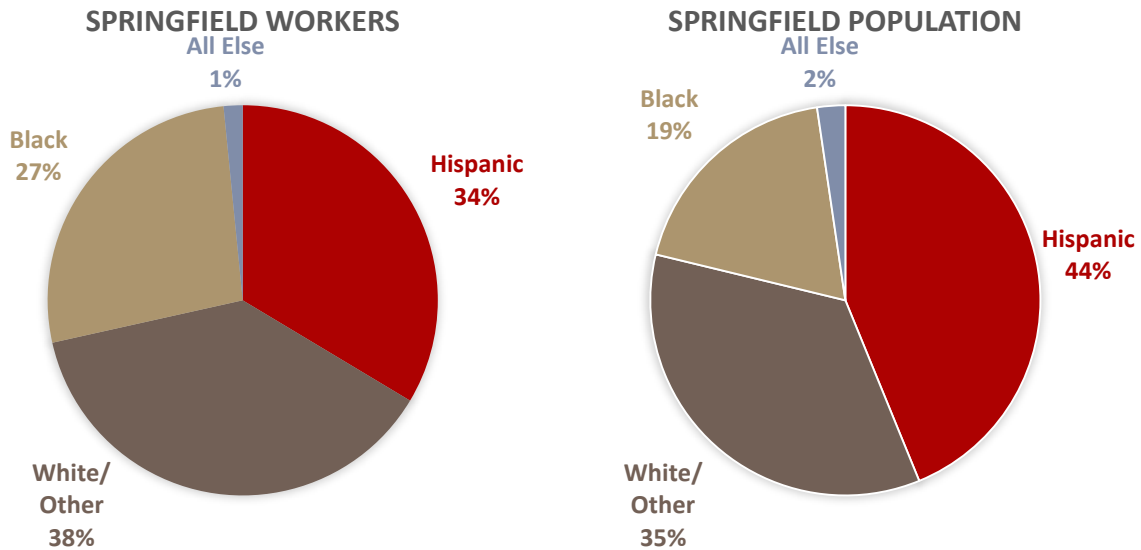
- Over two-thirds (2,963 of 4,249) of the construction workers were Massachusetts residents. Most of the remainder were from Connecticut.
- In total, the most common place of residence was Hampden County, where 36 percent (1,524 of 4,249) of the workers resided. Of this 36 percent, 509 were Springfield residents.
- Workforce diversity statistics suggest that the MGM Springfield construction workforce largely reflects the composition of the populations from which they are drawn.
- One-quarter of Massachusetts-resident construction workers employed during the construction of MGM Springfield were minorities, which is similar to the minority share of the statewide population. Overall, the construction workers were over 90 percent male and non-veteran.
- In Springfield, the population is majority minority. Overall, the shares of White and minority MGM Springfield construction workers who were from Springfield are similar to their shares of the city's population. Within the minority workers, Black MGM Springfield construction workers from Springfield were overrepresented and Hispanic MGM Springfield construction workers from Springfield were underrepresented compared to their shares of the Springfield population. See Figure 1 on the next page for the shares.

Table 3: Construction Workers by MA County and Out of State

Massachusetts County	Worker Count	Worker Share of Total
Barnstable	2	0%
Berkshire	109	2%
Bristol	117	2%
Essex	150	3%
Franklin	167	3%
Hampden	2,283	40%
Hampshire	459	8%
Middlesex	201	4%
Norfolk	76	1%
Plymouth	78	1%
Suffolk	56	1%
Worcester	403	7%
MA Total	4,101	72%
Out of State	1,585	28%
Total	5,686	100%

Source: MGM Springfield and UMDI calculations

Figure 1: Race/Ethnicity of MGM Springfield Construction Workers in Springfield and Springfield's Population



Source: MGM Springfield, UMDI calculations, and American Community Survey 5yr 2013-2017

What were the total statewide economic impacts of constructing MGM Springfield?

- Increases in company revenues and employment drive larger changes in the economy.
- Overall, total statewide economic activity (also known as output) increased by \$849 million over the five-year construction period.
- Net new economic activity (i.e., value added or gross state product) totaled \$512 million.
- About 1,000 jobs were created or supported by this economic activity. These jobs accrued \$397 million of income.
- Every \$2 of construction spending created \$1 of additional activity in Massachusetts. Every \$1 of compensation to construction workers created an additional \$1.29 of income to others in Massachusetts.

Table 4: Summary Statewide Economic Impacts (\$M)

Category	Annual Average	Cumulative
Total Economic Impact	\$170	\$849
Net Economic Impact	\$102	\$512
Employment	1,050	N/A
Income	\$79	\$397

Source: MGM Springfield, UMDI calculations, and Regional Economic Models, Inc.